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

FORM 10-K

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

For the fiscal year ended December 31, 2007

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	**92-0072737**
(State or other jurisdiction of incorporation or organization)	(I.R.S Employer Identification No.)

2550 Denali Street **Suite 1000** **Anchorage, Alaska**	**99503**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (907) 868-5600
Securities registered pursuant to Section 12(b) of the Exchange Act: None
Securities registered pursuant to Section 12(g) of the Exchange Act:

Class A common stock	Class B common stock
(Title of class)	(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.

Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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 ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one).

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

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

The aggregate market value of the voting stock held by non-affiliates of the registrant, computed by reference to the average bid and asked prices of such stock as of the close of trading as of the last business day of the registrant’s most recently completed second fiscal quarter of June 30, 2007 was approximately $389,157,000. Shares of voting stock held by each officer and director and by each person who owns 5% or more of the outstanding voting stock (as publicly reported by such persons pursuant to Section 13 and Section 16 of the Exchange Act) have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of shares outstanding of the registrant’s common stock as of February 20, 2008, was:
Class A common stock – 49,913,996 shares; and,
Class B common stock – 3,256,623 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant’s definitive proxy statement relating to its 2008 Annual Meeting of Shareholders are incorporated by reference in Part III of this Annual Report on Form 10-K where indicated. Alternatively, the Registrant may file an amendment to this Form 10-K to provide such information within 120 days following the end of Registrant’s fiscal year ended December 31, 2007.

GENERAL COMMUNICATION, INC.
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This Annual Report on Form 10-K is for the year ending December 31, 2007. This Annual Report modifies and supersedes documents filed prior to this Annual Report. The Securities and Exchange Commission ("SEC") allows us to "incorporate by reference" information that we file with them, which means that we can disclose important information to you by referring you directly to those documents. Information incorporated by reference is considered to be part of this Annual Report. In addition, information that we file with the SEC in the future will automatically update and supersede information contained in this Annual Report.

Glossary

We and our industry use many terms and acronyms that may not be familiar to you. To assist you in reading this document, we have provided below definitions of some of these terms.

Alaska DigiTel — An Alaska based wireless communications company of which we acquired an 81.9% equity interest on January 2, 2007.

AULP East — An undersea fiber optic cable system connecting Whittier, Valdez and Juneau, Alaska and Seattle, Washington, which was placed into service in February 1999.

AULP West — An undersea fiber optic cable system connecting Seward, Alaska to Warrenton, Oregon which was placed into service in June 2004.

Basic Service — The basic service tier includes, at a minimum, signals of local television broadcast stations, any public, educational, and governmental programming required by the franchise to be carried on the basic tier, and any additional video programming service added to the basic tier by the cable operator.

CDMA —Code Division Multiple Access — A digital wireless phone technology offered under our Alaska DigiTel brand name.

CLEC — Competitive Local Exchange Carrier — A company that provides its customers with an alternative to the ILEC for local transport of communications services, as allowed under the 1996 Telecom Act.

Collocation — The ability of a competitive access provider or CLEC to connect its network to the LEC's central offices. Physical collocation occurs when a connecting carrier places its network connection equipment inside the LEC's central offices. Virtual collocation is an alternative to physical collocation pursuant to which the LEC permits a competitive access provider or CLEC to connect its network to the LEC's central offices on comparable terms, even though the competitive access provider's or CLEC's network connection equipment is not physically located inside the central offices.

DAMA — Demand Assigned Multiple Access — Digital satellite earth station technology that allows calls to be made between remote villages using only one satellite hop thereby reducing satellite delay and capacity requirements while improving quality.

DBS — Direct Broadcast Satellite — Subscription television service obtained from satellite transmissions using frequency bands that are internationally allocated to the broadcast satellite services. The major providers of DBS are currently The DirecTV Group, Inc. and EchoStar Communications Corporation (marketed as the DISH Network).

DLC — Digital Loop Carrier — A digital transmission system designed for subscriber loop plant. Multiplexes a plurality of circuits onto very few wires or onto a single fiber pair.

DLPS — Digital Local Phone Service — A term we use referring to our deployment of voice telephone service utilizing our hybrid-fiber coax cable facilities.

DSL — Digital Subscriber Line — Technology that allows Internet access and other high-speed data services at data transmission speeds greater than those of modems over conventional telephone lines.

DVR — Digital Video Recorder — A service that allows digital cable subscribers to select, record and store programs and play them at whatever time is convenient. DVR service also provides the ability to pause and rewind "live" television.

Equal Access — Connection provided by a LEC permitting a customer to be automatically connected to the Interexchange carrier of the customer's choice when the customer dials "1." Also refers to a generic concept under which the Bell system operating companies ("BOC") must provide access services to AT&T's competitors that are equivalent to those provided to AT&T.

ETC — Eligible Telecommunications Carrier — A telephone service provider that has agreed to hold out service to all customers (excluding those who fail to pay for service) in the area for which the carrier is designated as an ETC. In return, the carrier is eligible for state and federal universal service funds.

FCC — Federal Communications Commission — A federal regulatory body empowered to establish and enforce rules and regulations governing public utility companies and others, such as the Company.

Frame Relay — A wideband (64 kilobits per second to 1.544 Mbps) packet-based data interface standard that transmits bursts of data over WANs. Frame-relay packets vary in length from 7 to 1024 bytes. Data oriented; it is generally not used for voice or video.

GCI — General Communication, Inc. — An Alaska corporation and the Registrant.

GSM — Global System for Mobile Communications — A digital wireless phone technology offered under our GCI brand name.

HDTV — High-Definition Television — A digital television format delivering theater-quality pictures and CD-quality sound. HDTV offers an increase in picture quality by providing up to 1,920 active horizontal pixels by 1,080 active scanning lines, representing an image resolution of more than two million pixels. In addition to providing improved picture quality with more visible detail, HDTV offers a wide screen format and Dolby® Digital 5.1 surround sound.

ILEC — Incumbent Local Exchange Carrier — With respect to an area, the LEC that — (A) on the date of enactment of the Telecommunications Act of 1996, provided telephone exchange service in such area; and (B)(i) on such date of enactment, was deemed to be a member of the exchange carrier association pursuant to section 69.601(b) of the FCC's regulations (47 C.F.R. 69.601(b)); or (ii) is a person or entity that, on or after such date of enactment, became a successor or assign of a member described in clause (i).

Interexchange — Communication between two different local access and transport areas or, in Alaska, between two different Local Exchange serving areas.

IP — Internet Protocol — The method or protocol by which data is sent from one computer to another on the Internet. Each computer (known as a host) on the Internet has at least one IP address that uniquely identifies it from all other computers on the Internet.

ISDN — Integrated Services Digital Network — A set of standards for transmission of simultaneous voice, data and video information over fewer channels than would otherwise be needed, through the use of out-of-band signaling. The most common ISDN system provides one data and two voice circuits over a traditional copper wire pair, but can represent as many as 30 channels. Broadband ISDN extends the ISDN capabilities to services in the Gigabit per second range.

ISP — Internet Service Provider — A company providing retail and/or wholesale Internet services.

LAN — Local Area Network — The interconnection of computers for sharing files, programs and various devices such as printers and high-speed modems. LANs may include dedicated computers or file servers that provide a centralized source of shared files and programs.

LEC — Local Exchange Carrier — A company providing local telephone access services. Each BOC is a LEC.

LMDS — Local Multipoint Distribution System — LMDS uses microwave signals (millimeter wave signals) in the 28 GHz spectrum to transmit voice, video, and data signals within small cells 3-10 miles in diameter. LMDS allows license holders to control up to 1.3 GHz of wireless spectrum in the 28 GHz Ka-band. The 1.3 GHz can be used to carry digital data at speeds in excess of one gigabit per second. The extremely high frequency used and the need for point to multipoint transmissions limits the distance that a receiver can be from a transmitter. This means that LMDS will be a "cellular" technology, based on multiple, contiguous, or overlapping cells. LMDS is expected to provide customers with multichannel video programming, telephony, video communications, and two-way data services. ILECs and cable companies may not obtain the in-region 1150 MHz license for three years following the date of the license grant. Within 10 years following the date of the license grant, licensees will be required to provide 'substantial service' in their service regions.

Local Exchange — A geographic area generally determined by a state regulatory body, in which calls generally are transmitted without toll charges to the calling or called party.

Local Number Portability — The ability of an end user to change local or wireless service providers while retaining the same telephone number.

Lower 48 States or Lower 48 — Refers to the 48 contiguous states south of or below Alaska.

Lower 49 States or Lower 49 — Refers to Hawaii and the Lower 48 States.

MAN — Metropolitan Area Network — LANs interconnected within roughly a 50-mile radius. MANs typically use fiber optic cable to connect various wire LANs. Transmission speeds may vary from 2 to 100 Mbps.

Mat-Su Valley — The Matanuska and Susitna valleys are located in south-central Alaska, to the north of Anchorage, and include the communities of Palmer and Wasilla and the immediately surrounding areas.

PCS — Personal Communication Services — PCS encompasses a range of advanced wireless mobile technologies and services. It promises to permit communications to anyone, anywhere and anytime while on the move. The Cellular Telecommunications Industry Association defines PCS as a "wide range of wireless mobile technologies, chiefly cellular, paging, cordless, voice, personal communications networks, mobile data, wireless private branch exchange, specialized mobile radio, and satellite-based systems." The Federal Communications Commission defines PCS as a "family of mobile or portable radio communications services that encompasses mobile and ancillary fixed communications services to individuals and businesses and can be integrated with a variety of competing networks."

Private Line — Uses dedicated circuits to connect customer's equipment at both ends of the line. Does not provide any switching capability (unless supported by customer premise equipment). Usually includes two local loops and an Interexchange carrier circuit.

Private Network — A communications network with restricted (controlled) access usually made up of Private Lines (with some private branch exchange switching).

RCA — Regulatory Commission of Alaska — A state regulatory body empowered to establish and enforce rules and regulations governing public utility companies and others, such as the Company, within the State of Alaska (sometimes referred to as Public Service Commissions, or PSCs, or Public Utility Commissions, or PUCs).

SchoolAccess® — Our Internet and related services offering to schools in Alaska, and some sites in Arizona, Montana and New Mexico. The federal mandate through the 1996 Telecom Act to provide universal service resulted in schools across Alaska qualifying for varying levels of discounts to support the provision of Internet services. The Universal Service Administrative Company through its Schools and Libraries Division administers this federal program.

SDN — Software Defined Network — A switched long-distance service for very large users with multiple locations. Instead of putting together their own network, large users can get special usage rates for calls carried on regular switched long-distance lines.

SMATV — Satellite Master Antenna Television — (Also known as "private cable systems") are multichannel video programming distribution systems that serve residential, multiple-dwelling units, and various other buildings and complexes. A SMATV system typically offers the same type of programming as a cable system, and the operation of a SMATV system largely resembles that of a cable system — a satellite dish receives the programming signals, equipment processes the signals, and wires distribute the programming to individual dwelling units. The primary difference between the two is that a SMATV system typically is an unfranchised, stand-alone system that serves a single building or complex, or a small number of buildings or complexes in relatively close proximity to each other.

SONET — Synchronous Optical Network — A 1984 standard for optical fiber transmission on the public network. 51.84 Mbps to 9.95 Gigabits per second, effective for ISDN services including asynchronous transfer mode.

T-1 — A data communications circuit capable of transmitting data at 1.5 Mbps.

TCP/IP — Transmission Control Protocol/Internet Protocol — A suite of network protocols that allows computers with different architectures and operating system software to communicate with other computers on the Internet.

UNE — Unbundled Network Element — A discrete component of a telephone network. Unbundled network elements are the basic network functions, i.e., the components needed to provide a full range of communications services. They are physical facilities as well as all the features and capabilities provided by those facilities.

VoIP – Voice over Internet Protocol — Technology that allows voice telephone service over broadband Internet connections via digital packets rather than traditional protocols.

VSAT — Very Small Aperture Terminal — A small, sometimes portable satellite terminal that allows connection via a satellite link.

WAN — Wide Area Network — A remote computer communications system. WANs allow file sharing among geographically distributed workgroups (typically at higher cost and slower speed than LANs or MANs). WANs typically use common carriers' circuits and networks. WANs may serve as a customized communication backbone that interconnects all of an organization's local networks with communications trunks that are designed to be appropriate for anticipated communication rates and volumes between nodes.

1992 Cable Act — The Cable Television Consumer Protection and Competition Act of 1992.

1996 Telecom Act — The Telecommunications Act of 1996 — The 1996 Telecom Act was signed into law February 8, 1996. Under its provisions, BOCs were allowed to immediately begin manufacturing, research and development; GTE Corp. could begin providing Interexchange services through its telephone companies nationwide; laws in 27 states that foreclosed competition were pre empted; co-carrier status for CLECs was ratified; and the physical collocation of competitors' facilities in LECs central offices was allowed.

The purpose of the 1996 Telecom Act was to move from a regulated monopoly model of telecommunications to a deregulatory competitive markets model. The act eliminated the old barriers that prevented three groups of companies, the LECs, including the BOCs, the long-distance carriers, and the cable TV operators, from competing head-to-head with each other. The act requires LECs to let new competitors into their business. It also requires the LECs to open up their networks to ensure that new market entrants have a fair chance of competing. The bulk of the act is devoted to establishing the terms under which the LECs must open up their networks.

The 1996 Telecom Act substantially changed the competitive and regulatory environment for telecommunications providers by significantly amending the Communications Act of 1934 including certain of the rate regulation provisions previously imposed by the Cable Television Consumer Protection and Competition Act of 1992 (the "1992 Cable Act"). The 1996 Telecom Act eliminated rate regulation of the cable programming service tier in 1999. Further, the regulatory environment will continue to change pending, among other things, the outcome of legal challenges, legislative activity, and FCC rulemaking and enforcement activity in respect of the 1992 Cable Act and the completion of a significant number of continuing FCC rulemakings under the 1996 Telecom Act.

Cautionary Statement Regarding Forward-Looking Statements

You should carefully review the information contained in this Annual Report, but should particularly consider any risk factors that we set forth in this Annual Report and in other reports or documents that we file from time to time with the SEC. In this Annual 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 identified under "Risk Factors," and elsewhere in this Annual Report. 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.

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 update or revise 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. 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

Item 1. Business

General

In this Annual Report, “we,” “us,” “our” and “the Company” refer to GCI and its direct and indirect subsidiaries.

GCI was incorporated in 1979 under the laws of the State of Alaska and has its principal executive offices at 2550 Denali Street, Suite 1000, Anchorage, AK 99503-2781 (telephone number 907-868-5600).

GCI is primarily a holding company and together with its direct and indirect subsidiaries, is a diversified communications provider in the state of Alaska.

Availability of Reports and Other Information

Internet users can access information about the Company and its services at http://www.gci.com/, http://www.gcinetworksolutions.com/, and http://www.alaskaunited.com/. The Company hosts Internet services at http://www.gci.net/, broadband delivery of health services at http://www.connectmd.com, and SchoolAccess® services at http://www.schoolaccess.net/. Our online telephone directory and yellow pages are hosted at http://www.gcidirectory.com/. Internet users can access information about our majority-owned subsidiary, Alaska DigiTel, and its services at http://www.alaskadigitel.com/.

We make available on the http://www.gci.com/ website, free of charge, access to our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statement on Schedule 14A and amendments to those materials filed or furnished pursuant to Section 13(a) or 15(d) of the Securities and Exchange Act of 1934 as soon as reasonably practicable after we electronically submit such material to the SEC. In addition, the SEC’s website is http://www.sec.gov/. The SEC makes available on this website, free of charge, reports, proxy and information statements, and other information regarding issuers, such as us, that file electronically with the SEC. Information on our websites or the SEC’s website is not part of this document.

Financial Information about Industry Segments

Our four reportable segments are Consumer, Network Access, Commercial and Managed Broadband services.

For financial information about our reportable segments, see “Part II — Item 7 — Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Also refer to note 11 included in “Part II — Item 8 — Consolidated Financial Statements and Supplementary Data.”

Narrative Description of our Business

General

We are Alaska’s leading provider of long-distance, cable television, data and Internet services, as measured by revenues, we are the second largest local access provider, as measured by local access lines, and we are the third largest wireless service provider as measured by lines in service. A pioneer in bundled service offerings, we provide facilities-based local and long distance voice, cable video, Internet and data communication services, and resell wireless telephone services, to consumer, network access, commercial and managed broadband customers under our GCI brand. As of our January 2, 2007 acquisition of a majority ownership position in Alaska DigiTel, we provide wireless telephone services over our own facilities under the Alaska DigiTel brand name. Over the next three years we plan to expand our CDMA wireless facilities and construct GSM wireless facilities throughout the terrestrially served portions of Alaska and become a facilities-based wireless telephone provider.

We generated consolidated revenues of $520.3 million in 2007. We ended 2007 with 100,400 long-distance subscribers, 120,000 local access lines in service, 143,300 basic cable subscribers, 77,300 wireless lines in service, and 96,500 cable modem subscribers. A substantial number of our customers subscribe to product bundles that include two or more of our services.

Since our founding in 1979, we have consistently expanded our product portfolio to satisfy our customers' needs. We have benefited from the attractive and unique demographic and economic characteristics of the Alaska market. We believe our integrated strategy of providing innovative bundles of voice, video, data and wireless services provides us with an advantage over our competitors and will allow us to continue to attract new customers, retain existing customers and expand our addressable market. We hold leading market shares in long-distance, cable video and Internet services and have gained significant market share in the local access market against an incumbent provider. We are increasing our market share in the wireless services market against the incumbent providers.

Through our focus on long-term results and strategic capital investments, we have consistently grown our revenues and expanded our margins. Our integrated strategy provides us with competitive advantages in addressing the challenges of converging telephony, video and broadband markets and has been a key driver of our success. We use our extensive communications networks to provide our customers with integrated communication services packages that we believe are unmatched by any other competitor in Alaska.

We operate a broadband communications network that permits the delivery of a seamless integrated bundle of communications, entertainment and information services. We offer a wide array of consumer and commercial communications and entertainment services — including local access telephone, long-distance and wireless communications, cable television, consulting services, network and desktop computing outsourced services, and dial-up, broadband (cable modem, wireless and DSL) and dedicated Internet access services at a wide range of speeds — all under the GCI brand name. We also offer wireless communications under the Alaska DigiTel brand name.

We believe that the size and growth potential of the voice, video and data market, the increasing deregulation of communication services, and the increased convergence of telephony, wireless, and cable services continue to offer us considerable opportunities to integrate our communications, Internet and cable services and expand into communications markets within Alaska.

Considerable deregulation has already taken place in the United States because of the 1996 Telecom Act with the barriers to competition between long-distance, local access and cable providers being lowered. We believe our continued development of cable video service, local access service, Internet services, broadband services, and wireless services leave us well positioned to continue to take advantage of deregulated markets.

Recent Developments

Wireless Business Strategy. During 2007 we finalized our wireless business strategy. We plan to expand Alaska DigiTel's CDMA network and construct a GSM network. We estimate we will spend approximately $100.0 million to construct wireless facilities throughout the terrestrially served portions of Alaska including the cities of Anchorage, Fairbanks, and Juneau. We expect that sixty percent of that amount will be expended in 2008 with the remainder spread about equally over the subsequent two years.

Dobson /AT&T Agreement. AT&T Mobility, LLC ("AT&T") acquired Dobson Communications ("Dobson"), including its Alaska properties, on November 15, 2007. In December 2007 we signed an agreement with AT&T that provides for an orderly four-year transition of our wireless customers from the Dobson/AT&T network in Alaska to our wireless facilities to be built in 2008 and 2009. The agreement allows our current and future customers to use the AT&T wireless network for local access and roaming during the transition period. The four-year transition period, which expires June 30, 2012, provides us adequate time to replace the Dobson/AT&T network in Alaska with our own wireless facilities. Under the agreement, AT&T's obligation to purchase network services from us will terminate as of July 1, 2008. AT&T will provide us with a large block of wireless network usage at no charge to facilitate the transition of our customers to our facilities. We will pay for usage in excess of that base transitional amount. Under the previous agreement with Dobson, our margin was fixed. Under the new agreement with AT&T we will pay for usage on a per minute basis. The block of wireless network usage at no charge will reduce cost of goods sold exclusive of depreciation and amortization ("Cost of Goods Sold") during the four year period ended June 30, 2012, that we would have otherwise recognized in accordance with the new agreement, however, we are unable to estimate the impact this change will have on our Cost of Goods Sold.

UUI and Unicom Acquisition. In October 2007 we signed an agreement to purchase the stock of the United Utilities, Inc. ("UUI") and Unicom Telecommunications ("Unicom") subsidiaries of United Companies, Inc. ("UCI") for $40.0 million expected to be paid upon closing. Additionally we may assume approximately $37.0 million in net debt as part of the acquisition. We expect to fund the transaction by drawing down additional debt. UUI together with its subsidiary, United-KUC, provides local telephone service to 60 rural Alaska communities across Alaska. Unicom operates DeltaNet, a long-haul broadband microwave network ringing the Yukon-Kuskokwim Delta – a region of approximately 30,000 square miles in western Alaska. By the summer of 2008, DeltaNet, which is still under construction but has already commenced operations where completed microwave towers have been placed into service, will link more than 40 villages to Bethel, the region's hub. We have filed applications with the RCA and FCC seeking the requisite regulatory consent for the transaction. The FCC comment cycle is completed and the parties are awaiting FCC action. GCI is currently filing replies to comments and the statutory date for a final RCA decision is May 16, 2008. This transaction will close upon regulatory approval which is expected in the second or third quarter of 2008.

Alaska Wireless Acquisition. In December 2007 we signed a purchase agreement to acquire all of the interests in Alaska Wireless, LLC ("Alaska Wireless") for $13.0 million to $14.0 million, expected to be paid upon closing. In addition to the initial payment we have agreed to a contingent payment of approximately $3.0 million in 2010 if certain financial conditions are met. We will fund the transaction from cash on hand, by drawing down additional debt, or a combination of the two. Alaska Wireless is a GSM cellular provider serving approximately 4,000 subscribers in the Dutch Harbor, Alaska area. In addition to the acquisition, we will enter into a management agreement with the existing owners of Alaska Wireless. The business will continue to operate under the Alaska Wireless name and the current management team will continue to manage its day-to-day operations. We filed an FCC application seeking the requisite regulatory consent for this transaction on January 18, 2008. This transaction will close upon regulatory approval which is expected in the second or third quarter of 2008.

Acquisition of Remaining Alaska DigiTel Interest. In December 2007, we signed a definitive agreement to acquire the remaining minority interest in Alaska DigiTel for a total consideration of approximately $10.0 million. On January 22, 2008, the FCC initiated its proceedings to review our application seeking requisite regulatory approval of the proposed change in control. Following the expected FCC approval of the change in control, we will own 100% of Alaska DigiTel. Alaska DigiTel will construct and operate the CDMA portion of our statewide wireless platform. Please see the discussion of our initial acquisition of Alaska DigiTel below.

Southeast Alaska Fiber Optic Cable Network. In November 2008 we expect to complete construction of a fiber optic cable network in Southeast Alaska. The 802 miles of fiber optic cable will connect Ketchikan, Wrangell, Petersburg, Angoon and Sitka, Alaska to our Alaska United West undersea fiber optic cable currently connecting Alaska to the Lower 48. The fiber optic cable will also provide a second fiber link to Juneau, Alaska creating a SONET ring which will provide alternative routing and overflow traffic-handling capabilities. In 2007 we entered into agreements to purchase the submarine cable, amplifiers and line terminal equipment for this project.

Development of our Business During the Past Fiscal Year

Alaska DigiTel Initial Acquisition and Loan. On January 1, 2007 we invested $29.5 million in Alaska DigiTel in exchange for an 81.9% equity interest. In exchange for our investment, we received a majority equity interest in Alaska DigiTel but do not have voting control of Alaska DigiTel. Our existing wireless products continue to compete with Alaska DigiTel in the Alaska market.

We also entered into a loan agreement with Alaska DigiTel dated as of January 2, 2007. Under the loan agreement, we made available to Alaska DigiTel a $15.0 million revolving credit facility. In January 2008 the revolving credit facility available to Alaska DigiTel was increased to $25.0 million. The advances under the loan agreement are secured by all personal property of Alaska DigiTel and its subsidiaries, and by the membership interests in Alaska DigiTel held by AKD Holdings, LLC. The agreement provides that the outstanding loans under the revolving credit facility will convert to a term loan on December 31, 2008. Principal on the term loan will be due in quarterly installments beginning March 31, 2009 equal to 1.25% of the term loan, increasing to 2.50% beginning March 31, 2010. The remaining balance of the term loan is due on June 30, 2011.

Capital Lease Obligation. On March 31, 2006, through our subsidiary GCC, we entered into an agreement to lease transponder capacity on Intelsat, Ltd.'s ("Intelsat") Galaxy 18 spacecraft that is expected to be launched May 3, 2008. We will continue to lease capacity on the Horizons 1 satellite, which is owned jointly by Intelsat and JSAT International, Inc. The leased capacity is expected to replace our existing transponder capacity on Intelsat's Galaxy XR satellite when it reaches its end of life which is estimated to be May 18, 2008.

We will lease C-band and Ku-Band transponders over an expected term of 14 years once the satellite is placed into commercial operation in its assigned orbital location, and the transponders meet specific performance specifications and are made available for our use. We will record the capital lease obligation of $98.6 million and the addition to our Property and Equipment when the satellite is made available for our use which is expected to occur May 18, 2008.

There is uncertainty whether the Galaxy 18 spacecraft will launch on schedule as discussed in "Part I — Item 1A. Risk Factors — If a failure occurs in our satellite communications systems, our ability to immediately restore the entirety of our service may be limited."

Senior Credit Facility. In September 2007 we exercised our right to add an Incremental Facility of up to $100.0 million to our existing Senior Credit Facility. The Incremental Facility was structured in the form of a $55.0 million increase to the existing term loan component of our Senior Credit Facility and a $45.0 million increase to the existing revolving loan component of our Senior Credit Facility. The $100.0 million Incremental Facility will become due under the same terms and conditions as set forth in the existing Senior Credit Facility.

You should see "Part I — Item 1. Business — Regulation" for regulatory developments since 2006.

Competition in the Communications Industry

There is substantial competition in the communications industry. The traditional dividing lines between providers offering long-distance, local and wireless telephone services, Internet services and video services are increasingly becoming blurred. Through mergers and various service integration and product bundling strategies, major providers, including us, are striving to provide integrated communications service offerings within and across geographic markets. The converging communications industry is competing to deliver service bundles that include voice, broadband Internet access, and video content. We maintain a strong competitive position; however, there is active competition in the sale of substantially all services and products we offer. For more information about competition in each of our reportable segments, you should refer to each section titled "Competition" in "Description of our Business by Reportable Segment" below.

Competitive Strengths

Market Leader. We are Alaska's leading provider of long-distance, cable television and data and Internet services, as measured by revenues, we are the second largest local access provider, as measured by local access lines, and we are the third largest wireless service provider as measured by wireless revenues and lines in service. We attribute our leadership position to our commitment to provide our customers with high-quality products in bundled offerings that maximize their satisfaction.

Advanced Infrastructure and Robust Network Assets. We own and operate advanced networks that provide integrated end-to-end solutions. Our hybrid-fiber coax cable network enables us to offer last-mile broadband connectivity to our customers. Our interstate and undersea fiber optic cable systems connect our major markets in Alaska to the Lower 48 States. We employ satellite transmission for rural intrastate and interstate traffic in markets where terrestrial based network alternatives are not available. We have or expect to be able to obtain satellite transponders to meet our long-term satellite capacity requirements. In our local access service markets, we offer services using our own facilities, unbundled network elements and wholesale/resale.

Bundled Service Offerings. Ownership and control of our network and communications assets have enabled us to effectively market bundled service offerings. Bundling facilitates the integration of operations and administrative support to meet the needs of our customers. Our product and service portfolio includes stand-alone offerings and bundled combinations of local and long-distance voice and data services, cable video, broadband (cable modem, fixed wireless and DSL), dedicated Internet access services, mobile wireless and other services.

Well-recognized Brand Name. Our GCI brand is the oldest brand among major communications providers in Alaska and positively differentiates our services from those of our competitors. We believe our customers associate our brand name with quality products. We continue to benefit from high name recognition and strong customer loyalty, and the majority of our customers purchase multiple services from us. We have been successful in selling new and enhanced products to our customers based on perceived quality of products and brand recognition. Our Alaska DigiTel brand name has been in the Alaska marketplace since 1998 and we believe our customers associate this brand name with quality wireless products.

Favorable Alaskan Market Dynamics. The Alaskan communications market is characterized by its large geographic size and isolated markets that include a combination of major metropolitan areas and small, dense population clusters, which create a deterrent to potential new entrants. Due to the remote nature of its communities, the state's residents and businesses rely extensively on our systems to meet their communications needs. We believe that, when compared to national averages, Alaskan households spend more on communication services. According to the United States Census Bureau, the median household income in Alaska was 22% higher than the 2006 United States national average. Please see the "Geographic Concentration and the Alaska Economy" section of "Part II — Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" for a discussion of Alaska's economic outlook. We believe there is a positive outlook for continued growth due to our planned facilities expansion and marketing strategy.

Experienced Management Team. Our experienced management team has a proven track record and has consistently expanded our business and improved our operations. Our senior management averages more than 27 years of experience in the communications industry and more than 18 years with our Company.

Business Strategy
We intend to continue to increase revenues and cash flow using the following strategies:

Continue to Offer Bundled Products. We offer innovative service bundles to meet the needs of our consumer and commercial customers. We believe that bundling our services significantly improves customer retention, increases revenue per customer and reduces customer acquisition expenses. Our experience indicates that our bundled customers are significantly less likely to churn, and we experience less price erosion when we effectively combine our offerings. Bundling improves our top line revenue growth, provides operating cost efficiencies that expand our margins and drives our overall business performance. As a measure of success to date, over 51,000 of our consumer customers subscribe to one of our service bundles.

Maximize Sales Opportunities. We successfully sell new and enhanced services and products between and within our business segments to our existing customer base to achieve increased revenues and penetration of our services. Through close coordination of our customer service and sales and marketing efforts, our customer service representatives cross-sell and up-sell our products. Many calls into our customer service centers result in sales of additional services and products. We actively encourage our existing customers to acquire higher value, enhanced services.

Deliver Industry Leading Customer Service. We have positioned ourselves as a customer service leader in the Alaska communications market. We have organized our operations to effectively focus on our customers. We operate our own customer service department and maintain and staff our own call centers. We have empowered our customer service representatives to handle most service issues and questions on a single call. We prioritize our customer services to expedite handling of our most valuable customers' issues, particularly for our largest commercial customers. We believe our integrated approach to customer service, including service set-up, programming various network databases with the customer's information, installation, and ongoing service, allows us to provide a customer experience that fosters customer loyalty.

Leverage Communications Operations. We continue to expand and evolve our integrated network for the delivery of our services. Our bundled strategy and integrated approach to serving our customers creates efficiencies of scale and maximizes network utilization. By offering multiple services, we are better able to leverage our network assets and increase returns on our invested capital. We periodically evaluate our network assets and continually monitor technological developments that we can potentially deploy to increase network efficiency and performance.

Expand Our Product Portfolio and Footprint in Alaska. Throughout our history, we have successfully added and expect to continue to add new products to our product portfolio. Management has a demonstrated history of new product evaluation, development and deployment for our customers, and we will continue to assess revenue-enhancing opportunities that create value for our customers. In addition to new services such as additional HDTV channels, video-on-demand, on-line advertising placement, on-line content delivery such as streaming music, and mobile high speed data we are also expanding the reach of our core products to new markets. Where feasible and where economic analysis supports geographic expansion of our network coverage, we are currently pursuing and expect to pursue opportunities to increase the scale of our facilities, enhance our ability to serve our existing customers' needs and attract new customers.

Description of our Business by Reportable Segment

Overview

Our four reportable segments are Consumer, Network Access, Commercial and Managed Broadband. Our reportable segments are business units that offer different products, are each managed separately, and serve distinct types of customers.

Following are our segments and the services and products each offers to its customers:

Services and Products	Reportable Segments: Consumer	Network Access	Commercial	Managed Broadband
Voice:				
Long-Distance	X	X	X	
Local Access	X	X	X	
Directories			X	
Video	X		X	
Data:				
Internet	X	X	X	X
Private Line and Private Networks		X	X	X
Managed Services			X	X
Managed Broadband Services				X
Wireless	X	X	X	

Our Consumer segment customers include residential customers. Our Commercial segment customers include small businesses, local, national and global businesses, governmental entities, and public and private educational institutions. Our Network Access segment customers are other common carriers. Our Managed Broadband segment customers are rural school districts and hospitals and health clinics. We distribute information about our services and products to these customers through a variety of channels, including direct sales, telemarketing and media advertising.

Many of our networks and facilities are utilized by more than one segment to provide services and products to our customers. The following description of our business by reportable segment includes a comprehensive discussion within the Consumer segment section with references to that section if such common network and facility use exists in another segment. Similarly, many of the same services and products are sold to our customers in different segments. The following description of our business by reportable segment includes a comprehensive discussion of services and products within the Consumer Segment section with references to that section if such common services and products exist in another segment.

The following discussion includes information about significant services and products, sales and marketing, facilities, customers, competition and seasonality for each of our four reportable segments. For a discussion and analysis of financial condition and results of operations please see "Part II – Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations."

Consumer Segment

We offer a full range of communications services and products to our consumer customers. Consumer segment revenues for 2007, 2006 and 2005 are summarized as follows:

	Year Ended December 31,		
	2007	2006	2005
	(in thousands)		
Total revenues [1]	$ 223,502	178,951	162,928

[1] See “Part II — Item 7 — Management’s Discussion and Analysis of Financial Condition and Results of Operations” and note 11 included in “Part II — Item 8 — Consolidated Financial Statements and Supplementary Data” for more information regarding the financial performance of our Consumer segment.

Services and Products
Our Consumer segment offers a full range of voice, video, data and wireless services and products to residential customers.

Voice Services and Products

Long-Distance
We are engaged in the transmission of interstate and intrastate-switched message telephone service communications service between the major communities in Alaska, and the remaining United States and foreign countries. Our message toll services include intrastate, interstate and international direct dial, toll-free 800, 888, 877 and 866 services, our calling card, operator and enhanced conference calling.

We have positioned ourselves as a price, quality, and customer service leader in the Alaska communications market. The value of our long-distance services is generally designed to be equal to or greater than that for comparable services provided by our competitors.

Local Access
We offer Local Access services in many communities and areas in Alaska, including the state’s five largest population centers, Anchorage, Fairbanks, the Matanuska-Susitna Valley, the Kenai Peninsula, and Juneau. Our own DLPS facilities and collocated remote facilities that access the ILEC’s UNE loops allow us to offer full featured local service products to consumer customers. In areas where we do not have our own DLPS facilities or access to ILEC loop facilities, we offer service using total service resale of the ILEC’s local service or UNE platform.

Our package offerings are competitively priced and include popular features, including caller ID, voice messaging, call forwarding, and call waiting.

Video Services and Products

Our cable television systems serve 40 communities and areas in Alaska, including the state’s five largest population centers, Anchorage, Fairbanks, the Matanuska-Susitna Valley, the Kenai Peninsula, and Juneau.

We offer a full range of video services over our broadband cable systems. We tailor our channel offerings for each system serving a particular geographic area according to applicable local and federal regulatory requirements, programming preferences, demographics and the capabilities of our cable facilities in each system. Our video service offerings include the following:

Basic cable. Our basic cable service consists of a limited analog or digital Basic Service with access to between 12 and 19 channels of programming and an expanded analog Basic Service with access to between 36 and 59 additional channels of programming. These services generally consist of programming provided by national and local broadcast networks, national and regional cable networks, and governmental and public access programming. In January 2008 we began to digitize our basic cable service. We have made a commitment to the FCC to transmit an entirely digital signal for all cable television channels in all markets we serve by December 31, 2008.

Digital cable. Our digital cable service uses a digital set-top box to deliver up to 52 channels of video programming, 48 music channels and an interactive program guide.

High-Definition Television. Our HDTV service provides our digital subscribers with improved, high-resolution picture quality, improved audio quality and a wide-screen, theater-like display. Our HDTV service offers a broad selection of high-definition programming with access of up to 23 high-definition channels including most major broadcast networks, leading national cable networks, premium channels and national sports networks.

Digital Video Recorder. Our advanced DVR service lets digital cable subscribers select, record and store programs and play them at whatever time is convenient. DVR service also provides the ability to pause and rewind “live” television.

Premium channel programming. Our premium channel programming service, which includes cable networks such as Home Box Office, Showtime, Starz and Cinemax, generally offers, without commercial interruption, feature motion pictures, live and taped sporting events, concerts and other special features.

Pay-per-view programming. Our pay-per-view service permits our cable subscribers to order, for a separate fee, individual feature motion pictures and special event programs, such as professional boxing, professional wrestling and concerts, on an unedited, commercial-free basis.

In March 2008 we expect to begin offering video-on-demand services to our consumer customers.

Data Services and Products

Internet
We primarily offer three types of Internet access for consumer use: high-speed cable modem, dial-up and fixed wireless. Value-added Internet features, such as email virus prevention, personal web site and domain hosting, and additional email accounts, are available for additional charges. Our consumer high-speed cable modem Internet service offers up to 10 Mbps download and 2 Mbps upload speeds as compared with up to 56 Kbps upload and download speeds through standard copper wire dial-up modem access. Our fixed wireless Internet product is available in 139 communities. Three distinct products are offered; 56 Kbps, 256 Kbps, and 256 Kbps for multiple computers. We provide 24-hour customer service and technical support via telephone or online.

An entry-level cable modem service also offers free data transfer up to one gigabyte per month at a rate of 64 Kbps and can be connected 24-hours-a-day, 365-days-a-year, allowing for real-time information and e-mail access. This product acts as a dialup replacement and upgrade since it is always connected and provides more efficient data transfer. Cable modems use our coaxial cable plant that provides cable television service, instead of the traditional ILEC copper wire. Coaxial cable has a much greater carrying capacity than telephone copper wire and can be used to simultaneously deliver both cable television (analog or digital) and Internet access services.

Wireless Services and Products

We offer mobile wireless services by reselling Dobson’s services under our brand name and selling Alaska DigiTel’s service under its brand name. We offer fixed wireless local access services over our own facilities, and have purchased PCS and LMDS wireless broadband licenses in FCC auctions covering markets in Alaska. We offer mobile wireless service to our customers located in Anchorage, Fairbanks, Fort Greely, Juneau, Kenai/Soldotna, Kodiak, Nome, North Pole, Palmer/Wasilla, Homer, Ketchikan, Petersburg, Prudhoe Bay, Seward, Sitka, Valdez and Wrangell, Alaska.

In November 2007, AT&T acquired Dobson including its Alaska properties. In December 2007 we signed an agreement with AT&T that provides for an orderly four-year transition of our wireless customers from the Dobson/AT&T network in Alaska to our wireless facilities to be built in 2008 and 2009. The agreement allows our current and future customers to use the AT&T wireless network for local access and roaming during the transition period, which expires June 30, 2012. The four-year transition period provides us adequate time to replace the Dobson/AT&T network in Alaska with our own wireless facilities.

We offer our customers a variety of rate plans so they can choose the plan that best fits their expected calling needs. We focus our offers to take advantage of theGSM network using the GCI brand name or the CDMA network using the Alaska DigiTel brand name. Consumer voice service is generally offered on a contract basis for one or two year periods. Under the terms of these contracts, service is billed and provided on a monthly basis according to the applicable rate plan chosen. Our offerings include regional and national rate plans at a variety of pricing tiers. Our rate plans generally combine a fixed monthly access charge, a designated number of minutes-of-use, per minute usage charges for minutes in excess of the included amount and additional charges for certain custom-calling features. Most of our plans include basic features such as voice messaging, caller ID, call forwarding and call waiting, and two-way text messaging.

We sell a variety of handsets and personal computer wireless data cards manufactured by various suppliers for use with our wireless services. We also sell accessories, such as carrying cases, hands-free devices, batteries, battery chargers and other items. We provide contract subscribers substantial equipment subsidies to initiate or upgrade service.

Bundled Services and Products

We combine one or more of our individual service and product offerings into bundles that we sell to our Consumer segment customers at attractive prices. Our most popular bundled offering includes long-distance, cable television, cable modem Internet access and local access services. In addition to several other bundled offerings we also offer a bundle of wireless services, cable television and cable modem Internet access.

Sales and Marketing

Our Consumer segment sales efforts are primarily directed toward increasing the number of subscribers we serve, selling bundled services, and generating incremental revenues through product and feature up-sell opportunities. We sell our Consumer segment services through telemarketing, direct mail advertising, door-to-door selling, up-selling by our customer service and call center personnel, local media advertising, retail stores, and through our website.

Facilities

Voice Facilities

We operate a modern, competitive communications network employing the latest digital transmission technology based upon fiber optic facilities within and between Anchorage, Fairbanks, Prudhoe Bay, and Juneau, Alaska. Our facilities include two self-constructed digital undersea fiber optic cable systems linking our Alaska terrestrial networks to the networks of other carriers in the Lower 49 States. AULP East was placed into service in February 1999 and connects Whittier, Valdez and Juneau, Alaska and Seattle, Washington. AULP West was placed into service in June 2004 and connects Seward, Alaska to Warrenton, Oregon. The Seward cable landing station connects to our switching and distribution center in Anchorage and the Warrenton cable landing station connects to our switching and distribution center in Seattle via long-term leased capacity. The combination of our AULP East and AULP West systems provides us with the ability to provide fully protected geographically diverse routing of service between Alaska and the Lower 48 States.

We have IRU capacity in the Kodiak-Kenai Cable Company, LLC’s marine-based fiber optic cable system linking Anchorage to Kenai, Homer, Kodiak, Narrow Cape on Kodiak Island, and Seward, Alaska.

These undersea fiber optic cable systems allow us to carry our military base traffic and our Anchorage, Delta Junction, Eagle River, Fairbanks, Glenallen, Homer, Juneau, Kenai, Kodiak, Palmer, Prudhoe Bay, Seward, Soldotna, Valdez, Wasilla, and Whittier, Alaska traffic to and from the Lower 48 States and between these instate locations over terrestrial circuits, eliminating the one-half second round trip delay associated with satellite circuits.

Another carrier completed construction of fiber optic facilities connecting points in Alaska to the Lower 48 States in 1999. The additional fiber system provides direct competition to services we provide on our owned fiber optic facilities; however, this fiber system also provides an alternative routing path for us for a limited amount of traffic in case of a major fiber outage in our systems. A competitor has announced its intention to construct an undersea fiber optic cable system between Homer, Alaska and Florence, Oregon to be completed by the end of 2008.

We use satellite transponders to transmit voice and data traffic to remote areas of Alaska. We acquired satellite transponders on the Intelsat Galaxy XR satellite in March 2000 to meet our long-term satellite capacity requirements. We further augmented capacity on Galaxy XR with the lease of a seventh C-band transponder in October 2002. As previously discussed we have entered into an agreement to lease transponder capacity on Intelsat’s Galaxy 18 spacecraft that is expected to be launched May 3, 2008. We will also lease capacity on the Horizons 1 satellite. The leased capacity is expected to replace our capacity on Intelsat’s Galaxy XR satellite when it reaches its end of life which is estimated to be May 18, 2008.

We continue to develop and deploy new technology to further increase the efficiency of bandwidth utilization for our satellite network. With a sparse population spread over a large geographic area, neither terrestrial microwave nor fiber optic transmission technology is considered to be economically feasible in rural Alaska in the foreseeable future. See "Part I — Item 1A — Risk Factors — If a failure occurs in our satellite communications systems, our ability to immediately restore the entirety of our service may be limited." for more information.

We operate digital microwave systems to link Anchorage with the Kenai Peninsula, and our Prudhoe Bay Earth Station with Deadhorse, Alaska. Digital microwave facilities are also used between our Fairbanks earth station and our Fairbanks distribution center. Virtually all switched services are computer controlled, digitally switched, and interconnected by a packet switched SS7 signaling network.

Other facilities include major earth stations at Adak, Barrow, Bethel, Cordova, Dillingham, Dutch Harbor, Eagle River, Galena, Juneau, Ketchikan, King Salmon, Kodiak, Kotzebue, McGrath, Nome, Prudhoe Bay, Sitka, Unalakleet, and Yakutat, all in Alaska, serving the communities in their vicinity, and at Issaquah, Washington, which provides interconnection to Seattle and the Lower 48 States for traffic to and from major Alaska earth stations. The Eagle River earth station is linked to the Anchorage distribution center by fiber optic facilities.

We use SONET as a service delivery method for our terrestrial metropolitan area networks as well as our long-haul terrestrial and undersea fiber optic cable networks.

A fiber optic cable system from our Anchorage distribution center connects to the Matanuska Telephone Association ("MTA") Eagle River central office and to our major hub earth station in Eagle River. The Issaquah earth station is connected with the Seattle distribution center by means of diversely-routed leased fiber optic cable transmission systems, each having the capability to restore the other in the event of failure. The Juneau earth station and distribution centers are collocated. We have digital microwave facilities serving the Kenai Peninsula communities. We maintain earth stations in Fairbanks (linked by digital microwave to the Fairbanks distribution center), Juneau (collocated with the Juneau distribution center), Anchorage (Benson earth station), and in Prudhoe Bay as fiber network restoration earth stations. Our Benson earth station also uplinks our statewide video service; such service may be pre-empted if earth station capacity is needed to restore our fiber network between Anchorage and Prudhoe Bay.

We use our DAMA facilities to serve 69 additional locations throughout Alaska. DAMA is a digital satellite earth station technology that allows calls to be made between remote villages using only one satellite hop, thereby reducing satellite delay and capacity requirements while improving quality. In addition, 54 (for a total of 123) C-band facilities provide dedicated Internet access and private network services to rural public schools, hospitals, health clinics, and natural resource development industries throughout Alaska. Our network of 83 Ku-band facilities provides dedicated Internet access and private network services to rural public schools, hospitals, health clinics, and natural resource development industries throughout Alaska, and in 10 locations in the Lower 48 States.

Our Anchorage, Fairbanks, and Juneau distribution centers contain electronic switches to route calls to and from Local Exchange companies and, in Seattle, to obtain access to Verizon Communications Inc. ("Verizon"), Sprint Nextel Corporation ("Sprint Nextel") and other carriers to distribute our southbound traffic to the remaining 49 states and international destinations. Our extensive metropolitan area fiber network in Anchorage supports cable television, Internet and telephony services. The Anchorage, Fairbanks, and Juneau facilities also include digital access cross-connect systems, frame relay data switches, Internet platforms, and in Anchorage and Fairbanks, collocation facilities for interconnecting and hosting equipment for other carriers. We also maintain an operator and customer service center in Wasilla, Alaska. Our operator services traffic is processed by an integrated services platform that also hosts answering services, directory assistance, and internal conferencing services.

In 1997 we entered the local services market in Anchorage. At December 31, 2007 we could access approximately 96%, 75% and 90% of Anchorage, Fairbanks, and Juneau area local loops, respectively, from our collocated remote facilities and DLC installations, excluding Fort Wainwright and Eielson Air Force Base areas.

We continue our DLPS deployment utilizing our coaxial cable facilities. This 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.

Video Facilities
Our statewide cable systems consist of 2,853 miles of installed cable plant having 450 to 625 MHz of channel capacity. Our cable television businesses are located throughout Alaska and serve 40 communities and areas in Alaska, including

the state's five largest population centers, Anchorage, Fairbanks, the Matanuska-Susitna Valley, the Kenai Peninsula, and Juneau. Our facilities include cable plant and head-end distribution equipment. Certain of our head-end distribution centers are collocated with customer service, sales and administrative offices.

Data Facilities

We provide access to the Internet using a platform that includes many of the latest advancements in technology. The physical platform is concentrated in Anchorage and is extended into many remote areas of the state. Our Internet platform includes the following:

- Our Anchorage facilities are connected to multiple Internet access points in Seattle through multiple, diversely routed networks;
- We use multiple routers on each end of the circuits to control the flow of data and to provide resiliency; and
- Our Anchorage facility consists of routers, a bank of servers that perform support and application functions, database servers providing authentication and user demographic data, layer 2 gigabit switch networks for intercommunications and broadband services (cable modem, wireless and DSL), and access servers for dial-up users.

Our dedicated Internet access and IP data services are delivered to a router located at the service point. Our Internet management platform constantly monitors this router and continual communications are maintained with all of the core and distribution routers in the network. The availability and quality of service, as well as statistical information on traffic loading, are continuously monitored for quality assurance. The management platform has the capability to remotely access routers, servers and layer two switches, permitting changes in configuration without the need to be physically located at the service point.

Bandwidth is made available for our Internet services through our AULP East and AULP West undersea fiber cable systems and our Galaxy XR transponders.

Our GCI.net product offers a unique combination of innovative network design and aggressive performance management. Our Internet platform has received a certification that places it in the top one percent of all service providers worldwide and is the only ISP in Alaska with such a designation. We operate and maintain what we believe is the largest, most reliable, and highest performance Internet network in Alaska.

Wireless Facilities

We had a distribution agreement with Dobson allowing us to resell Dobson cellular services. In November 2007 AT&T acquired Dobson, including its Alaska properties, andin December 2007 we signed an agreement with AT&T that provides for an orderly four-year transition of our wireless customers from the Dobson/AT&T network in Alaska to our wireless facilities to be built in 2008 and 2009. The agreement allows our current and future customers to use the AT&T wireless network for local access and roaming during the transition period, which expires June 30, 2012. The four-year transition period provides us adequate time to replace the Dobson/AT&T network in Alaska with our own wireless facilities. Commencing in 2008 we plan to expand Alaska DigiTel's CDMA network and construct a GSM network throughout the terrestrially served portions of Alaska including the cities of Anchorage, Fairbanks, and Juneau.

We provide limited wireless local access and Internet services using our own facilities utilizing our 30-MHz PCS license and unlicensed 2.4 GHz spectrum. We provide the service through 802.11 (a set of wireless standards), and wireless DOCSIS (a data over cable service interface specification).

Alaska DigiTel owns the 30-MHz "A" Block PCS license in Major Trading Area 49, the state of Alaska. The Alaska DigiTel network includes a Lucent 5ESS wireless switch located in Anchorage, and more than 100 cell sites that cover more than 75% of the populated areas of Alaska, including Anchorage and Eagle River, the Matanuska-Susitna Valley, Kenai Peninsula, Juneau and Fairbanks. Alaska DigiTel extends its network coverage in Alaska, the Lower 49 States and Canada through roaming arrangements with other CDMA carriers.

Customers
A discussion of Consumer segment customers by product type follows.

Voice Customers

Long-Distance
We had 89,900, 89,800, and 95,000 Consumer segment long-distance subscribers at December 31, 2007, 2006 and 2005, respectively. The decrease from 2005 to 2006 is primarily due to a decrease in the total number of long-distance services subscribers in the markets we serve resulting from customers substituting wireless phone, prepaid calling card, VoIP and email usage for direct dial minutes.

Equal Access conversions have been completed in all communities where we serve with owned facilities. Equal Access is in progress in several small communities where we are expanding our owned facilities. We estimate that we carry greater than 50% of combined consumer and commercial traffic as a statewide average for both originating interstate and intrastate message telephone service.

Revenues derived from Consumer segment long-distance services in 2007, 2006 and 2005 totaled $20.3 million, $20.6 million and $23.5 million, respectively, or 3.9%, 4.3% and 5.5% of our total revenues, respectively.

A summary of our Consumer segmentswitched long-distance message telephone service traffic (in minutes) follows:

	Year Ended December 31,		
	2007	2006	2005
Consumer long-distance minutes: [1]		*(in millions)*	
Interstate	105.0	109.1	125.5
Intrastate	25.0	27.2	32.0
International	5.8	5.6	5.5
Total	135.8	141.9	163.0

[1] All minutes data were taken from our internal billing statistics reports.

Although we have several agreements to facilitate the origination and termination of international toll traffic, we have neither foreign operations nor export sales. See “Part I — Item 1 — Business — Financial Information about our Foreign and Domestic Operations and Export Sales” for more information.

Local Access
We had 74,400, 66,200 and 68,400 Consumer segmentlocal access lines in service subscribers at December 31, 2007, 2006 and 2005, respectively. We ended 2007 with market share gains in substantially all market segments.

Revenues derived from Consumer segment local access services in 2007, 2006 and 2005 totaled $25.9 million, $25.0 million and $23.3 million, respectively, or 5.0%, 5.2% and 5.3% of our total revenues, respectively.

Video Customers

Our cable systems passed 224,700, 219,900 and 215,000 homes at December 31, 2007, 2006 and 2005, respectively, and served 128,000, 124,000 and 122,600 basic Consumer segment subscribers at December 31, 2007, 2006 and 2005, respectively. Revenues derived from Consumer segment video services totaled $96.3 million, $90.2 million and $84.7 million in 2007, 2006 and 2005, respectively, or 18.5%, 18.9% and 19.1% of our total revenues, respectively.

Data Customers

We had 88,000, 78,500 and 70,800 active Consumer segment cable modem Internet subscribers at December 31, 2007, 2006 and 2005, respectively. Revenues derived from Consumer segment Internet services totaled $34.2 million, $29.4 million and $25.3 million, in 2007, 2006 and 2005, respectively, or 6.6%, 6.2% and 5.7% of our total revenues, respectively.

Wireless Customers

We had 70,000 and 24,400 total Consumer segment wireless lines in service at December 31, 2007 and 2006, respectively. The total wireless lines in service at December 31, 2007 include Alaska DigiTel lines in service. We had 16,000 total Consumer segment and Commercial segment wireless lines in service at December 31, 2005. Data was not available to separately identify the number of Consumer segment and Commercial segment lines in service at December 31, 2005. Our Consumer segment wireless services revenue totaled $46.7 million, $13.7 million and $6.1 million in the years ended December 31, 2007, 2006 and 2005, respectively, or 9.0%, 2.9% and 1.4% of total revenues, respectively. The total wireless revenue at December 31, 2007 includes Alaska DigiTel revenue.

Competition

A discussion of competition by product and service in our Consumer segment follows. See "Item 1A. — Risk Factors — We face intense competition that may reduce our market share and harm our financial performance."

Voice Services and Products Competition

Long-Distance

The long-distance industry is intensely competitive and subject to constant technological change. Competition is based upon price and pricing plans, the type of services offered, customer service, billing services, performance, perceived quality, reliability and availability. Current or future competitors could be substantially larger than we are, or have greater financial, technical and marketing resources than we do.

In the intrastate, interstate and international long-distance market, we compete against AT&T Alascom, Inc. ("AT&T Alascom"), Alaska Communications Systems Group, Inc. ("ACS"), MTA, long-distance resellers, and certain smaller rural local telephone companies. AT&T Alascom, as a subsidiary of AT&T, has access to greater financial, technical and marketing resources than we have. There is also the possibility that new competitors will enter the Alaska market. In addition, wireless and VoIP services continue to grow as an alternative to wireline services as a means of reaching customers. Wireless Local Number Portability allows consumers to retain the same phone number as they change service providers allowing for interchangeable and portable fixed-line and wireless numbers. Some consumers now use wireless service as their primary voice phone service for local and long-distance calling.

We have competed in the long-distance market by offering discounts from rates charged by our competitors and by providing desirable bundles of services. Discounts have been eroded in recent years due to lowering of prices by AT&T Alascom and entry of other competitors into the long-distance markets we serve. In addition, our competitors offer their own bundles of services.

Our ability to compete successfully will depend on our ability to anticipate and respond to various competitive factors affecting the industry, including new services that may be introduced, changes in consumer preferences, demographic trends, economic conditions and pricing strategies.

Under the terms of the acquisition of Alascom by AT&T Inc., which were retained in the subsequent acquisition of AT&T by SBC Communications Inc., AT&T Alascom rates and services must mirror those offered by AT&T Inc., so changes in AT&T Inc. prices indirectly affect our rates and services. AT&T Inc.'s and AT&T Alascom's interstate prices are regulated under a price cap plan whereby their rate of return is not regulated or restricted. Price increases by AT&T Inc. and AT&T Alascom generally improve our ability to raise prices while price decreases pressure us to follow. We believe we have, so far, successfully adjusted our pricing and marketing strategies to respond to AT&T Inc. and other competitors' pricing practices. However, if competitors significantly lower their rates, we may be forced to reduce our rates, which could have a material adverse effect on our financial position, results of operations or liquidity.

Local Access

Data obtained from the RCA indicates that there are 23 ILECs and 12 CLECs certified to operate in the State of Alaska at December 31, 2007. We compete against ACS, the ILEC, and AT&T Alascom in Anchorage, Juneau and Fairbanks. AT&T Alascom offers Local Exchange service only to consumer customers through total service resale. We compete against MTA, the ILEC, in the Mat-Su Valley and ACS, the ILEC, in the Kenai-Soldotna area. We compete against other smaller ILECs in certain smaller communities.

We plan to provide local telephone service in other locations in the future where we would face other competitors. The RCA granted amendments to our certificates of convenience and public necessity to provide local service in areas where population growth has occurred and is likely to occur over the next five years. The service area changes are in Anchorage, Bethel, Cordova, Fairbanks, Homer, Juneau-Douglas, Kenai, Soldotna, Sterling, Ketchikan, Kodiak, Kotzebue, Nome, Palmer-Wasilla, Petersburg, Seward, Sitka, Valdez and Wrangell. The RCA also granted amendments to our certificates of convenience and public necessity to provide local service to the entire service areas of Ketchikan Public Utilities, Cordova Telephone Cooperative, Copper Valley Telephone Cooperative ("CVTC"), MTA, the Glacier State service area, and Arctic Slope Telephone Association Cooperative ("ASTAC") as well as the cities of Wrangell, Petersburg, Sitka, Seward, Bethel and Nome. We expect further competition in the marketplaces we serve as other companies may receive certifications in the future.

In the local telephone services market, the 1996 Telecom Act, judicial decisions, state and federal legislative and regulatory developments, and new technologies have increased the overall likelihood that barriers to local telephone competition will be substantially reduced or removed. These initiatives include requirements that ILECs negotiate with entities, including us, to provide interconnection to the existing local telephone network, to allow the purchase, at cost-based rates, of access to UNEs, to establish dialing parity, to obtain access to rights-of-way and to resell services offered by the ILEC. We have been able to obtain interconnection, access and related services from the ILECs, at rates that allow us to offer competitive services. However, if we are unable to continue to obtain these services and access at acceptable rates, our ability to offer local access services, and our revenues and net income, could be materially adversely affected. To date, we have been successful in capturing a significant portion of the local telephone market in the locations where we are offering these services. However, there can be no assurance that we will continue to be successful in attracting or retaining these customers.

We believe that we have certain advantages over ILECs in providing communications services, including awareness by Alaskan customers of the GCI brand name, our facilities-based communications network, and our prior experience in, and knowledge of, the Alaskan market.

See "Regulation — Wireline Voice Services and Products" below for more information.

Video Services and Products Competition

Our cable television systems face competition from alternative methods of receiving and distributing television signals, including DBS and digital video over telephone lines, broadband IP-based services, wireless and SMATV systems, and from other sources of news, information and entertainment such as Internet services, off-air television broadcast programming, newspapers, movie theaters, live sporting events, interactive computer services, and home video products, including video disks. Our cable television systems also face competition from potential overbuilds of our existing cable systems by other cable television operators and municipally-owned cable systems, and alternative methods of receiving and distributing television signals. The extent to which our cable television systems are competitive depends, in part, upon our ability to provide quality programming and other services at competitive prices.

We believe that the greatest source of potential competition for video services could come from the DBS industry. Two major companies, The DirecTV Group, Inc. and EchoStar Communications Corporation are currently offering nationwide high-power DBS services. We also are subject to competition from providers of digital video over telephone lines in the Mat-Su Valley and in Ketchikan. With the addition of Anchorage local broadcast stations, increased marketing, ILEC and DBS alliances, and emerging technologies creating new opportunities, competition from these sources has increased and will likely continue to increase.

DBS is more competitive with cable in the Alaska market than it once was because technological advances have improved signal quality and reduced equipment costs and local programming is more widely available than it once was.

In the past, the majority of Alaska DBS subscribers were required to bear the cost of and install larger satellite dishes (generally three to six feet in diameter) because of the weaker satellite signals available in northern latitudes, particularly in communities surrounding, and north of, Fairbanks. In addition, the satellites had a relatively low altitude above the horizon when viewed from Alaska, making their signals subject to interference from mountains, buildings and other structures. Satellite placements have provided Alaska residents with a DBS package that requires a smaller satellite dish (typically 18 inches); however, a second larger dish is required if the subscriber wants to receive a channel line-up similar to that provided by our cable systems with high-definition programming. In addition to the dish and equipment cost deterrents, DBS signals are subject to degradation from atmospheric conditions such as rain and snow. The changing nature of technology and of the DBS business may result in greater satellite coverage within Alaska.

The largest ILEC in Alaska has engaged in marketing arrangements to provide DBS services along with local telephone and other services. Similar arrangements could be extended to other ILECs in the markets we serve in Alaska. DirecTV and EchoStar have satellites that can transmit a stronger signal and deliver local network programming in certain communities in Alaska.

The ILECs in the Mat-Su Valley and Ketchikan offer digital video service over telephone lines in limited areas. Their product offerings and price points are similar to our product offerings.

Competitive forces will be counteracted by offering expanded programming through digital services and by providing high-speed data services. System upgrades have been completed to make our systems reverse activated, providing the necessary infrastructure to offer cable modem service to greater than 99% of our homes passed. Digital delivery technology is being utilized in all of our systems. We have retransmission agreements with Anchorage broadcasters that expire in 2009 and provide for the uplink/downlink of their signals into all our systems, and local programming for our customers.

Other new technologies may become competitive with non-entertainment services that cable television systems can offer. The FCC has authorized television broadcast stations to transmit textual and graphic information useful to both consumers and businesses. The FCC also permits commercial and non-commercial FM stations to use their subcarrier frequencies to provide non-broadcast services including data transmissions. The FCC established an over-the-air interactive video and data service that will permit two-way interaction with commercial and educational programming along with informational and data services. LECs and other common carriers also provide facilities for the transmission and distribution to homes and businesses of interactive computer-based services, including the Internet, as well as data and other non-video services. The FCC has conducted spectrum auctions for licenses to provide PCS, as well as other services. PCS and other services will enable license holders, including cable operators, to provide voice and data services. We own a statewide license to provide PCS in Alaska.

Cable television systems generally operate pursuant to franchises granted on a non-exclusive basis. The 1992 Cable Act gives local franchising authorities jurisdiction over basic cable service rates and equipment in the absence of "effective competition," prohibits franchising authorities from unreasonably denying requests for additional franchises and permits franchising authorities to operate cable systems. Well-financed businesses from outside the cable industry (such as the public utilities that own certain of the poles on which cable is attached) may become competitors for franchises or providers of competing services.

We expect to continue to provide, at reasonable prices and in competitive bundles, a greater variety of communication services than are available off-air or through other alternative delivery sources. Additionally, we believe we offer superior technical performance and responsive community-based customer service. Increased competition, however, may adversely affect our market share and results of operations from our cable services product offerings.

Data Services and Products Competition

The Internet industry is highly competitive, rapidly evolving and subject to constant technological change. Competition is based upon price and pricing plans, service bundles, the types of services offered, the technologies used, customer service, billing services, perceived quality, reliability and availability. As of December 31, 2007, we competed with more than eight Alaska based Internet providers, and competed with other domestic, non-Alaska based providers that provide national service coverage. Several of the providers headquartered outside of Alaska have substantially greater financial, technical and marketing resources than we do.

With respect to our high-speed cable modem service, ACS and other Alaska telephone service providers are providing competitive high-speed DSL services over their telephone lines in direct competition with our high-speed cable modem service. Competitive local fixed wireless providers are providing service in certain of our markets as is a national WiMax-based provider in Anchorage with plans for Juneau and Fairbanks. WiMax is a standards-based wireless technology that provides high-throughput broadband connections over long distances. WiMax can be used for a number of applications, including last mile broadband connections, hotspots and cellular backhaul, and high-speed enterprise connectivity for business. DBS providers and others provide wireless high speed Internet service in competition with our high-speed cable modem services.

Niche providers in the industry, both local and national, compete with certain of our Internet service products, such as web hosting, list services and email.

Wireless Services and Products Competition

We compete against AT&T Wireless, ACS, MTA, and resellers of those services in Anchorage and other markets. We competed against Dobson until its acquisition by AT&T in November 2007. The GCI and Alaska DigiTel brands compete against each other.

We also compete, to a lesser extent, with mobile satellite service providers, as well as from resellers of these services. The FCC has granted mobile satellite service providers the flexibility to deploy an ancillary terrestrial component to their satellite services. This added flexibility may enhance their ability to offer more competitive mobile services.

Regulatory policies favor robust competition in wireless markets. Wireless Local Number Portability, which was implemented by the FCC late in 2003, has also increased the level of competition in the industry. Number portability allows subscribers to switch carriers without having to change their telephone numbers.

The communications industry continues to experience significant technological changes, as evidenced by the increasing pace of improvements in the capacity and quality of digital technology, shorter cycles for new products and enhancements and changes in consumer preferences and expectations. Accordingly, we expect competition in the wireless communications industry to continue to be dynamic and intense as a result of the development of new technologies, services and products.

We compete for customers based principally upon price, bundled services, the services and enhancements offered, network quality, customer service, network coverage and capacity, and the availability of differentiated features and services. Our ability to compete successfully will depend, in part, on our marketing efforts and our ability to anticipate and respond to various competitive factors affecting the industry.

Seasonality
Our Consumer segment voice, video, and data services do not exhibit significant seasonality. Our ability to implement construction projects is hampered during the winter months because of cold temperatures, snow and short daylight hours.

Network Access Segment

We offer wholesale voice and data services and products to other common carrier customers. Network Access segment revenues for 2007, 2006 and 2005 are summarized as follows:

	Year Ended December 31,		
	2007	**2006**	**2005**
		(in thousands)	
Total revenues [1]	$ 163,377	166,471	148,333

[1] See “Part II — Item 7 — Management’s Discussion and Analysis of Financial Condition and Results of Operations” and note 11 included in “Part II — Item 8 — Consolidated Financial Statements and Supplementary Data” for more information regarding the financial performance of our Network Access segment.

Services and Products
Our Network Access segment offers wholesale voice and data services and products to other common carrier customers. We provide network transport, billing services and access to our network to other common carriers. These services allow other common carriers to provide services to their customers that originate or terminate on our network, or on the networks of other communication companies to which we connect.

We are engaged in the transmission of interstate and intrastate-switched message telephone service, Internet service, and Private Line and Private Network communications service between the major communities in Alaska, and the remaining United States and foreign countries. Our message toll services include intrastate and interstate direct dial, toll-free 800, 888, 877 and 866 services, our calling card, directory assistance, operator and enhanced conference calling, frame relay, Multi-Protocol Label Switching (“MPLS”), IP, SDN, and ISDN technology based services. MPLS is a data-carrying mechanism which emulates certain properties of a circuit-switched network over a packet-switched network. We terminate northbound message telephone service traffic for Verizon, Sprint Nextel and several large resellers who do not have facilities of their own in Alaska. We also provide origination of southbound calling card and toll-free 800, 888, 877 and 866 toll services for Verizon, Sprint Nextel, and other Interexchange carriers. Services are generally provided pursuant to contracts with terms of up to five years in length. Toll, Private Line and Private Network, and related services account for 31.4%, 34.7%, and 33.5% of our 2007, 2006 and 2005 revenues, respectively. Private Line and Private Network services utilize voice and data transmission circuits, dedicated to particular subscribers, which link a device in one location to another in a different location.

We have positioned ourselves as a price, quality, and customer service leader in the Alaska communications market. The value of our voice and data services is generally designed to be equal to or greater than that for comparable services provided by our competitors.

Sales and Marketing
Our Network Access segment sales and marketing efforts are primarily directed toward increasing the number of other common carriers we serve, the number of billable minutes of long-distance traffic we carry over our network and the number of voice and data transmission circuits leased. We sell our voice and data services primarily through direct contact marketing.

Facilities
Our Network Access segment shares common facilities used for voice and data services by other segments. You should refer to “Consumer Segment — Facilities” above for additional information.

Customers
A summary of our Network Access segment switched long-distance message telephone service traffic (in minutes) follows:

	Year Ended December 31,		
	2007	2006	2005
Network Access long-distance minutes: [1]		*(in millions)*	
South-bound Interstate	690.2	662.0	576.5
North-bound Interstate	476.5	574.6	408.1
Intrastate	62.8	60.9	66.8
Other	20.7	19.1	21.7
Total	1,250.2	1,316.6	1,073.1

[1] All minutes data were taken from our internal billing statistics reports.

Our largest customer was MCI through December 31, 2005. On January 6, 2006, Verizon announced the completion and closing of its merger with MCI and consequently Verizon is now our largest customer. During the year ended December 31, 2005, MCI was classified as a major customer of our Network Access segment. During the years ended December 31, 2007 and 2006, Verizon is classified as a major customer. At December 31, 2007 and 2006, Verizon (previously MCI) owned 0% and 37.9%, respectively, of GCI’s outstanding Class B common stock. Each share of Class B common stock has ten votes per share.

Revenues attributed to Verizon during the years ended December 31, 2007 and 2006, totaled $71.5 million and $93.4 million or 13.8% and 19.6% of total revenues, respectively. Revenues attributed to MCI’s message telephone traffic during the year ended December 31, 2005, totaled $85.4 million or 19.3% of total revenues. Our contract with Verizon has a term through December 2009, with five, one year automatic extensions thereafter. We believe that Verizon will continue to make use of our services during the extended term.

We also provide Network Access segment services to Sprint Nextel and Dobson. Although these customers do not meet the threshold for classification as a major customer, we do derive significant revenues and operating income from them. Our contract with Sprint Nextel was renewed in January 2007 to extend the term through March 2009, with two, one-year renewal options. Our majority-owned subsidiary, Alaska DigiTel, entered into a roaming agreement with Sprint Nextel in November 2007.

In November 2007,AT&T acquired Dobson, including its Alaska properties. In December 2007, we signed an agreement with AT&T that terminates AT&T's obligation to purchase network services from us as of July 1, 2008. AT&T will provide us with a large block of wireless network usage at no charge to facilitate the transition of our customers to our facilities. We will pay for usage in excess of that base transitional amount. Under the previous agreement with Dobson, our margin was fixed. Under the new agreement with AT&T we will pay for usage on a per minute basis. The block of wireless network usage at no charge will reduce Cost of Goods Sold during the four year period ended June 30, 2012, that we would have otherwise recognized in accordance with the new agreement, however, we are unable to estimate the impact this change will have on our Cost of Goods Sold. We expect our message telephone and Private Line revenues earned from Dobson to decrease in 2008 and forward. Dobson revenues were $23.2 million in 2007. We do not believe the termination of the agreement with Dobson will have a material adverse effect on our financial position, results of operations or liquidity.

The loss of Verizon or Sprint Nextel as customers or a material adverse change in our relationships with them could have a material adverse effect on our financial position, results of operations or liquidity. There are no other individual Network Access segment customers, the loss of which would have a material impact on our revenues or operating income.

Voice Customers

Long-Distance

Revenues derived from Network Access segment long-distance services totaled $93.1 million, $105.1 million and $90.1 million, respectively, or 17.9%, 22.0% and 20.3% of our total revenues in 2007, 2006 and 2005, respectively.

Local Access

Revenues derived from Network Access segment local access services totaled $3.8 million, $5.7 million and $5.4 million, respectively, or 1.0%, 1.2% and 1.2% of our total revenues in 2007, 2006 and 2005, respectively.

Data Customers

Revenues derived from Network Access segment data services, including Internet and Private Line and Private Network services, totaled $61.2 million, $55.6 million and $52.8 million, or 11.8%, 11.9% and 11.9% of our total revenues in 2007, 2006 and 2005, respectively.

Wireless Customers

Revenues derived from Network Access segment wireless services totaled $5.3 million or 1.0% of our total revenues in 2007. Alaska DigiTel provides roaming services to other CDMA wireless carriers in Alaska. In October 2007, Alaska DigiTel entered a long-term roaming agreement with Sprint Nextel, becoming a Sprint Rural Alliance partner. Under this agreement, Sprint Nextel and Alaska DigiTel will provide each other seamless access to voice and high speed data platforms on a reciprocal basis.

Competition

Our Network Access segment competes against AT&T Alascom, ACS, MTA, and certain smaller rural local telephone carrier affiliates. There is also the possibility that new competitors will enter the Alaska market. You should refer to "Consumer Segment — Competition" above for additional information.

Other common carrier traffic routed to us for termination in Alaska is largely dependent on traffic routed to our carrier customers by their customers. Pricing pressures, new program offerings, revised business plans, and market consolidation continue to evolve in the markets served by our 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 we may have to respond to competitive pressures, consistent with federal law. We are unable to predict the effect of such changes on our business.

Historically, we have competed in the Network Access segment market by offering rates comparable to or less than our competitors, by providing a comprehensive service model to meet the complete needs of our carrier customers, and by providing responsive customer service.

See "Item 1A. — Risk Factors — We face intense competition that may reduce our market share and harm our financial performance."

Seasonality
Network Access segment long-distance services revenues 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. Our Network Access segment data services do not exhibit significant seasonality.

Commercial Segment

We offer a full range of communications services and products to commercial and governmental customers. Commercial segment revenues for 2007, 2006 and 2005 are summarized as follows:

	Year Ended December 31,		
	2007	2006	2005
	(in thousands)		
Total revenues [1]	$ 104,640	105,929	105,663

[1] See "Part II — Item 7 — Management's Discussion and Analysis of Financial Condition and Results of Operations" and note 11 included in "Part II — Item 8 — Consolidated Financial Statements and Supplementary Data" for more information regarding the financial performance of our Commercial segment.

Services and Products
Our Commercial segment offers a full range of voice, video, data and wireless services and products to commercial and governmental customers.

Voice Services and Products

Long-Distance
We are engaged in the transmission of interstate and intrastate-switched message telephone service between the major communities in Alaska, and the remaining United States and foreign countries. Our message toll services include intrastate, interstate and international direct dial, toll-free 800, 888, 877 and 866 services, our calling card, operator and enhanced conference calling services. Small business subscribers generally may cancel long-distance service at any time. Certain small business and most large commercial and governmental customers generally contract with us for service over one to five year periods.

We have positioned ourselves as a price, quality, and customer service leader in the Alaska communications market. The value of our long-distance services is generally designed to be equal to or greater than that for comparable services provided by our competitors.

Local Access
We offer full featured local access service to our Commercial segment customers using our own fiber facilities and collocated remote facilities that access the ILEC's UNE loops. In areas where we do not have our own facilities or access to ILEC loop facilities, we offer service using total service resale of the ILEC's local service or UNE platform.

Our package offerings are competitively priced and include popular features, including caller ID, voice messaging, call forwarding, and call waiting.

Directories Services
We sell advertising in our yellow pages directories to commercial customers, distribute white and yellow pages directories to customers in certain markets we serve, and offer an on-line directory. We offer three yellow pages directories with each directory covering multiple locations and including custom features for each area. Our directories cover the following communities:

- Anchorage, Elmendorf Air Force Base, Fort Richardson, Bird, Girdwood, Hope, Indian, Portage, Rainbow, Sunrise, Eagle River, Chugiak, Big Lake, Houston, Palmer, Wasilla, Willow, Talkeetna, Anderson, Clear,

Cantwell, Healy, Denali National Park, Tyonek, Beluga, Kenai, North Kenai, Soldotna, Kasilof, Clam Gulch, Sterling, Cooper Landing, Homer, Anchor Point, Halibut Cove, Nanwalek, Ninilchik, Port Gaham, Seldovia;
- Fairbanks, North Pole, Eielson Air Force Base, Fort Wainwright, Delta Junction, Fort Greeley, Nenana; and
- Juneau, Auke Bay, Douglas, Lemon Creek, Mendenhall Valley

Video Services and Products

Commercial segment subscribers such as hospitals, hotels and motels are charged negotiated monthly service fees. Programming services offered to our cable television systems subscribers differ by system as described in the Consumer segment Video Services and Products section above. You should refer to "Consumer Segment — Services and Products" above for additional information.

Data Services and Products

Internet
We currently offer several Internet service packages for commercial use: dial-up access, DSL, passive optical networking, fixed wireless, T-1 and fractional T-1 leased line, metro Ethernet, multi-megabit and high-speed cable modem Internet access. Our business high-speed cable modem Internet service offers access speeds ranging from 512 Kbps to 2.4 Mbps, free monthly data transfers of up to 30 gigabytes and free 24-hour customer service and technical support. Our DSL offering can support speeds of up to 1.5 Mbps over the same copper line used for phone service. Business services also include a personalized web page, domain name services, and e-mail.

We also provide dedicated access Internet service to commercial and public organizations in Alaska. We offer a premium service and currently support many of the largest organizations in the state such as BP Exploration (Alaska) Inc., the State of Alaska and the Anchorage School District. We have hundreds of other enterprise customers, both large and small, using this service. Additional cable modem service packages tailored to high-use commercial Internet users are also available.

Private Lines and Private Networks
Private Line and Private Network services utilize voice and data transmission circuits, dedicated to particular subscribers, which link a device in one location to another in a different location. private IP, Private Lines, metro Ethernet and frame relay offer a secure solution for frequent communication of large amounts of data between sites.

Managed Services
We design, sell, install, service and operate, on behalf of certain customers, communications and computer networking equipment and provide field/depot, third party, technical support, communications consulting and outsourcing services. We supply integrated voice and data communications systems incorporating private IP, interstate and intrastate digital Private Lines, point-to-point and multipoint Private Network and small earth station services.

Wireless Services and Products
Wireless services and products offered to our Commercial segment customers are the same as those described in the Consumer Wireless Services and Products section above. You should refer to "Consumer Segment — Services and Products" above for additional information.

Bundled Services and Products
We combine one or more of our individual service or product offerings into bundles that we sell to our Commercial segment customers at attractive prices as described further in the Consumer segment Services and Products section above. You should refer to "Consumer Segment — Services and Products" above for additional information.

Sales and Marketing
Our Commercial segment sales and marketing efforts focus on increasing the number of subscribers we serve, selling bundled services, and generating incremental revenues through product and feature up-sell opportunities. We sell our Commercial segment services and products primarily through direct contact marketing. We also use direct mail advertising, door-to-door selling, up-selling by our customer service and call center personnel, local media advertising, retail stores, and our website.

Facilities
Our Commercial segment uses many facilities to provide services and products that are common to the Consumer segment. You should refer to “Consumer Segment — Facilities” above for additional information.

We provide our own facilities-based local access services to many of Anchorage’s larger business customers through expansion and deployment of SONET, Ethernet, and Gigabit Passive Optical Network fiber transmission facilities, DLC facilities, and leased T-1 facilities.

Our dedicated Internet access and IP data services are delivered to an Ethernet port located at the service point. Our management platform constantly monitors this port and continual communications are maintained with all of the core and distribution routers in the network. The availability and quality of service, as well as statistical information on traffic loading, are continuously monitored for quality assurance. The management platform has the capability to remotely access routers, servers and layer two switches, permitting changes in configuration without the need to physically be at the service point. This management platform allows us to offer outsourced network monitoring and management services to businesses and governmental entities. Many of the largest commercial networks in Alaska use this service, including the state government.

Customers
A discussion of Commercial segment customers by product type follows.

Voice Customers

Long-Distance
We had 10,500, 11,100 and 11,700 active Commercial segment long-distance subscribers at December 31, 2007, 2006 and 2005, respectively. The 2007 and 2006 decrease is primarily due to a decrease in the total number of long-distance services subscribers in the markets we serve resulting from customers substituting wireless phone, prepaid calling card, VoIP and email usage for direct dial minutes.

Commercial segment long-distance services revenues totaled $12.8 million, $12.94 million and $14.4 million, or 2.5%, 2.7% and 3.2% of our total revenues in 2007, 2006 and 2005, respectively.

Equal Access conversions have been completed in all communities where we serve with owned facilities. Equal Access is in progress in several small communities where we are expanding our owned facilities. We estimate that we carry greater than 50% of combined commercial and consumer traffic as a statewide average for both originating interstate and intrastate message telephone service.

A summary of our Commercial segment switched long-distance message telephone service traffic (in minutes) follows:

	Year Ended December 31,		
	2007	2006	2005
Commercial long-distance minutes: [1]		*(in millions)*	
Intrastate	79.4	79.7	84.2
Interstate	49.7	49.8	52.7
International	2.2	2.3	2.0
Total	131.3	131.8	138.9

[1] All minutes data were taken from our internal billing statistics reports.

We provide various services to the State of Alaska and BP Exploration (Alaska) Inc. Although these customers do not meet the threshold for classification as major customers, we do derive significant revenues and operating income from them.

Although we have several agreements to facilitate the origination and termination of international toll traffic, we have neither foreign operations nor export sales. See “Part I — Item 1 — Business — Financial Information about our Foreign and Domestic Operations and Export Sales” for more information.

Local Access
We had 43,100, 41,900 and 40,700 Commercial segment local access lines in service at December 31, 2007, 2006 and 2005, respectively.

Commercial segment local access services revenues totaled $17.1 million, $16.6 million and $16.8 million, or 3.3%, 3.5% and 3.8% of our total revenues in 2007, 2006 and 2005, respectively.

Video Customers

We served 15,300, 15,200 and 14,400 basic Commercial segment subscribers at December 31, 2007, 2006 and 2005, respectively. Commercial segment video services revenues totaled $8.0 million, $8.0 million and $7.2 million, or 1.5%, 1.7% and 1.6% of our total revenues in 2007, 2006 and 2005, respectively.

Data Customers

Internet
We had 8,500, 7,800 and 6,500 active Commercial segment cable modem subscribers at December 31, 2007, 2006 and 2005, respectively. Commercial segment Internet services revenues totaled $14.4 million, $16.3 million and $16.9 million, or 2.8%, 3.4% and 3.8% of our total revenues in 2007, 2006 and 2005, respectively.

Private Line and Private Networks
We had 230, 237 and 241 total active Commercial segment Private Line and Private Networks subscribers at December 31, 2007, 2006 and 2005, respectively. Commercial segment Private Line and Private Networks services revenues totaled $16.8 million, $16.8 million and $14.3 million, or 3.2%, 3.5% and 3.2% of our total revenues in 2007, 2006 and 2005, respectively.

Managed Services
We design, sell, install, service and operate, on behalf of certain customers, communications and computer networking equipment and provide field/depot, third party, technical support, communications consulting and outsourcing services through our Network Solutions business. We also supply integrated voice and data communications systems incorporating interstate and intrastate digital Private Lines, point-to-point and multipoint Private Network and small earth station services. Our Managed Services revenues totaled $29.8 million, $30.1 million and $32.4 million, or 5.7%, 6.3% and 7.3% of total revenuesin 2007, 2006 and 2005, respectively.

Wireless Customers

We had 7,300 and 4,600 total Commercial segment wireless lines in service at December 31, 2007 and 2006, respectively. The total wireless lines in service at December 31, 2007 include Alaska DigiTel lines in service. At December 31, 2005 we had 16,000 total Consumer and Commercial segment wireless lines in service. Data is not available to separately identify the number of Consumer and Commercial segment lines in service at December 31, 2005. Our Commercial segment wireless services revenue totaled $4.8 million, $2.5 million and $1.2 million, respectively, or 0.9%, 0.5% and 0.3% of total revenues in 2007, 2006 and 2005, respectively. Total wireless revenue at December 31, 2007 includes Alaska DigiTel revenue.

Competition
Many of our Commercial segment voice, video, data and wireless services and products are also common to the Consumer segment. You should refer to “Consumer Segment — Competition” above for additional information.

We expect further competition in commercial customer telephone access, Internet access, DSL and data markets. Competition is based upon price and pricing plans, the type of services offered, customer service, billing services, performance, perceived quality, reliability and availability.

Presently, there are a number of competing companies in Alaska that actively sell and maintain data and voice communications systems. Our ability to integrate communications networks and data communications equipment has allowed us to maintain our market position based on “value added” support services rather than price competition. These services are blended with other transport products into unique customer solutions, including managed services and outsourcing.

We compete with two other major yellow page directories and several local community directories. We compete based on reduced advertising and listing prices, broad circulation, and directory quality and features.

See “Item 1A. — Risk Factors — We face intense competition that may reduce our market share and harm our financial performance.”

Seasonality
Our Commercial segment voice, video, and data services do not exhibit significant seasonality. Our ability to implement construction projects is hampered during the winter months because of cold temperatures, snow and short daylight hours.

Managed Broadband Segment

We offer Internet access and related services for schools and health organizations using a platform including many of the latest advancements in technology. Managed Broadband segment revenues for 2007, 2006 and 2005 are summarized as follows:

	Year Ended December 31,		
	2007	2006	2005
	(in thousands)		
Total revenues [1]	$ 28,792	26,131	26,102

[1] See “Part II — Item 7 — Management’s Discussion and Analysis of Financial Condition and Results of Operations” and note 11 included in “Part II — Item 8 — Consolidated Financial Statements and Supplementary Data” for more information regarding the financial performance of our Managed Broadband segment.

Services and Products
Our Managed Broadband segment offers Internet access and related services to schools and health organizations.

SchoolAccess® is a suite of services designed to advance the educational opportunities of students in underserved regions of the country. Our SchoolAccess® division provides Internet and distance learning services designed exclusively for the school environment. The Schools and Libraries Program of the Universal Service Fund (“USF”) makes discounts available to eligible rural school districts for telecommunication services and monthly Internet service charges. The program is intended to ensure that rural school districts have access to affordable services.

Our network, Internet and software application services provided through our Managed Broadband segment’s Medical Services division are branded as ConnectMD®. Our ConnectMD ® services are currently provided under contract to medical businesses in Alaska, Washington and Montana. The Rural Health Care Program of the USF makes discounts available to eligible rural health care providers for telecommunication services and monthly Internet service charges. The program is intended to ensure that rural health care providers pay no more for telecommunications services in the provision of health care services than their urban counterparts. Customers utilize ConnectMD® services to securely move data, images, voice traffic, and real time multipoint interactive video.

We offer a managed video conferencing product for use in distance learning, telemedicine and group communication and collaboration environments. The product is designed to offer customers enhanced communication services that support video, audio and data presentation. Our product benefits customers by reducing travel costs, improving course equity in education and increasing the quality of health services available to patients. The product bundles our data products, video conferencing services and optional rental of video conferencing endpoint equipment. Our video conferencing services include multipoint conferencing, integrated services digital network gateway and transcoding services, online scheduling and conference control, and videoconference recording, archiving and streaming. We provide 24-hour technical support via telephone or online.

Our videoconferencing network is the largest in Alaska, and network coverage expanded in 2006 to parts of the state of Washington. The network supports all H.323 IP videoconferencing standards including the newer H.264 standard, and supports call data rates from 128 kilobits per second up to and including multi-megabit high definition calls. In 2007 and

2006, we terminated over 37,000 and 30,000, respectively, videoconferencing endpoint connections amounting to over 2.8 and 2.0 million, respectively, videoconferencing minutes on our network.

Sales and Marketing
Our Managed Broadband segment sales and marketing efforts focus on increasing the number of subscribers we serve, selling bundled services, and generating incremental revenues through product and feature up-sell opportunities. We sell our Managed Broadband segment services and products primarily through direct contact marketing.

Facilities
Our Managed Broadband segment services and products are delivered using a platform including many of the latest advancements in technology through a locally available circuit, our existing lines, and/or satellite earth stations. Our Internet services are partially provisioned over a satellite based digital video broadcast carrier that reduces the requirement for new satellite transponder bandwidth to support growth in rural health, SchoolAccess® and other broadband services.

We employ a packet data satellite transmission technology for the efficient transport of broadband data in support of our rural health and SchoolAccess® initiatives. Our SchoolAccess® Internet service is delivered as follows:

- In communities where we have terrestrial interconnects or provide existing service over regional earth stations, we have configured intermediate distribution facilities. Schools that are within these service boundaries are connected locally to one of those facilities;
- In communities where we have extended communications services via our DAMA earth station program, SchoolAccess® is provided via a satellite circuit to an intermediate distribution facility at the Eagle River Earth Station; and
- In communities or remote locations where we have not extended communications services, SchoolAccess® is provided via a dedicated (usually on premise) VSAT satellite station. The VSAT connects to an intermediate distribution facility located in Anchorage.

In October 2007 we signed an agreement to purchase the stock of Unicom which operates DeltaNet, a long-haul broadband microwave network ringing the Yukon-Kuskokwim Delta – a region of approximately 30,000 square miles in western Alaska. By the summer of 2008, DeltaNet, which is still under construction but has already commenced operations where completed microwave towers have been placed into service, will link more than 40 villages to Bethel, the region's hub. We expect to utilize DeltaNet in 2008 to support growth in rural health, SchoolAccess® and other broadband services.

You should refer to "Consumer Segment — Facilities" above for additional information.

Customers
Our Managed Broadband segment revenue, including our SchoolAccess® and rural health initiatives, totaled $28.8 million, $26.1 million and $26.1 million, or 5.6%, 5.5% and 5.9% of total revenues in 2007, 2006 and 2005, respectively. Our SchoolAccess® Internet service was delivered to 51 customers at December 31, 2007 representing over 162 schools in rural Alaska and 9 schools in Montana, New Mexico and Arizona. Our SchoolAccess® Internet service was delivered to 48 customers at December 31, 2006 representing over 203 schools in rural Alaska and 9 schools in Montana, New Mexico and Arizona. We had 45 SchoolAccess® customers at December 31, 2005. Our rural health service was delivered to 21 customers in Alaska, Washington and Montana at December 31, 2007, 2006 and 2005.

Competition
Presently, there are several competing companies in Alaska that actively sell broadband services. Our ability to provide end-to-end broadband services solutions has allowed us to maintain our market position based on "value added" services and products rather than solely based on price competition. These services are blended with other transport and software products into unique customer solutions, including SchoolAccess® and rural health applications such as video conferencing and unique web content services.

See "Item 1A. — Risk Factors — We face intense competition that may reduce our market share and harm our financial performance."

Seasonality
Our Managed Broadband segment does not exhibit seasonality.

Sales and Marketing – Company-wide

Our sales and marketing strategy hinges on our ability to leverage (i) our unique position as an integrated provider of multiple communications, Internet and cable services, (ii) our well-recognized and respected brand name in the Alaskan marketplace and (iii) our leading market positions in long-distance, Internet and cable television services. By continuing to pursue a marketing strategy that takes advantage of these characteristics, we believe we can increase our consumer and commercial customer market penetration and retention rates, increase our share of our customers' aggregate voice, video and data services expenditures and achieve continued growth in revenues and operating cash flow.

Environmental Regulations

We may undertake activities that, under certain circumstances may affect the environment. Accordingly, they are subject to federal, state, and local regulations designed to preserve or protect the environment. The FCC, the Bureau of Land Management, the United States Forest Service, and the National Park Service are required by the National Environmental Policy Act of 1969 to consider the environmental impact before the commencement of facility construction.

We believe that compliance with such regulations has had no material effect on our consolidated operations. The principal effect of our facilities on the environment would be in the form of construction of facilities and networks at various locations in Alaska and between Alaska, Seattle, Washington, and Warrenton, Oregon. Our facilities have been constructed in accordance with federal, state and local building codes and zoning regulations whenever and wherever applicable. Some facilities may be on lands that may be subject to state and federal wetland regulation.

Uncertainty as to the applicability of environmental regulations is caused in major part by the federal government's decision to consider a change in the definition of wetlands. Most of our facilities are on leased property, and, with respect to all of these facilities, we are unaware of any violations of lease terms or federal, state or local regulations pertaining to preservation or protection of the environment.

Our Alaska United projects consist, in part, of deploying land-based and undersea fiber optic cable facilities between Anchorage, Juneau, Seward, Valdez, and Whittier, Alaska, Seattle, Washington, and Warrenton, Oregon. The engineered routes pass over wetlands and other environmentally sensitive areas. We believe our construction methods used for buried cable have a minimal impact on the environment. The agencies, among others, that are involved in permitting and oversight of our cable deployment efforts are the United States Army Corps of Engineers, National Marine Fisheries Service, United States Fish and Wildlife Service, United States Coast Guard, National Oceanic and Atmospheric Administration, Alaska Department of Natural Resources, and the Alaska Office of the Governor-Governmental Coordination. We are unaware of any violations of federal, state or local regulations or permits pertaining to preservation or protection of the environment.

In the course of operating our cable television and communications systems, we have used various materials defined as hazardous by applicable governmental regulations. These materials have been used for insect repellent, paint used to mark the location of our facilities, and pole treatment, and as heating fuel, transformer oil, cable cleaner, batteries, diesel fuel, and in various other ways in the operation of those systems. We do not believe that these materials, when used in accordance with manufacturer instructions, pose an unreasonable hazard to those who use them or to the environment.

Patents, Trademarks and Licenses

We do not hold patents, franchises or concessions for communications services or local access services. We do hold registered service marks for the letters GCI®, and for the terms SchoolAccess®, Alaska United Fiber Optic Cable System®, GCI ConnectMD®, ConnectMD®, GCI Hypernet®, My GCI®, MyGCI®, Info Anchorage GCI Internet Hot Spot®, Info Fairbanks GCI Internet Hot Spot®, and Info Juneau GCI Internet Hot Spot®. The Communications Act of 1934 gives the FCC the authority to license and regulate the use of the electromagnetic spectrum for radio communications. We hold licenses through our subsidiary GCI Communication Corp. for our satellite and microwave transmission facilities for provision of long-distance services provided by our Consumer, Commercial and Network Access segments.

Our majority-owned subsidiary, Alaska DigiTel, holds registered service marks for the terms Keep Talking Alaska® and Digiminutes®.

We acquired a license for use of a 30-MHz block of spectrum for providing PCS services in Alaska. We are required by the FCC to provide adequate broadband PCS service to at least two-thirds of the population in our licensed areas within 10 years of being licensed. The PCS license had an initial duration of 10 years. At the end of the license period, a renewal application was filed. Licenses may be revoked and license renewal applications may be denied for cause. The PCS license was renewed in 2005 for an additional 10-year term.

We acquired a LMDS license in 1998 for use of a 150-MHz block of spectrum in the 28 GHz Ka-band for providing wireless services. The LMDS license has an initial duration of 10 years at which time licensees will be required to provide “substantial service” in their service regions. Our LMDS license will expire in 2008 if not renewed by the FCC. We are a member of a coalition that has petitioned the FCC for an extension of the expiration date due to the lack of suitable equipment for this bandwidth. We are unable to predict at this time whether the FCC will grant an extension of our LMDS license expiration. Our operations may require additional licenses in the future.

In 1998 our majority-owned subsidiary, Alaska DigiTel, acquired a license for use of a 30-MHz block of spectrum for providing PCS services in Alaska. We are required by the FCC to provide adequate broadband PCS service to at least two-thirds of the population in our licensed areas within 10 years of being licensed. The PCS license has an initial duration of 10 years. At the end of the license period, a renewal application will be filed. Licenses may be revoked and license renewal applications may be denied for cause. We expect the PCS license will be renewed in 2008 for an additional 10-year term.

Earth stations are licensed generally for fifteen years. The FCC also issues a single blanket license for a large number of technically identical earth stations (e.g., VSATs).

Regulation

Our businesses are subject to substantial government regulation and oversight. The following summary of regulatory issues does not purport to describe all existing and proposed federal, state, and local laws and regulations, or judicial and regulatory proceedings that affect our businesses. Existing laws and regulations are reviewed frequently by legislative bodies, regulatory agencies, and the courts and are subject to change. For example, critics continue to ask Congress to modify, if not altogether rework, the 1996 Telecom Act. Any change in the Act that loosened regulatory oversight of ILECs’ control of bottleneck facilities could have an adverse impact on our businesses. We cannot predict at this time the outcome of the debate over the 1996 Telecom Act or any other existing or proposed laws and regulations.

Wireline Voice Services and Products

General. As an Interexchange carrier, we are subject to regulation by the FCC and RCA as a non-dominant provider of interstate, international, and intrastate long-distance services. As a state-certificated CLEC, we are subject to regulation by the RCA and the FCC as a non-dominant provider of local communications services. Military franchise requirements also affect our ability to provide communications services to military bases.

Rural Exemption. A Rural Telephone Company is exempt from compliance with certain material interconnection requirements under Section 251(c) of the 1996 Telecom Act, including the obligation to negotiate Section 251(c) interconnection requirements in good faith, unless and until a state regulatory commission lifts such “rural exemption” or otherwise finds it not to apply.

On April 2, 1997, we made a bona fide request to ACS for 251(c) interconnection in Fairbanks and Juneau and requested the RCA to lift the rural exemption for those two cities. After extensive regulatory and judicial action, we and ACS entered into a comprehensive settlement on April 18, 2004, that, in part, included a relinquishment by ACS of its rural exemption for its Fairbanks and Juneau operating companies.

On January 12, 2004, we made a bona fide request to MTA for 251(c) interconnection under Section 251(f)(1)(C) of the 1996 Telecom Act, which provides that the rural exemption does not apply to such a request from a cable operator seeking to provide telecommunications service in an area where a rural telephone company is providing video programming in competition with the cable operator. On February 2, 2005, the RCA ruled that MTA’s provision of video service through a wholly owned subsidiary meant that MTA’s rural exemption did not apply to our request. MTA subsequently petitioned the RCA to suspend and modify certain of its Section 251(c) obligations. On December 20, 2005, the RCA granted MTA's petition for a three-year period. We have appealed the RCA's decision. Following negotiation and arbitration of MTA's remaining interconnection obligations, the RCA approved an Interconnection Agreement between MTA and us on February 17, 2006. We entered the Mat-Su Valley market with local access services in 2006 and 2007.

On May 2, 2005, we made a bona fide request to the City of Ketchikan d/b/a "KPU" for 251(c) interconnection under Section 251(f)(1)(C) of the 1996 Telecom Act. On June 3, 2005, we entered into a stipulation with KPU providing that KPU would forfeit its rural exemption and that negotiations for interconnection would commence when KPU executed its then existing plan to offer video programming. On November 14, 2006, the RCA approved the resulting Interconnection Agreement. We entered the Ketchikan market with local access services in 2007.

On May 17, 2006, we made a bona fide request to CVTC for 251(c) interconnection. This request resulted in a settlement under which CVTC agreed to negotiate section 251(a) and (b) interconnection with us subject to private arbitration if necessary. Following negotiation and arbitration of CVTC's interconnection obligations, the RCA approved an Interconnection Agreement between CVTC and us on October 11, 2007. We entered the Valdez CVTC market with local access services in 2007.

On October 19, 2006, we made bona fide requests to TelAlaska Inc. d/b/a MukLuk Telephone Company, Inc. ("Mukluk") and TelAlaska Inc. d/b/a Interior Telephone Company, Inc. ("Interior") for 251(c) interconnection. This request resulted in a settlement under which Mukluk and Interior agreed to negotiate section 251(a) and (b) interconnection with us subject to private arbitration if necessary. Following negotiation and arbitration of Mukluk's and Interior's interconnection obligations, the RCA approved interconnection agreements between Mukluk and Interior and us on February 22, 2008.

On September 26, 2007, we requested that Alaska Telephone Company ("ATC") enter into an agreement under which ATC would agree to negotiate section 251(a) and (b) interconnection with us subject to private arbitration if necessary. Such agreement was reached and negotiations for an Interconnection Agreement with ATC are ongoing.

On October 17, 2007, we requested that Cordova Telephone Cooperative ("CTC") enter into an agreement under which ATC would agree to negotiate section 251(a) and (b) interconnection with us subject to private arbitration if necessary. Such agreement was reached and negotiations and arbitration for an Interconnection Agreement with ATC are ongoing.

On December 14, 2007, we requested that ASTAC enter into an agreement under which ASTAC would agree to negotiate section 251(a) and (b) interconnection with us subject to private arbitration if necessary. Such agreement was reached and negotiations and arbitration for an Interconnection Agreement with ASTAC are ongoing.

See "Description of Our Business by Reportable Segment — Consumer — Competition — Voice Services and Products Competition" for more information.

Access Charges and Other Regulated Fees. The FCC regulates the fees that local telephone companies charge long-distance companies for access to their local networks. The FCC is considering proposals to restructure and possibly reduce interstate access charges. Changes to the interstate access charge regime or introduction of new technologies not subject to access charges could fundamentally change the economics of some aspects of our business.

Carriers also pay fees for switched wholesale transport services in and out of Alaska. The rates for such services offered by and to any provider are currently governed by a federal law that is effective through December 31, 2009.

Access to Unbundled Network Elements. The ability to obtain unbundled network elements is an important element of our local access services business. In 2005, the FCC, in response to a court decision, adopted new standards that generally curb access to certain ILEC high capacity loop and transport facilities. We do not believe that any of these standards are met for the markets we serve. The FCC also eliminated access to mass market switching, which we generally self-provision.

We cannot predict the extent to which existing FCC rules will be sustained in the face of additional legal action and the impact of any further rules that are yet to be determined by the FCC. For example, the FCC has pending a notice of proposed rulemaking for review of the pricing standard that governs the rates ILECs may charge competitors for access to unbundled network elements. The outcome of this regulatory proceeding could result in a change in our cost of serving new and existing markets. Moreover, the future regulatory classification of services that are transmitted over facilities may impact the extent to which we will be permitted access to such facilities.

Recurring and non-recurring charges for UNE-loops and other unbundled network elements may increase based on the rates adopted in RCA proceedings to establish new Interconnection Agreements or renew existing agreements. These increases could have an adverse effect on our financial position, results of operations or liquidity.

On September 30, 2005, the ACS subsidiary serving Anchorage filed a petition with the FCC, seeking forbearance from the requirement that it provide access to UNEs, and that to the extent it voluntarily did so, that the pricing provisions of the Act would not apply. We filed our opposition on January 9, 2006 and our reply on February 23, 2006. On December 28, 2006, the FCC granted ACS the requested relief from the provision of unbundled loops and transport in five of its eleven tariffed wire centers. The relief is conditioned on the requirement that ACS make loops and certain subloops available in those wire centers where relief was granted, by no later than a one-year transition period, at the same rates, terms and conditions as those negotiated between GCI and ACS for Fairbanks, until commercially negotiated rates were reached.

On March 15, 2007, GCI and ACS entered into an agreement (the "Settlement Agreement") to settle issues related to the FCC's December 28, 2006 decision and other matters. Under the Settlement Agreement, ACS and GCI entered into a Global Interconnection Agreement that covers all ACS study areas, including ACS's Sitka-Bush and Glacier State study areas. The Settlement Agreement also provides that ACS will continue to provide GCI with access to UNE loops in the Anchorage, Fairbanks, and Juneau study areas at a rate of $23.00 per UNE loop per month. The per-loop price is subject to an upward or downward adjustment depending on the aggregate number of UNE and wholesale lines GCI is purchasing from ACS in all of ACS's study areas. The initial term of the Settlement Agreement is five years.

On March 21, 2007, GCI and ACS filed motions to withdraw their appeals of the FCC decision, before United States Court of Appeals for the District of Columbia Circuit and the United States Court of Appeals for the Ninth Circuit, respectively, which motions have been granted. Additional appeals that were filed by others have been dismissed and on June 28, 2007, the RCA approved the Global Interconnection Agreement that incorporated the terms of the settlement.

On May 22, 2006, the ACS subsidiary serving Anchorage filed a petition with the FCC, seeking forbearance from regulation of interstate broadband and access services. On August 20, 2007, the FCC granted in part and denied in part the requested relief, requiring that ACS comply with certain safeguards to ensure the relief granted would not result in harm to consumers or competition. On September 19, 2007, GCI and ACS both filed petitions for reconsideration on discrete findings in the order. The petitions are pending and we cannot predict the final outcome of the proceeding at this time.

Universal Service. The USF pays subsidies to ETCs to support the provision of facilities-based wireline and wireless telephone service in high-cost areas. Under FCC regulations, we have qualified as a competitive ETC in the Anchorage, Fairbanks, Juneau, Mat-Su Valley, Ketchikan, and Glacier State service areas. Without ETC status, we would not qualify for USF subsidies in these areas or other rural areas where we propose to offer facilities-based wireline and wireless telephone services, and our net cost of providing local telephone services in these areas would be materially adversely affected.

The Federal State Joint Board on Universal Service ("Joint Board") has recommended the imposition of a state-by-state interim cap on high cost funds to be distributed to ETCs. If the Joint Board recommendation is adopted by the FCC, this cap will reduce the high cost fund amounts available to competitive ETCs, such as us, as new competitive ETCs are designated and as existing competitive ETCs acquire new customers. In addition, the Joint Board has recommended for FCC consideration long-term options for reforming USF support, including establishing separate funds for mobility and broadband support. Separately, the FCC has issued two reform proposals for changing the basis for support amounts. We cannot predict at this time the outcome of the FCC proceedings to consider USF reform proposals or their respective impact on us. Both these and any future regulatory, legislative, or judicial actions could affect the operation of the USF and result in a change in our revenue for providing local access services in new and existing markets and facilities-based wireless services in new markets.

Local Regulation. We may be required to obtain local permits for street opening and construction permits to install and expand our networks. Local zoning authorities often regulate our use of towers for microwave and other communications sites. We also are subject to general regulations concerning building codes and local licensing. The 1996 Telecom Act requires that fees charged to communications carriers be applied in a competitively neutral manner, but there can be no assurance that ILECs and others with whom we will be competing will bear costs similar to those we will bear in this regard.

Video Services and Products

General. Because cable communications systems use local streets and rights-of-way, they generally are operated pursuant to franchises (which can take the form of certificates, permits or licenses) granted by a municipality or other state or local government entity. The RCA is the franchising authority for all of Alaska. We believe that we have generally met the terms of our franchises, which do not require periodic renewal, and have provided quality levels of service. On December 20, 2006, the FCC adopted rules to ensure a reasonable franchising process for new video market entrants; these rules have not had a material effect on our operations. Military franchise requirements also affect our ability to provide video services to military bases.

The RCA is also certified under federal law to regulate rates for the Basic Service tier on our cable systems. Under state law, however, cable television service is exempt from regulation unless subscribers petition the RCA. At present, regulation of basic cable rates takes place only in Juneau. The RCA does not regulate rates for cable modem service.

Must Carry/Retransmission Consent. The 1992 Cable Act contains broadcast signal carriage requirements that allow local commercial television broadcast stations to elect once every three years to require a cable system to carry the station, subject to certain exceptions, or to negotiate for "retransmission consent" to carry the station.

The FCC has adopted rules to require cable operators to carry the digital programming streams of broadcast television stations. The FCC has also decided, however, that cable operators should be required to carry both the analog and digital programming streams of broadcast television stations while broadcasters are transitioning from analog to digital transmission and that cable operators should not be required to carry multiple digital programming streams from a single broadcast television station. Should the FCC change this policy, we would be required to devote additional cable capacity to carrying broadcast television programming streams, a step that could require the removal of other programming services.

Cable System Delivery of Internet Service. The FCC has defined high-speed Internet over cable as an "information service" not subject to local cable-franchise fees, as cable service may be, or any explicit requirements for "open access," as telecommunications service is. The Supreme Court affirmed the FCC's position in a decision issued on June 27, 2005.

Although there is at present no significant federal regulation of cable system delivery of Internet services, this situation may change as cable systems expand their broadband delivery of Internet services. Proposals have been advanced at the FCC and Congress to require cable operators to provide access to unaffiliated Internet service providers and online service providers and to govern the terms under which content providers and applications are delivered by all broadband network operators. If such requirements were imposed on cable operators, it could burden the capacity of cable systems and frustrate our plans for providing expanded Internet access services. These access obligations could adversely affect our financial position, results of operations or liquidity.

Segregated Security for Set-top Devices. The FCC mandated, effective July 1, 2007, that all new set-top video navigation devices must segregate the security function from the navigation function. The new devices are more expensive than existing equipment, and compliance would increase our cost of providing cable services. A waiver has been granted to one small cable system conditioned upon, among other things, its commitment to fully digitize analog signals throughout its cable network. The FCC has also indicated that enforcement of the separate security requirement may be deferred with respect to small cable operators that meet certain criteria and are unable to receive compliant set-top devices in a timely manner from manufacturers. Subject to a waiver granted by the FCC on May 4, 2007, we may continue providing low-cost integrated set-top boxes to consumers to facilitate our transition to all-digital cable networks through February 17, 2009.

Pole Attachments. The Communications Act requires the FCC to regulate the rates, terms and conditions imposed by public utilities for cable systems' use of utility pole and conduit space unless state authorities can demonstrate that they adequately regulate pole attachment rates. In the absence of state regulation, the FCC administers pole attachment rates on a formula basis. This formula governs the maximum rate certain utilities may charge for attachments to their poles and conduit by companies providing communications services, including cable operators. The RCA has largely retained the existing pole attachment formula that has been in state regulation since 1987. This formula could be subject to further revisions upon petition to the RCA and the FCC has initiated a rulemaking to consider application of the federal formula. We cannot predict at this time the outcome of any such proceedings.

Copyright. Cable television systems are subject to federal copyright licensing covering carriage of television and radio broadcast signals. In exchange for filing certain reports and contributing a percentage of their revenues to a federal copyright royalty pool that varies depending on the size of the system, the number of distant broadcast television signals carried, and the location of the cable system, cable operators can obtain blanket permission to retransmit copyrighted material included in broadcast signals. The possible modification or elimination of this compulsory copyright license is the subject of continuing legislative review. We cannot predict the outcome of this legislative review, which could adversely affect our ability to obtain desired broadcast programming. Copyright clearances for non-broadcast programming services are arranged through private negotiations.

Internet-Based Services and Products

General. There is no one entity or organization that governs the Internet. Each facilities-based network provider that is interconnected with the global Internet controls operational aspects of their own network. Certain functions, such as IP addressing, domain name routing, and the definition of the TCP/IP protocol, are coordinated by an array of quasi-governmental, intergovernmental, and non-governmental bodies. The legal authority of these bodies is not precisely defined.

The 1996 Telecom Act provides little direct guidance as to whether the FCC has authority to regulate Internet-based services. Given the absence of clear statutory guidance, the FCC must determine on a case-by-case basis whether it has the authority or the obligation to exercise regulatory jurisdiction over specific Internet-based activities.

Although the FCC does not regulate the prices charged by ISPs or Internet backbone providers, the vast majority of users connect to the Internet over facilities of existing communications carriers. Those communications carriers are subject to varying levels of regulation at both the federal and the state level. Thus, non-Internet-specific regulatory decisions exercise a significant influence over the economics of the Internet market.

Many aspects of the coordination and regulation of Internet activities and the underlying networks over which those activities are conducted are evolving. Internet-specific and non-Internet-specific changes in the regulatory environment, including changes that affect communications costs or increase competition from ILECs or other communications services providers, could adversely affect the prices at which we sell Internet-based services.

Wireless Services and Products

General. The FCC regulates the licensing, construction, interconnection, operation, acquisition, and transfer of wireless network systems in the United States pursuant to the Communications Act. As a licensee of PCS, LMDS, and other wireless services, we are subject to regulation by the FCC, and must comply with certain build-out and other license conditions, as well as with the FCC's specific regulations governing the PCS and LMDS services (described above). The FCC does not currently regulate rates for services offered by commercial mobile radio service providers.

Commercial mobile radio service wireless systems are subject to Federal Aviation Administration and FCC regulations governing the location, lighting and construction of antenna structures on which our antennas and associated equipment are located and are also subject to regulation under federal environmental laws and the FCC's environmental regulations, including limits on radio frequency radiation from wireless handsets and antennas on towers.

Assignments or Transfers of Control. The FCC (and in some instances, the Department of Justice) must grant prior approval to any assignment or transfer of control of an FCC spectrum license. On December 22, 2006, the FCC released an order approving our acquisition of 82% percent of the equity of Alaska DigiTel, a statewide commercial mobile radio service provider in Alaska, in a non-control transaction. In January 2008, we requested the FCC approve our acquisition of the remaining 18% of the equity of Alaska DigiTel. This transaction is subject to customary closing conditions, including regulatory approval, but is expected to occur in the third quarter of 2008.

Universal Service. A wireless carrier may seek ETC status so that it can receive subsidies from the USF to support the provision of wireless voice service to consumers residing in certain high cost areas. Several wireless carriers have successfully applied to the RCA for ETC status in Alaska.

Emergency 911. The FCC has imposed rules requiring carriers to provide emergency 911 services, including enhanced 911 services that provide to local public safety dispatch agencies the caller's communications number and approximate location. Providers are required to transmit the geographic coordinates of the customer's location within accuracy parameters set forth by the FCC, either by means of network-based or handset-based technologies. Providers may not demand cost recovery as a condition of doing so, although they are permitted to negotiate cost recovery if it is not mandated by the state or local governments.

State and Local Regulation. While the Communications Act generally preempts state and local governments from regulating the entry of, or the rates charged by, wireless carriers, it also permits a state to petition the FCC to allow it to impose commercial mobile radio service rate regulation when market conditions fail adequately to protect customers and such service is a replacement for a substantial portion of the telephone wireline exchange service within a state. No state currently has such a petition on file, and all prior efforts have been rejected. In addition, the Communications Act does not expressly preempt the states from regulating the “terms and conditions” of wireless service.

Several states have invoked this “terms and conditions” authority to impose or propose various consumer protection regulations on the wireless industry. State attorneys general have also become more active in enforcing state consumer protection laws against sales practices and services of wireless carriers. States also may impose their own universal service support requirements on wireless and other communications carriers, similar to the contribution requirements that have been established by the FCC.

States have become more active in imposing new taxes on wireless carriers, such as gross receipts taxes, and fees for items such as the use of public rights of way. These taxes and fees are generally passed through to our customers and result in higher costs to our customers.

At the local level, wireless facilities typically are subject to zoning and land use regulation. Neither local nor state governments may categorically prohibit the construction of wireless facilities in any community or take actions, such as indefinite moratoria, which have the effect of prohibiting construction. Nonetheless, securing state and local government approvals for new tower sites has been and is likely to continue to be difficult, lengthy and costly.

Financial Information about our Foreign and Domestic Operations and Export Sales
Although we have several agreements to help originate and terminate international toll traffic, we do not have foreign operations or export sales. We conduct our operations throughout the western contiguous United States and Alaska and believe that any subdivision of our operations into distinct geographic areas would not be meaningful. Revenues associated with international toll traffic were $2.6 million, $2.5 million and $2.6 million for the years ended December 31, 2007, 2006 and 2005, respectively.

Customer-Sponsored Research
We have not expended material amounts during the last three fiscal years on customer-sponsored research activities.

Backlog of Orders and Inventory
As of December 31, 2007 and 2006, our Network Access segment had a backlog of Private Line orders of $40,000 and $157,000, respectively, which represents recurring monthly charges for Private Line services. As of December 31, 2007 and 2006, our Commercial segment had a backlog of Private Line orders of $19,000 and $12,000, respectively, which represents recurring monthly charges for Private Line. We expect that all of the Private Line orders in backlog at the end of 2007 will be delivered during 2008.

Geographic Concentration and Alaska Economy
We offer voice and data communications and video services to customers primarily in the State of Alaska. Because of this geographic concentration, growth of our business and operations depends upon economic conditions in Alaska. The economy of the State of Alaska is dependent upon natural resource industries, in particular oil production, as well as investment earnings (including earnings from the State of Alaska Permanent Fund), tourism, government, and United States military spending. Any deterioration in these markets could have an adverse impact on us. Oil revenues are the second largest source of state revenues, following funds from investment sources. To the extent that our large common carrier customers experience reduced demand for traffic destined for and originating in Alaska, it could adversely affect our common carrier traffic and associated revenues. See “Part I — Item 1A — Risk Factors — Our business is currently geographically concentrated in Alaska,” and “Part II — Item 7 — Management’s Discussion and Analysis of Financial Condition and Results of Operations” for more information about the effect of geographic concentration and the Alaska economy on us.

Employees
We employed 1,295 persons as of January 4, 2008, and we are not party to union contracts with our employees. We believe our future success will depend upon our continued ability to attract and retain highly skilled and qualified employees. We believe that relations with our employees are satisfactory.

Other
No material portion of our businesses is subject to renegotiation of profits or termination of contracts at the election of the federal government.

Item 1A. Risk Factors.

Factors That May Affect Our Business and Future Results

Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business operations. Any of the following risks could materially and adversely affect our business, financial position, results of operations or liquidity.

We depend on a small number of customers for a substantial portion of our revenue and business. The loss of any of such customers would have a material adverse effect on our financial position, results of operations or liquidity.

For the year ended December 31, 2007, we provided services to Verizon and Sprint Nextel which generated combined revenues of 21.3% of our total 2007 revenues. These customers are free to seek out long-distance communications services from our competitors upon expiration of their contracts (in December 2009 in the case of Verizon and in March 2009 in the case of Sprint Nextel) or earlier upon the occurrence of certain contractually stipulated events including a default, the occurrence of a force majeure event, or a substantial change in applicable law or regulation under the applicable contract. Additionally, the contracts provide for periodic reviews to assure that the prices paid by Verizon and Sprint Nextel for their services remain competitive.

Mergers and acquisitions in the communications industry are relatively common. If a change in control of Verizon or Sprint Nextel were to occur it would not permit them to terminate their existing contracts with us without a negotiated settlement, but it could in the future result in the termination of or a material adverse change in our relationships with these customers.

In addition, Verizon’s and Sprint Nextel’s need for our long-distance services depends directly upon their ability to obtain and retain their own long-distance and wireless customers and upon the needs of those customers for long-distance services.

The loss of one or more of Verizon or Sprint Nextel as customers, a material adverse change in our relationships with either of them or a material loss of or reduction in their long-distance customers would have a material adverse effect on our financial position, results of operations and liquidity.

We face competition that may reduce our market share and harm our financial performance.

There is substantial competition in the communications industry. The traditional dividing lines between long-distance telephone service, local access telephone service, wireless telephone service, Internet services and video services are increasingly becoming blurred. Through mergers and various service integration strategies, major providers are striving to provide integrated communications services offerings within and across geographic markets. We face increasing video services competition from DBS providers.

We expect competition to increase as a result of the rapid development of new technologies, services and products. We cannot predict which of many possible future technologies, products or services will be important to maintain our competitive position or what expenditures will be required to develop and provide these technologies, products or services. Our ability to compete successfully will depend on marketing and on our ability to anticipate and respond to various competitive factors affecting the industry, including new services that may be introduced, changes in consumer preferences, economic conditions and pricing strategies by competitors. To the extent we do not keep pace with technological advances or fail to timely respond to changes in competitive factors in our industry and in our markets, we could lose market share or experience a decline in our revenue and net income. Competitive conditions create a risk of market share loss and the risk that customers shift to less profitable lower margin services. Competitive pressures also create challenges for our ability to grow new businesses or introduce new services successfully and execute our business plan. Each of our business segments also faces the risk of potential price cuts by our competitors that could materially adversely affect our market share and gross margins.

For more information about competition by segment, see the sections titled “Competition” included in “Item 1 — Business — Narrative Description of our Business — Description of our Business by Reportable Segment.”

Our business is subject to extensive governmental legislation and regulation. Applicable legislation and regulations and changes to them could adversely affect our business, financial position, results of operations or liquidity.

Local Access Services. Our success in the local telephone market depends on our continued ability to obtain interconnection, access and related services from Local Exchange carriers on terms that are just and reasonable and that are based on the cost of providing these services. Our local telephone services business faces the risk of the impact of the implementation of current regulations and legislation, unfavorable changes in regulation or legislation or the introduction of new regulations. Our ability to enter into the local telephone market depends on our negotiation or arbitration with Local Exchange carriers to allow interconnection to the carrier’s existing local telephone network, to establish dialing parity, to obtain access to rights-of-way, to resell services offered by the Local Exchange carrier, and in some cases, to allow the purchase, at cost-based rates, of access to unbundled network elements. In some Alaska markets, it also depends on our ability to gain interconnection at economic costs. Future arbitration proceedings with respect to new or existing markets could result in a change in our cost of serving these markets via the facilities of the ILEC or via wholesale offerings.

Video Services*.* The cable television industry is subject to extensive regulation at various levels, and many aspects of such regulation are currently the subject of judicial proceedings and administrative or legislative proposals. The law permits certified local franchising authorities to order refunds of rates paid in the previous 12-month period determined to be in excess of the reasonable rates. It is possible that rate reductions or refunds of previously collected fees may be required of us in the future. Currently, pursuant to Alaska law, the basic cable rates in Juneau are the only rates in Alaska subject to regulation by the local franchising authority, and the rates in Juneau were reviewed and approved by the RCA in January 2007.

Other existing federal regulations, currently the subject of judicial, legislative, and administrative review, could change, in varying degrees, the manner in which cable television systems operate. Neither the outcome of these proceedings nor their impact upon the cable television industry in general, or on our activities and prospects in the cable television business in particular, can be predicted at this time. There can be no assurance that future regulatory actions taken by Congress, the FCC or other federal, state or local government authorities will not have a material adverse effect on our business, financial position, results of operations or liquidity.

Proposals may be made before Congress and the FCC to mandate cable operators provide “open access” over their cable systems to Internet service providers. As of the date of this report, the FCC has declined to impose such requirements. If the FCC or other authorities mandate additional access to our cable systems, we cannot predict the effect that this would have on our Internet service offerings.

Internet Services. Changes in the regulatory environment relating to the Internet access market, including changes in legislation, FCC regulation, judicial action or local regulation that affect communications costs or increase competition from the ILEC or other communications services providers, could adversely affect the prices at which we sell Internet services. Legislative or regulatory proposals under the banner of “net neutrality”, if adopted, could interfere with our ability to reasonably manage and invest in our broadband network, and could adversely affect the manner and price of providing service.

Wireless Services. The licensing, construction, operation, sale and interconnection arrangements of wireless communications systems are regulated by the FCC and, depending on the jurisdiction, state and local regulatory agencies. In particular, the FCC imposes significant regulation on licensees of wireless spectrum with respect to:

- How radio spectrum is used by licensees;
- The nature of the services that licensees may offer and how such services may be offered; and
- Resolution of issues of interference between spectrum bands.

The Communications Act of 1934 preempts state and local regulation of market entry by, and the rates charged by, commercial mobile radio service providers, except that states may exercise authority over such things as certain billing practices and consumer-related issues. These regulations could increase the costs of our wireless operations. The FCC grants wireless licenses for terms of generally ten years that are subject to renewal and revocation. FCC rules require all wireless licensees to meet certain build-out requirements and substantially comply with applicable FCC rules and policies and the Communications Act of 1934 in order to retain their licenses. Failure to comply with FCC requirements in a given license area could result in revocation of the license for that license area. There is no guarantee that our licenses will be renewed. You should also see the risk factor below titled “We may not fully develop our wireless services, in which case we could not meet the needs of our customers who desire packaged services.”

The FCC has initiated a number of proceedings to evaluate its rules and policies regarding spectrum licensing and usage. New uses could adversely impact our utilization of our licensed spectrum and our operational costs.

Commercial mobile radio service providers must implement E911 capabilities in accordance with FCC rules. Failure to deploy E911 service consistent with FCC requirements could subject us to significant fines.

The FCC, together with the FAA, also regulates tower marking and lighting. In addition, tower construction is affected by federal, state and local statutes addressing zoning, environmental protection and historic preservation. The FCC adopted significant changes to its rules governing historic preservation review of projects, which makes it more difficult and expensive to deploy antenna facilities. The FCC is also considering changes to its rules regarding environmental protection as related to tower construction, which, if adopted, could make it more difficult to deploy facilities.

For more information about Regulations affecting our operations, see “Competition” contained in “Item 1 — Business — Regulation.”

Loss of our ETC status would disqualify us for USF subsidies.

The USF pays subsidies to ETCs to support the provision of facilities-based wireline and wireless telephone service in high-cost areas. Under FCC regulations, we have qualified as a competitive ETC in the Anchorage, Fairbanks, Juneau, Matanuska-Susitna Valley, Ketchikan, and Glacier State service areas. Without ETC status, we would not qualify for USF subsidies in these areas or other rural areas where we propose to offer facilities-based wireline and wireless telephone services. Loss of our ETC status could have an adverse effect on our business, financial position, results of operations or liquidity.

Failure to complete development, testing and deployment of new technology that supports new services could affect our ability to compete in the industry. In addition, the technology we use may place us at a competitive disadvantage.

We develop, test and deploy various new technologies and support systems intended to enhance our competitiveness by both supporting new services and features and reducing the costs associated with providing those services or features. Successful development and implementation of technology upgrades depend, in part, on the willingness of third parties to develop new applications in a timely manner. We may not successfully complete the development and rollout of new technology and related features or services in a timely manner, and they may not be widely accepted by our customers or may not be profitable, in which case we could not recover our investment in the technology. Deployment of technology supporting new service offerings may also adversely affect the performance or reliability of our networks with respect to both the new and existing services. Any resulting customer dissatisfaction could affect our ability to retain customers and may have an adverse effect on our financial position, results of operations, or liquidity.

Our businesses are currently geographically concentrated in Alaska. Any deterioration in the economic conditions in Alaska could have a material adverse effect on our financial position, results of operations or liquidity.

We offer voice, data and wireless communication and video services to customers primarily in Alaska. Because of this geographic concentration, our growth and operations depend upon economic conditions in Alaska. The economy of Alaska is dependent upon natural resource industries, in particular oil production, as well as tourism, and government spending including substantial amounts for the United States military. Any deterioration in these markets could have an adverse impact on the demand for communication and cable television services and on our results of operations and financial condition. In addition, the customer base in Alaska is limited. Alaska has a population of approximately 670,000 people, 54% of whom are located in the Anchorage and Matanuska-Susitna Borough region. We have already achieved significant market penetration with respect to our service offerings in Anchorage and in other locations in Alaska.

We may not be able to continue to increase our market share of the existing markets for our services, and no assurance can be given that the Alaskan economy will continue to grow and increase the size of the markets we serve or increase the demand for the services we offer. As a result, the best opportunities for expanding our business may arise in other geographic areas such as the Lower 49 States. There can be no assurance that we will find attractive opportunities to grow our businesses outside of Alaska or that we will have the necessary expertise to take advantage of such opportunities. The markets in Alaska for voice and data communications and video services are unique and distinct within the United States due to Alaska's large geographical size, its sparse population located in a limited number of clusters, and its distance from the rest of the United States. The expertise we have developed in operating our businesses in Alaska may not provide us with the necessary expertise to successfully enter other geographic markets.

We may not fully develop our wireless services, in which case we could not meet the needs of our customers who desire such services.

We offer wireless mobile services under the GCI brand by distributing other providers' wireless mobile services and over our own facilities under the Alaska DigiTel brand. We offer wireless local telephone services over our own facilities, and have purchased personal communications system, or PCS, and local multipoint distribution system, or LMDS, wireless broadband licenses in FCC auctions covering markets in Alaska. In 2007 we acquired a substantial ownership interest in Alaska DigiTel (see "Part I — Item 1 — Business — Development of our Business during the Past Fiscal Year — Alaska DigiTel Acquisition and Loan" for more information.) We have entered into an agreement to acquire the remaining ownership interest in Alaska DigiTel (see "Part I — Item 1 — Business — Recent Developments — Acquisition of Remaining Alaska DigiTel Interest" for more information.) We have fewer subscribers to our wireless services than to our other service offerings. Currently the geographic coverage of our wireless services is smaller than the geographic coverage of our other services. Some of our competitors offer or propose to offer an integrated bundle of communications, entertainment and information services, including wireless services. If we are unable to expand our wireless facilities (see "Part I — Item 1 — Business — Recent Developments — Wireless Business Strategy" for more information) and further develop our wireless services, we may not be able to meet the needs of customers who desire such services, and our competitors who offer these services would have an advantage. This could result in the loss of market share for our other service offerings.

As a PCS and LMDS licensee, we are subject to regulation by the FCC, and must comply with certain build-out and other conditions of the licenses, as well as with the FCC's regulations governing the PCS and LMDS services. The FCC renewed our PCS Block B license in 2005 for an additional 10-year term. We expect the FCC to renew the PCS Block A license held by our majority-owned subsidiary, Alaska DigiTel, in 2008. Our LMDS license will expire in 2008 if not renewed by the FCC. We are a member of a coalition that has petitioned the FCC for an extension of the expiration date due to the lack of suitable equipment for this bandwidth. We are unable to predict at this time whether the FCC will grant an extension of our LMDS license expiration.

Prolonged service interruptions could affect our business.

We rely heavily on our network equipment, communications providers, data and software to support all of our functions. We rely on our networks and the networks of others for substantially all of our revenues. We are able to deliver services only to the extent that we can protect our network systems against damage from power or communication failures, computer viruses, natural disasters, unauthorized access and other disruptions. While we endeavor to provide for failures in the network by providing back-up systems and procedures, we cannot guarantee that these back-up systems and procedures will operate satisfactorily in an emergency. Should we experience a prolonged failure, it could seriously jeopardize our ability to continue operations. In particular, should a significant service interruption occur, our ongoing customers may choose a different provider, and our reputation may be damaged, reducing our attractiveness to new customers.

To the extent that any disruption or security breach results in a loss or damage to our customers' data or applications, or inappropriate disclosure of confidential information, we may incur liability and suffer from adverse publicity. In addition, we may incur additional costs to remedy the damage caused by these disruptions or security breaches.

If failures occur in our undersea fiber optic cable systems, our ability to immediately restore the entirety of our service may be limited and we could incur significant costs, which could lead to a material adverse effect on our business, financial position, results of operations or liquidity.

Our communications facilities include two undersea fiber optic cable systems that carry a large portion of our voice, data and Internet traffic to and from the contiguous Lower 48 States one of which provides an alternative geographically diverse backup communication facility to the other. If a failure of both sides of the ring of our undersea fiber optic facilities occurs and we are not able to secure alternative facilities, some of the communications services we offer to our customers could be interrupted which could have a material adverse effect on our business, financial position, results of operations or liquidity. Damage to an undersea fiber optic cable system can result in significant unplanned Cost of Goods Sold which could have a material adverse effect on our business, financial position, results of operations or liquidity.

If a failure occurs in our satellite communications systems, our ability to immediately restore the entirety of our service may be limited.

We serve many rural and remote Alaska locations solely via satellite communications. Each of our C-band and Ku-band satellite transponders is backed up on the same spacecraft with multiple backup transponders. The primary spacecrafts we use to provide voice, data and Internet services to our rural Alaska customers is Intelsat's Galaxy XR for C-band and Intelsat's Horizons 1 for Ku-band, but we also lease capacity on two other spacecraft for services we provide, SES Americom's AMC-7 and AMC-8.

On Galaxy XR, we use 9 C-band transponders. Galaxy XR experienced a failure of its primary and secondary xenon ion propulsion system ("XIPS") that maintains the satellite's proper orbital position in 2004. The satellite is using its backup bi-propellant thrusters to maintain its orbital position. These thrusters are a space flight proven technology. The failure of the primary and secondary XIPS had no short term impact on service to our customers. Intelsat, the owner and operator of Galaxy XR, believes the satellite has sufficient fuel to continue normal operations until May 18, 2008. The terms of our Galaxy XR transponder purchase agreement extends through March 2012. Intelsat intends to replace the satellite before its estimated end-of-life. The launch of the replacement satellite, Galaxy 18, is expected to occur on May 3, 2008. We purchased a warranty with the original agreement to cover a loss of this nature. We have had an agreement in place that provides backup transponder capacity on Intelsat's Galaxy XII and Galaxy XIII satellites in the event of a catastrophic failure of Galaxy XR. Additionally, our agreement includes backup of our Horizons 1 Ku-band transponders on the Ku-band payload of Galaxy 18.

If such a failure occurs with Galaxy XR, we plan to divide our C-band network between Galaxy XII and Galaxy XIII. Galaxy XII will be moved from its current orbital slot to where Galaxy XR is currently positioned. Service may not be fully restored for up to a week or longer due to the time necessary for Intelsat to move Galaxy XII and for us to redirect earth station antennae. We have installed additional facilities at our Barrow, Nome, Kotzebue, and Bethel, Alaska earth stations to allow dual use of Galaxy XII and Galaxy XIII from those locations to help mitigate the impact of this transition. We are also reactivating our Fairbanks, Alaska gateway earth station to help share the load of our primary gateway earth stations in Eagle River, Alaska and Issaquah, Washington.

We also lease one 36 MHz transponder on SES Americom's AMC-7 spacecraft. We use this transponder to distribute multi-channel, digitally encoded video programming and services to remote locations within Alaska. We may use this transponder along with two others that we reserve on AMC-7 to restore service during any fiber outage that may occur in our network.

There is uncertainty whether the Galaxy 18 spacecraft will launch on schedule. The contracted provider of launch services for Galaxy 18 experienced a launch failure on January 20, 2007 that damaged the launch platform and delayed future launches scheduled prior to the Galaxy 18 launch. One more satellite is scheduled to launch March 9, 2008 and the next scheduled launch is of Galaxy 18. There is additional uncertainty that Galaxy 18 will be launched successfully and will become fully operational once in orbit. Additionally, Galaxy XR station-keeping fuel may not last the estimated or expected amount of time before the replacement spacecraft is operational. Such a loss of station-keeping fuel would cause the spacecraft to drift out of its normal orbital position and our fixed ground antennas would no longer point directly at the spacecraft causing loss of signal and thus loss of communications with the spacecraft. While we have developed contingency plans that provide for continued satellite service in the event the launch date extends beyond the Galaxy XR satellite's end-of-life we may experience extended service outages which could have a material adverse effect on our business, financial position, results of operations or liquidity.

We may not be able to successfully integrate the businesses we plan to acquire in 2008.

The process of integrating the operations of Alaska DigiTel, UUI and Unicom and Alaska Wireless with ours in 2008 may cause interruptions of or loss of momentum in our business and financial performance. The diversion of management's attention and any delays or difficulties encountered in connection with the integration of the companies' operations may have an adverse effect on our business, financial condition, or results of operations. We may also incur additional and unforeseen expenses in connection with the integration efforts. There can be no assurance that the expense savings and synergies that we anticipate from the acquisitions will be realized fully or will be realized within the expected timeframe.

We depend on a limited number of third-party vendors to supply communications equipment. If we do not obtain the necessary communications equipment, we will not be able to meet the needs of our customers.

We depend on a limited number of third-party vendors to supply cable, Internet, DLPS, wireless and telephony-related equipment. If our providers of this equipment are unable to timely supply the equipment necessary to meet our needs or provide them at an acceptable cost, we may not be able to satisfy demand for our services and competitors may fulfill this demand. Due to the unique characteristics of the Alaska communications markets (i.e., remote locations, rural, satellite-served, low density populations, and our leading edge services and products), in many situations we deploy and utilize specialized, advanced technology and equipment that may not have a large market or demand. Our vendors may not succeed in developing sufficient market penetration to sustain continuing production and may fail. Vendor bankruptcy (or acquisition without continuing product support by the acquiring company) may require us to replace technology before its otherwise useful end of life due to lack of on-going vendor support and product development.

We do not have insurance to cover certain risks to which we are subject, which could lead to the incurrence of uninsured liabilities that adversely affect our financial position, results of operations or liquidity.

We are self-insured for damage or loss to certain of our transmission facilities, including our buried, undersea and above-ground transmission lines. If we become subject to substantial uninsured liabilities due to damage or loss to such facilities, our financial position, results of operations or liquidity may be adversely affected.

We must perform impairment tests of our goodwill, cable certificate and wireless license assets on an annual basis. Impairment testing may result in a material, non-cash write-down of our cable certificate, wireless license, or goodwill assets and could have a material adverse impact on our results of operations.

Under Statement of Financial Accounting Standard ("SFAS") No. 142, "Goodwill and Other Intangible Assets," we must test our goodwill and other intangible assets with indefinite lives for impairment at least annually. The SEC Staff Announcement Topic "Use of the Residual Method to Value Acquired Assets Other than Goodwill," requires us to apply 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 must also recognize previously unrecognized intangible assets, if any, in the determination of fair value for impairment testing purposes. Our cable certificate and wireless license assets are our only indefinite-lived assets other than goodwill as of December 31, 2007. Our cable certificate assets were originally valued and recorded using the residual method. Our wireless license assets were originally valued using the direct value method. Impairment testing of these assets in future periods may result in a material, non-cash write-down of these assets and could have a material adverse impact on our results of operations.

Our significant debt could adversely affect our business and prevent us from fulfilling our obligations under our senior notes.

We have and will continue to have a significant amount of debt. On December 31, 2007, we had total debt of $541.4 million. Our high level of debt could have important consequences, including the following:

- Use of a large portion of our cash flow to pay principal and interest on our senior notes, the senior secured credit facility and our other debt, which will reduce the availability of our cash flow to fund working capital, capital expenditures, research and development expenditures and other business activities;
- Current and future debt under our senior secured credit facility will continue to be secured;
- Increase our vulnerability to general adverse economic and industry conditions;
- Limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- Restrict us from making strategic acquisitions or exploiting business opportunities;
- Make it more difficult for us to satisfy our obligations with respect to the senior notes and our other debt;

- Place us at a competitive disadvantage compared to our competitors that have less debt; and
- Limit, along with the financial and other restrictive covenants in our debt, among other things, our ability to borrow additional funds, dispose of assets or pay cash dividends.

In addition, a substantial amount of our debt bears interest at variable rates. If market interest rates increase, variable-rate debt will create higher debt service requirements, which would adversely affect our financial position, results of operations or liquidity.

We will require a significant amount of cash to service our debt, complete our planned network expansion, complete our planned acquisitions and to meet other obligations. Our ability to generate cash depends on many factors beyond our control. If we are unable to meet our future capital needs it may be necessary for us to curtail, delay or abandon our business growth plans.If we incur significant additional indebtedness to fund our plans, it could cause a decline in our credit rating and could increase our borrowing costs or limit our ability to raise additional capital.

We will require a significant amount of cash for our planned wireless network expansion, acquisitions, to satisfy our debt service requirements and to meet other obligations. To meet our capital needs we may incur additional debt in the future. Our ability to make payments on and to refinance our debt and to fund planned capital expenditures and acquisitions will depend on our ability to generate cash and to arrange additional financing in the future. These abilities are subject to, among other factors, our credit rating, our financial performance, general economic conditions, prevailing market conditions, the state of competition in our market, the outcome of certain legislative and regulatory issues and other factors that may be beyond our control. Our ability to obtain suitable financing when needed has become more difficult due to the downturn in economic conditions in 2008 and our failure to obtain suitable financing could, among other things, result in our inability to continue to expand our business and meet competitive challenges. If we incur significant additional indebtedness, or if we do not continue to generate sufficient cash from our operations, our credit rating could be adversely affected, which would likely increase our future borrowing costs and could affect our ability to access capital.

The terms of our debt impose restrictions on us that may affect our ability to successfully operate our business and our ability to make payments on the senior notes.

The indenture governing our senior notes contains and/or the credit agreement governing our senior secured credit facility contains covenants that, among other things, limit our ability to:

- Incur additional debt and issue preferred stock;
- Pay dividends or make other restricted payments;
- Make certain investments;
- Create liens;
- Allow restrictions on the ability of certain of our subsidiaries to pay dividends or make other payments to us;
- Sell assets;
- Merge or consolidate with other entities; and
- Enter into transactions with affiliates.

The senior secured credit facility also requires us to comply with specified financial ratios and tests, including, but not limited to, minimum interest coverage ratio, maximum leverage ratio and maximum annual capital expenditures.

These covenants could materially and adversely affect our ability to finance our future operations or capital needs and to engage in other business activities that may be in our best interest.

All of these covenants may restrict our ability to expand or to pursue our business strategies. Our ability to comply with these covenants may be affected by events beyond our control, such as prevailing economic conditions and changes in regulations, and if such events occur, we cannot be sure that we will be able to comply. A breach of these covenants could result in a default under the indenture governing our senior notes and/or the senior secured credit facility. If there were an event of default under the indenture for the senior notes and/or the senior secured credit facility, holders of such defaulted debt could cause all amounts borrowed under these instruments to be due and payable immediately. Additionally, if we fail to repay the debt under the senior secured credit facility when it becomes due, the lenders under the senior secured credit facility could proceed against certain of our assets and capital stock of our subsidiaries that we have pledged to them as security. Our assets or cash flow may not be sufficient to repay borrowings under our outstanding debt instruments in the event of a default thereunder.

Concerns about health risks associated with wireless equipment may reduce the demand for our wireless services.

Portable communications devices have been alleged to pose health risks, including cancer, due to radio frequency emissions from these devices. Purported class actions and other lawsuits have been filed against numerous other wireless carriers seeking not only damages but also remedies that could increase the cost of doing business. We cannot be sure of the outcome of those cases or that the industry will not be adversely affected by litigation of this nature or public perception about health risks. The actual or perceived risk of mobile communications devices could adversely affect us through a reduction in subscribers and reduced network usage per subscriber. Further research and studies are ongoing, and we cannot be sure that additional studies will not demonstrate a link between radio frequency emissions and health concerns.

Additionally, new government regulations on the use of a wireless device while driving may affect us through a reduction in subscribers and reduced network usage per subscriber. Studies have indicated that using wireless devices while driving may impair a driver’s attention. Many state and local legislative bodies have passed or proposed legislation to restrict the use of wireless telephones while driving vehicles. Concerns over safety and the effect of future legislation, if adopted and enforced in the areas we serve, could limit our ability to market and sell our wireless services and decrease our revenue from customers who now use their wireless telephones while driving. Litigation relating to accidents, deaths or serious bodily injuries allegedly incurred as a result of wireless telephone use while driving could result in damage awards against telecommunications providers, adverse publicity and further governmental regulation. Any of these results could have a material adverse effect on our financial position, results of operations or liquidity.

A significant percentage of our voting securities are owned by a small number of shareholders and these shareholders can control shareholder decisions on very important matters.

As of December 31, 2007, our executive officers and directors and their affiliates owned 4.4% of our combined outstanding Class A and class B common stock, representing 16.9% of the combined voting power of that stock. These shareholders can significantly influence, if not control, our management policy and all fundamental corporate actions, including mergers, substantial acquisitions and dispositions, and election of directors to the Board.

Corporate governance rules may impose increased costs and internal control assessment requirements on us.

The Sarbanes-Oxley Act of 2002 and rules subsequently implemented by the SEC, the Public Company Accounting Oversight Board, and the Nasdaq National Market have required changes in corporate governance practices of public companies. For example, Section 404 of the Sarbanes-Oxley Act of 2002 requires that we and our auditor evaluate and report on our system of internal controls over financial reporting. We expect to incur ongoing costs to comply with these rules and regulations and may incur increased legal and financial compliance costs that may negatively affect our results of operations.

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results. As a result, current and potential shareholders could lose confidence in our financial reporting, which would harm our business and the trading price of our stock.

Our management has determined that as of December 31, 2007, we did not maintain effective internal controls over financial reporting based on criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) in Internal Control-Integrated Framework as a result of one identified material weakness in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. For a detailed description of this material weakness and our remediation efforts and plans, see “Part II — Item 9A — Controls and Procedures.” If the result of our remediation of the identified material weakness is not successful, or if additional material weaknesses are identified in our internal control over financial reporting, our management will be unable to report favorably as to the effectiveness of our internal control over financial reporting and/or our disclosure controls and procedures, and we could be required to further implement expensive and time-consuming remedial measures and potentially lose investor confidence in the accuracy and completeness of our financial reports which could have an adverse effect on our stock price and potentially subject us to litigation.

__Item 1B. Unresolved Staff Comments.__

None.

__Item 2. Properties__

General
Our properties do not lend themselves to description by location of principal units. Our investment in property and equipment in our consolidated operations consisted of the following at December 31:

	2007	2006
Telephone distribution systems	63.6%	65.1%
Cable television distribution systems	16.2%	18.2%
Support equipment	10.8%	11.0%
Construction in progress	6.9%	3.5%
Land and buildings	1.4%	1.0%
Transportation equipment	0.8%	0.8%
Property and equipment under capital leases	0.3%	0.4%
Total	100.0%	100.0%

It is not practicable to allocate our properties to our operating segments since many of our properties are employed by more than one segment to provide common services and products. Additionally our Chief Operating Decision Maker manages our properties at the consolidated company level rather than at the segment level.

These properties consist primarily of undersea and land-based fiber-optic networks, switching equipment, satellite transponders and earth stations, microwave radio and cable and wire facilities, cable head-end equipment, coaxial distribution networks, routers, servers, transportation equipment, computer equipment and general office equipment. Land and buildings consist of land, land improvements and landing stations and other buildings. Substantially all of our properties secure our Senior Credit Facility. See note 7 included in “Part II — Item 8 — Consolidated Financial Statements and Supplementary Data” for more information.

Our cable television plant and related equipment are generally attached to utility poles under pole rental agreements with local public utilities and telephone companies and in certain locations are buried in underground ducts or trenches. We own or lease real property for signal reception sites.

Our local access services outside plant consists of connecting lines (aerial, underground and buried cable), the majority of which is on or under public roads, highways or streets, while the remainder is on or under private property.

Our construction in progress totaled $69.4 million at December 31, 2007, consisting of long-distance, video, local, wireless and Internet services, and support systems projects that were incomplete at December 31, 2007. Our construction in progress totaled $30.0 million at December 31, 2006, consisting of long-distance, video, local and Internet services, and support systems projects that were incomplete at December 31, 2006. The property, plant and equipment included in construction in progress at December 31, 2007 are expected to be placed in service in 2008.

We lease our executive, corporate and administrative facilities and business offices. Our operating, executive, corporate and administrative properties are in good condition. We consider our properties suitable and adequate for our present needs and they are being fully utilized.

Capital Expenditures
Capital expenditures consist primarily of (a) gross additions to property, plant and equipment having an estimated service life of one year or more, plus the incidental costs of preparing the asset for its intended use, and (b) gross additions to capitalized software.

The total investment in property, plant and equipment has increased from $611.2 million at January 1, 2003 to $932.3 million at December 31, 2007, including Alaska DigiTel in 2007 and construction in progress and excluding deductions of accumulated depreciation. Significant additions to property, plant and equipment will be required in the future to meet the growing demand for communications, Internet and entertainment services and to continually modernize and improve such services to meet competitive demands.

Additions to property and equipment and construction in progress for 2003 through 2007 were as follows (in millions):

2003	$	62.5
2004	$	112.6
2005	$	81.2
2006	$	105.1
2007	$	154.5

We expect our 2008 expenditures for property and equipment for our core operations, including construction in progress and excluding the Galaxy 18 satellite transponder capacity lease discussed in "Part I – Item 1 – Development of our Business During the Past Year," to total $220.0 million to $230.0 million, depending on available opportunities, available credit, and the amount of cash flow we generate during 2008. We have made capital and operating purchase commitments totaling $74.8 million at December 31, 2007. A majority of the expenditures are expected to expand, enhance and modernize our current networks, facilities and operating systems, and to develop other businesses.

We funded our normal business capital requirements substantially through internal sources during 2007 and, to the extent necessary, from external financing sources. We expect expenditures for 2008 to be financed through internal sources and, for the Galaxy 18 satellite transponder capacity lease and wireless facility expansion discussed above, through external financing sources.

Insurance
We have insurance to cover risks incurred in the ordinary course of business, including general liability, property coverage, director and officers and employment practices liability, auto, crime, fiduciary, aviation, and business interruption insurance in amounts typical of similar operators in our industry and with reputable insurance providers. Central office equipment, buildings, furniture and fixtures and certain operating and other equipment are insured under a blanket property insurance program. This program provides substantial limits of coverage against "all risks" of loss including fire, windstorm, flood, earthquake and other perils not specifically excluded by the terms of the policies. As is typical in the communications industry, we are self-insured for damage or loss to certain of our transmission facilities, including our buried, undersea, and above-ground transmission lines. We self-insure with respect to employee health insurance and workers' compensation, subject to stop-loss insurance with other parties that caps our liability at specified limits. We believe our insurance coverage is adequate; however, if we become subject to substantial uninsured liabilities due to damage or loss to such facilities, our financial position, results of operations or liquidity may be adversely affected.

Item 3. Legal Proceedings

Except as set forth in this item, neither the Company, its property nor any of its subsidiaries or their property is a party to or subject to any material pending legal proceedings. We are parties to various claims and pending litigation as part of the normal course of business. We are also involved in several administrative proceedings and filings with the FCC and state regulatory authorities. In the opinion of management, the nature and disposition of these matters are considered routine and arising in the ordinary course of business. Management believes these matters would not have a materially adverse affect on our business or financial position, results of operations or liquidity.

Item 4. Submissions of Matters to a Vote of Security Holders

No matters were submitted during the fourth quarter of 2007 to a vote of security holders, through the solicitation of proxies or otherwise.

Part II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information for Common Stock
Shares of GCI's Class A common stock are traded on the Nasdaq Global Select Market[SM] under the symbol GNCMA.

Shares of GCI's Class B common stock are traded through the Over-The-Counter Bulletin Board service offered by the National Association of Securities Dealers. Each share of Class B common stock is convertible, at the option of the holder, into one share of Class A common stock.

The following table sets forth the high and low sales price for the above-mentioned common stock for the periods indicated. Market price data for Class A shares were obtained from the Nasdaq Stock Market System quotation system. Market price data for Class B shares were obtained from reported Over-the-Counter Bulletin Board service market transactions. The prices represent prices between dealers, do not include retail markups, markdowns, or commissions, and do not necessarily represent actual transactions.

		Class A		Class B	
		High	Low	High	Low
2006:					
First Quarter	$	12.20	10.12	12.25	9.87
Second Quarter	$	13.24	11.13	12.60	11.00
Third Quarter	$	13.01	11.00	12.30	11.00
Fourth Quarter	$	16.09	11.78	15.35	12.00
2007:					
First Quarter	$	16.10	13.64	15.10	14.20
Second Quarter	$	15.20	12.42	14.80	12.00
Third Quarter	$	14.00	11.03	14.05	12.10
Fourth Quarter	$	12.47	7.51	11.85	8.00

Holders
As of December 31, 2007 there were 2,173 holders of record of our Class A common stock and 390 holders of record of our Class B common stock (amounts do not include the number of shareholders whose shares are held of record by brokers, but do include the brokerage house as one shareholder).

Dividends
We have never paid cash dividends on our common stock, and we have no present intention of doing so. Payment of cash dividends in the future, if any, will be determined by our Board of Directors in light of our earnings, financial condition and other relevant considerations. Our existing bank loan agreements contain provisions that limit payment of dividends on common stock, other than stock dividends (see note 7 included in "Part II — Item 8 — Consolidated Financial Statements and Supplementary Data" for more information).

Stock Transfer Agent and Registrar
BNY Mellon Shareowner Services is our stock transfer agent and registrar.

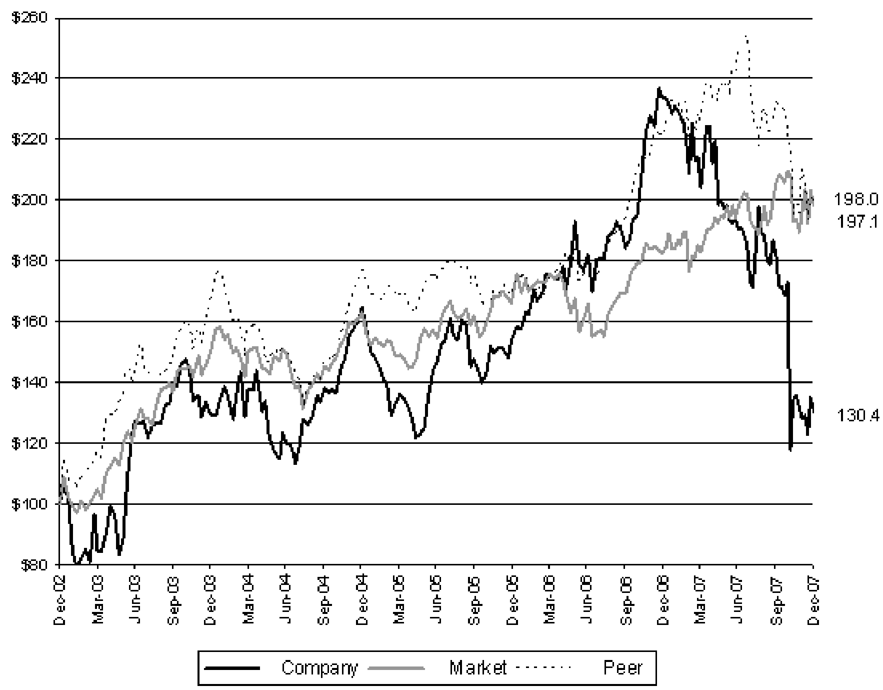
Performance Graph
The following graph includes a line graph comparing the yearly percentage change in our cumulative total shareholder return on our Class A common stock during the five-year period 2003 through 2007. This return is measured by dividing (1) the sum of (a) the cumulative amount of dividends for the measurement period (assuming dividend reinvestment, if any) and (b) the difference between our share price at the end and the beginning of the measurement period, by (2) the share price at the beginning of that measurement period. This line graph is compared in the following graph with two other line graphs during that five-year period, i.e., a market index and a peer index.

The market index is the Center for Research in Securities Price Index for the Nasdaq Stock Market for United States companies. It presents cumulative total returns for a broad based equity market assuming reinvestment of dividends and is based upon companies whose equity securities are traded on the Nasdaq Stock Market. The peer index is the Center for Research in Securities Price Index for Nasdaq Telecommunications Stock. It presents cumulative total returns for the equity market in the telecommunications industry segment assuming reinvestment of dividends and is based upon companies whose equity securities are traded on the Nasdaq Stock Market. The line graphs represent monthly index levels derived from compounding daily returns.

In constructing each of the line graphs in the following graph, the closing price at the beginning point of the five-year measurement period has been converted into a fixed investment, stated in dollars, in our Class A common stock (or in the stock represented by a given index, in the cases of the two comparison indexes), with cumulative returns for each subsequent fiscal year measured as a change from that investment. Data for each succeeding fiscal year during the five-year measurement period are plotted with points showing the cumulative total return as of that point. The value of a shareholder's investment as of each point plotted on a given line graph is the number of shares held at that point multiplied by the then prevailing share price.

Our Class B common stock is traded through the Over-The-Counter Bulletin Board service on a more limited basis. Therefore, comparisons similar to those previously described for the Class A common stock are not directly available. However, the performance of Class B common stock may be analogized to that of the Class A common stock in that the Class B common stock is readily convertible into Class A common stock by request to us.

Comparison of Five-Year Cumulative Return
Performance Graph for General Communication, Inc.



COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL RETURNS PERFORMANCE GRAPH FOR GENERAL COMMUNICATION, INC., NASDAQ STOCK MARKET INDEX FOR UNITED STATES COMPANIES, AND NASDAQ TELECOMMUNICATIONS STOCK[1,2,3,4]

Measurement Period (Fiscal Year Covered)	Company ($)	Nasdaq Stock Market Index for U.S. Companies ($)	Nasdaq Telecommunications Stock ($)
FYE 12/31/02	100.0	100.0	100.0
FYE 12/31/03	129.7	149.5	166.3
FYE 12/31/04	164.5	162.7	177.3
FYE 12/31/05	153.9	166.2	168.5
FYE 12/31/06	234.4	182.6	221.6
FYE 12/31/07	130.4	198.0	197.1

1 The lines represent monthly index levels derived from compounded daily returns that include all dividends.

2 The indexes are reweighted daily, using the market capitalization on the previous trading day.

3 If the monthly interval, based on the fiscal year-end, is not a trading day, the preceding trading day is used.

4 The index level for all series was set to $100.00 on December 31, 2002.

Issuers Purchases of Equity Securities

(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 December 31, 2007:

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 Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs [2]
October 1, 2007 to October 31, 2007	218,312 [3]	$ 12.08	5,787,732	$13,841,876
November 1, 2007 to November 30, 2007	230,000 [3]	$ 8.78	6,017,732	$11,821,653
December 1, 2007 to December 31, 2007	80,000 [3]	$ 8.75	6,097,732	$11,121,453
Total	528,312			

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 do not expect further share repurchases in the near term. We will likely curtail our stock repurchases

as a condition for increasing availability under our credit facilities. When we begin generating free cash flow we may continue the repurchases subject to the availability under our credit facilities and the price of our Class A and Class B common stock.

2 The total amount approved for repurchase was $80.0 million through December 31, 2007 consisting of $60.0 million through December 31, 2006 and an additional $20.0 million during the year ended December 31, 2007. If stock repurchases are less than the total approved quarterly amount the difference may be carried forward and used to repurchase additional shares in future quarters, subject to board approval.

3 Open-market purchases made under our publicly announced repurchase plan.

Item 6. Selected Financial Data

The following table presents selected historical information relating to financial condition and results of operations over the past five years.

		Years ended December 31,				
		2007	2006	2005	2004	2003
		(Amounts in thousands except per share amounts)				
Revenues	$	520,311	477,482	443,026	424,826	390,797
Income before income tax expense and cumulative effect of a change in accounting principle	$	25,465	34,253	36,835	38,715	26,160
Cumulative effect of a change in accounting principal, net of income tax expense of $44 in 2006 and net of income tax benefit of $367 in 2003	$	---	64	---	---	(544)
Net income	$	13,504	18,520	20,831	21,252	15,542
Net income available to common shareholders	$	13,504	18,520	18,325	19,749	13,524
Basic net income available to common shareholders per common share	$	0.26	0.34	0.34	0.35	0.24
Diluted net income available to common shareholders per common share	$	0.22	0.33	0.33	0.34	0.24
Total assets	$	982,386	914,659	873,775	849,191	763,020
Long-term debt, including current portion and net of unamortized discount	$	538,398	489,462	475,840	437,137	345,000
Obligations under capital leases, including current portion	$	2,851	2,857	672	39,661	44,775
Redeemable preferred stock:						
Series B	$	---	---	4,249	4,249	15,664
Series C	$	---	---	---	---	10,000
Total stockholders' equity	$	251,921	245,473	243,620	234,270	226,642
Dividends declared per common share	$	0.00	0.00	0.00	0.00	0.00

The Selected Financial Data should be read in conjunction with "Part II — Item 7 — Management's Discussion and Analysis of Financial Condition and Results of Operations."

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

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 U.S. generally accepted accounting principles. 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 accruals, allowance for doubtful accounts, share-based compensation expense, 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."

The following discussion and analysis of financial condition and results of operations should be read in conjunction with our consolidated financial statements and supplementary data as presented in Item 8 of this Form 10-K.

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.

Our four reportable segments are Consumer, Network Access, Commercial and Managed Broadband. Our reportable segments are business units that offer different products, are each managed separately, and serve distinct types of customers.

The Network Access segment provides services to other common carrier customers and the Managed Broadband segment provides services to rural school districts and hospitals and health clinics. Following are our segments and the services and products each offers to its customers:

	Reportable Segments			
Services and Products	Consumer	Network Access	Commercial	Managed Broadband
Voice:				
Long-distance	X	X	X	
Local Access	X	X	X	
Directories			X	
Video	X		X	
Data:				
Internet	X	X	X	X
Private Line and Private Networks		X	X	X
Managed Services			X	X
Managed Broadband Services				X
Wireless	X	X	X	

An overview of our services and products follows.

Voice Services and Products

Long-distance

We generate long-distance services revenues from monthly plan fees and usage charges.

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

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, 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.

AT&T acquired Dobson, including its Alaska properties, on November 15, 2007. In December 2007 we signed an agreement with AT&T that provides for an orderly four-year transition of our wireless customers from the Dobson/AT&T network in Alaska to our wireless facilities to be built in 2008 and 2009. The agreement allows our current and future customers to use the AT&T wireless network for local access and roaming during the transition period. The four-year transition period, which expires June 30, 2012, provides us adequate time to replace the Dobson/AT&T network in Alaska with our own wireless facilities. Under the agreement, AT&T's obligation to purchase network services from us will terminate as of July 1, 2008. AT&T will provide us with a large block of wireless network usage at no charge to facilitate the transition of our customers to our facilities. We will pay for usage in excess of that base transitional amount. Under the previous agreement with Dobson, our margin was fixed. Under the new agreement with AT&T we will pay for usage on a per minute basis. The block of wireless network usage at no charge will reduce Cost of Goods Sold during the four year period ended June 30, 2012, that we would have otherwise recognized in accordance with the new agreement, however, we are unable to estimate the impact this change will have on our Cost of Goods Sold.

Due in large part to the favorable synergistic effects of our bundling strategy focused on consumer and commercial customers, long-distance services continue to be a significant contributor to our overall performance, although the migration of traffic from our voice products to our data and wireless products continues.

Our long-distance service faces significant competition from AT&T Alascom, ACS, MTA, long-distance resellers, and certain smaller rural 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 services will continue to allow us to be competitive in providing those services.

Local Access

We generate local access services revenues from four primary sources: (1) basic dial tone services; (2) private line and special access services; (3) origination and termination of long-distance calls for other common carriers; and (4) 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 revenues include the average number of 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 amounts received from the Universal Service Program.

We estimate that our December 31, 2007, 2006 and 2005 total lines in service represent a statewide market share of approximately 28%, 26% and 26%, respectively. At December 31, 2007, 2006 and 2005 approximately 89%, 87% and 86%, respectively, of our lines are provided on our own facilities and leased local loops. At December 31, 2007, 2006 and 2005 approximately 8%, 6% and 6%, respectively, of our lines are provided using the UNE platform delivery method.

Our local access service faces significant competition in Anchorage, Fairbanks, and Juneau from ACS, which is the largest ILEC in Alaska, and from AT&T Alascom in Anchorage for consumer services. AT&T Alascom has received certification from the RCA to provide local access services in Fairbanks and Juneau. In February 2007, we began offering local access service in certain MTA exchanges and face significant competition from MTA. In October 2007, we began offering local access service in the Kenai-Soldotna area and face significant competition from the ILEC, ACS. We compete against other smaller ILECs in certain smaller communities. We believe our approach to developing, pricing, and providing local access services and bundling different services will allow us to be competitive in providing those services.

In 2005 and 2006 the RCA issued orders granting us certification to serve the service areas of Ketchikan Public Utility, Cordova Telephone Cooperative, Copper Valley Telephone Cooperative, MTA, the Glacier State area served by ACS of the Northland, Alaska Telephone Company, Interior Telephone Company, United-KUC, ASTAC and Mukluk Telephone Company. The affected rural Local Exchange carriers had appealed various aspects of the certification rulings. We cross-appealed questioning whether the RCA had issued an untimely order beyond the statutory deadline when it approved the portion of the application granting us authority to serve Wrangell, Petersburg, Seward, Sitka and Nome. In rulings on October 5, 2007 and November 23, 2007, the Superior Court held that the RCA's approval had been untimely and that our authority to serve those areas was effective immediately by operation of law.

In 2007 we expanded our local access service areas within Alaska by offering facilities-based services in Eagle River, Chugiak, Wasilla, Palmer, Kenai-Soldotna, Ketchikan, Kodiak, Sitka and Valdez. In 2007 we also began offering resale services in all of the Glacier State study area and those areas in the MTA study area in which we do not offer facilities-based services.

We plan to continue to expand our local access service areas in 2008 and will offer service in these new areas using a combination of methods. To a large extent, we plan to use our existing coaxial cable network to deliver local access services. Where we do not have cable facilities, we may resell other carriers' services, lease portions of an existing carrier's network or seek wholesale discounts.

We plan to have deployed more than 79,900 DLPS lines which utilize our coaxial cable facilities by December 31, 2008. 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.

The USF pays subsidies to ETCs to support the provision of local access service in high-cost areas. Under FCC regulations, we have qualified as a competitive ETC in the Anchorage, Fairbanks, Juneau, Matanuska-Susitna Valley, Ketchikan and Glacier State service areas. Without ETC status, we would not qualify for USF subsidies in these areas or other rural areas where we propose to offer local access services, and our revenue for providing local access services in these areas would be materially adversely affected.

The Federal-State Joint Board on Universal Service has issued recommendations to the FCC for curbing growth in the fund, and the FCC has initiated rulemaking proceedings to consider these and its own proposals. We cannot predict at this time the outcome of these proceedings or their impact on us. These and any future regulatory, legislative, or judicial actions could affect the operation of the USF and result in a change in our revenue for providing local access services in new and existing markets and facilities-based wireless services in new markets.

We have signed an agreement to purchase the UUI and Unicom telecommunications subsidiaries of UCI for $40.0 million. Additionally we may assume approximately $37.0 million in net debt as part of the acquisition. This transaction is subject to customary closing conditions, including regulatory approval. We have filed applications with the RCA and FCC seeking the requisite regulatory consent for the transaction. The FCC comment cycle is completed, and the parties are awaiting FCC action. GCI is currently filing replies to comments and the statutory date for a final RCA decision is May 16, 2008. The results of operations generated by the acquired companies will impact our voice and data services in all of our segments. This transaction will close upon regulatory approval which is expected in the second or third quarter of 2008.

Directories

We sell advertising in our yellow pages directories to commercial customers, distribute white and yellow pages directories to customers in certain markets we serve, and offer an on-line directory.

Video Services and Products

We generate cable services revenues from three primary sources: (1) digital and analog programming services, including monthly basic and premium subscriptions, pay-per-view movies and one-time events, such as sporting events; (2) equipment rentals; and (3) advertising sales.

Our cable systems serve 40 communities and areas in Alaska, including the state's five largest population centers, Anchorage, Fairbanks, the Matanuska-Susitna Valley, the Kenai Peninsula, and Juneau.

The primary factors that contribute to period-to-period changes in cable services 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 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.

We increased rates charged for certain cable services in eleven communities, including four of the state's five largest population centers, Anchorage, Fairbanks, the Matanuska-Susitna Valley, and the Kenai Peninsula. The rate increases were primarily effective in January 2006 and increased approximately 5% for those customers who experienced an adjustment.

In the fourth quarter of 2006 we increased rates charged for certain cable services in seven communities, including the state's five largest population centers. The rates increased approximately 5% for those customers who experienced an adjustment.

Our cable service offerings are bundled with various combinations of our long-distance, local access, and Internet services and beginning in the second quarter of 2007 include an offering of free cable service. Value-added premium services are available for additional charges. We expect to transmit an entirely digital signal for all cable television channels in all markets by December 31, 2008.

Our cable television systems face competition primarily from alternative methods of receiving and distributing television signals, including DBS and digital video over telephone lines, and other sources of news, information and entertainment, including Internet services.

Data Services and Products

Internet

We generate Internet services revenues from three primary sources: (1) access product services, including cable modem, dial-up, and dedicated access; (2) network management services; and (3) wholesale access for other common carriers.

The primary factors that contribute to year-to-year changes in Internet services 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 featuring bundled products. Our Internet offerings are bundled with various combinations of our long-distance, cable, and local access services 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.

Private Line and Private Networks

We generate private line and private network services revenue from two primary sources: (1) leasing capacity on our facilities that utilize voice and data transmission circuits, dedicated to particular subscribers, which link a device in one location to another in a different location and (2) through the sale of IP based data services on a secured shared network to businesses linking multiple enterprise locations. The factor that has the greatest impact on year-to-year changes in private line and private network services revenues is the number of private lines and private networks in use. We compete against AT&T Alascom, ACS and other local telecommunication service providers.

Managed Services

We design, sell, install, service and operate, on behalf of certain customers, communications and computer networking equipment and provide field/depot, third party, technical support, communications consulting and outsourcing services. We also supply integrated voice and data communications systems incorporating interstate and intrastate digital private lines, point-to-point and multipoint private network and small earth station services. There are a number of competing companies in Alaska that actively sell and maintain data and voice communications systems.

Our ability to integrate communications networks and data communications equipment has allowed us to maintain our market position based on "value added" support services rather than price competition. These services are blended with other transport products into unique customer solutions, including managed services and outsourcing.

Managed Broadband Services

We generate managed broadband services revenue through our SchoolAccess®, ConnectMD® and managed video conferencing products. Our customers may purchase end-to-end broadband services solutions blended with other transport and software products. There are several competing companies in Alaska that actively sell broadband services. Our ability to provide end-to-end broadband services solutions has allowed us to maintain our market position based on "value added" products and services rather than solely based on price competition.

SchoolAccess® is a suite of services designed to advance the educational opportunities of students in underserved regions of the country. Our SchoolAccess® division provides Internet and distance learning services designed exclusively for the school environment. The Schools and Libraries Program of the USF makes discounts available to eligible rural school districts for telecommunication services and monthly Internet service charges. The program is intended to ensure that rural school districts have access to affordable services.

Our network, Internet and software application services provided through our Managed Broadband segment's Medical Services Division are branded as ConnectMD®. Our ConnectMD® services are currently provided under contract to medical businesses in Alaska, Washington and Montana. The Rural Health Care Program of the USF makes discounts available to eligible rural health care providers for telecommunication services and monthly Internet service charges. The program is intended to ensure that rural health care providers pay no more for telecommunications in the provision of health care services than their urban counterparts. Customers utilize ConnectMD® services to securely move data, images, or voice traffic, to include real time multipoint interactive video.

We offer a managed video conferencing product for use in distance learning, telemedicine and group communication and collaboration environments. The product is designed to offer customers enhanced communication services that support video, audio and data presentation. Our product benefits customers by reducing travel costs, improving course equity in education and increasing the quality of health services available to patients. The product bundles our data products, video conferencing services and optional rental of video conferencing endpoint equipment. Our video conferencing services include multipoint conferencing, ISDN gateway and transcoding services, online scheduling and conference control, and videoconference recording, archiving and streaming. We provide 24-hour technical support via telephone or online.

Wireless Services and Products

We generate wireless services and equipment revenues from four primary sources: (1) monthly plan fees; (2) usage and roaming charges; (3) wireless Internet access; and (4) handset and accessory sales.

We offer wireless services by reselling Dobson services under our brand name and Alaska DigiTel's services under its brand name. We provide limited wireless local access and Internet services using our own facilities. We compete against AT&T Wireless, ACS, MTA, and resellers of those services in Anchorage and other markets. The GCI and Alaska DigiTel brands compete against each other. We competed against Dobson until its acquisition by AT&T discussed below.

On January 2, 2007 we invested $29.5 million in Alaska DigiTel in exchange for an 81.9% equity interest. We do not have voting control of Alaska DigiTel. In December 2007, we signed a definitive agreement to acquire the remaining minority interest in Alaska DigiTel for a total consideration of approximately $10.0 million. On January 22, 2008, the FCC initiated its proceedings to review the application seeking requisite regulatory approval of the proposed change in control. Following FCC approval, we will own 100% of Alaska DigiTel.

Commencing in 2008 we plan to construct a GSM network throughout the terrestrially served portions of Alaska including the cities of Anchorage, Fairbanks, and Juneau. Alaska DigiTel will construct and operate the CDMA portion of our statewide wireless platform.

We had a distribution agreement with Dobson allowing us to resell Dobson wireless services. In November 2007 AT&T acquired Dobson, including its Alaska properties. In December 2007 we signed an agreement with AT&T that provides for an orderly four-year transition of our wireless customers from the Dobson/AT&T network in Alaska to our wireless facilities to be built in 2008 and 2009. The agreement allows our current and future customers to use the AT&T wireless network for local access and roaming during the transition period. The four-year transition period, which expires June 30, 2012, provides us adequate time to replace the Dobson/AT&T network in Alaska with our own wireless facilities. Under the agreement, AT&T's obligation to purchase network services from us will terminate as of July 1, 2008. AT&T will provide us with a large block of wireless network usage at no charge to facilitate the transition of our customers to our facilities. We will pay for usage in excess of that base transitional amount. Under the previous agreement with Dobson, our margin was fixed. Under the new agreement with AT&T we will pay for usage on a per minute basis. The block of wireless network usage at no charge will reduce Cost of Goods Sold during the four year period ended June 30, 2012, that we would have otherwise recognized in accordance with the new agreement, however, we are unable to estimate the impact this change will have on our Cost of Goods Sold.

We have signed a purchase agreement to acquire all of the interests in Alaska Wireless for $13.0 million to $14.0 million, expected to be paid upon closing. In addition to the initial acquisition payment we have agreed to a contingent payment of approximately $3.0 million in 2010 if certain financial conditions are met. Alaska Wireless is a GSM cellular provider serving approximately 4,000 subscribers in the Dutch Harbor, Alaska area. In addition to the acquisition, we will enter into a management agreement with the existing owners of Alaska Wireless. The business will continue to operate under the Alaska Wireless name and the current management will continue to manage the day-to-day operations. The results of operations generated by the acquired company will impact our wireless services in our Consumer and Commercial segments. We filed the application with the FCC seeking the requisite regulatory consent to the transaction on January 18, 2008. This transaction will close upon regulatory approval which is expected in the second or third quarter of 2008.

Results of Operations

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

	Year Ended December 31,			Percentage Change[1] 2007 vs.	Percentage Change[1] 2006 vs.
(Unaudited)	2007	2006	2005	2006	2005
Statements of Operations Data:					
Revenues:					
Consumer segment	43.0%	37.5%	36.8%	24.9%	9.8%
Network Access segment	31.4%	34.9%	33.5%	(1.9%)	12.2%
Commercial segment	20.1%	22.2%	23.8%	(1.2%)	0.3%
Managed Broadband segment	5.5%	5.4%	5.9%	10.2%	0.1%
Total revenues	100.0%	100.0%	100.0%	9.0%	7.8%
Selling, general and administrative expenses	37.0%	36.0%	35.1%	12.1%	10.4%
Restructuring charge	0.0%	0.0%	0.4%	---	NM
Depreciation and amortization expense	16.6%	17.2%	16.7%	5.2%	10.8%
Operating income	12.0%	14.1%	17.3%	(7.3%)	(12.3%)
Other expense, net	7.1%	6.9%	9.0%	11.8%	(16.7%)
Income before income taxes and cumulative effect of a change in accounting principle in 2006	4.9%	7.2%	8.3%	(25.7%)	(7.0%)
Income before cumulative effect of a change in accounting principle in 2006	2.6%	3.9%	4.7%	(26.5%)	(11.5%)
Net income	2.6%	3.9%	4.7%	(26.7%)	(11.2%)

[1] Percentage change in underlying data.

NM – Not meaningful.

Year Ended December 31, 2007 ("2007") Compared to Year Ended December 31, 2006 ("2006")

Overview of Revenues and Cost of Goods Sold
Total revenues increased 9.0% from $477.5 million in 2006 to $520.3 million in 2007. Revenue increases in our Consumer and Managed Broadband segments were partially off-set by decreases in our Network Access and Commercial segments. See the discussion below for more information by segment.

Total Cost of Goods Sold increased 14.5% from $156.4 million in 2006 to $179.1 million in 2007. Cost of Goods Sold increased in all of our segments. See the discussion below for more information by segment.

Consumer Segment Overview
Consumer segment revenue represented 43.0% of 2007 consolidated revenues. The components of Consumer segment revenue are as follow (amounts in thousands):

		2007	2006	Percentage Change
Voice	$	46,212	45,625	1.3%
Video		96,327	90,226	6.8%
Data		34,230	29,406	16.4%
Wireless		46,733	13,694	241.3%
Total Consumer segment revenue	$	223,502	178,951	24.9%

Consumer segment Cost of Goods Sold represented 45.7% of 2007 consolidated Cost of Goods Sold. The components of Consumer segment Cost of Goods Sold are as follows (amounts in thousands):

		2007	2006	Percentage Change
Voice	$	17,835	20,264	(12.0%)
Video		33,550	30,573	9.7%
Data		2,872	2,167	32.5%
Wireless		27,620	13,885	98.9%
Total Consumer segment Cost of Goods Sold	$	81,877	66,889	22.4%

Selected key performance indicators for our Consumer segment follow:

	December 31, 2007	December 31, 2006	Percentage Change
Voice:			
Long-distance subscribers[1]	89,900	89,800	0.1%
Long-distance minutes carried (in millions)	135.8	141.9	(4.3%)
Total local access lines in service[2]	74,400	66,200	12.4%
Local access lines in service on GCI facilities[2]	50,700	31,400	61.5%
Video:			
Basic subscribers[3]	128,000	124,000	3.2%
Digital programming tier subscribers[4]	65,800	58,700	12.1%
HD/DVR converter boxes[5]	50,200	29,200	71.9%
Homes passed	224,700	219,900	2.2%
Average monthly gross revenue per subscriber[6]	$64.01	$61.57	4.0%
Data:			
Cable modem subscribers[7]	88,000	78,500	12.1%
Wireless:			
Wireless lines in service[8]	70,000	24,400	186.9%
Average monthly gross revenue per subscriber[9]	$58.29	$52.21	11.6%

[1] A long-distance customer is defined as a customer account that is invoiced a monthly long-distance plan fee or has made a long-distance call during the month.

[2] A local access line in service is defined as a revenue generating circuit or channel connecting a customer to the public switched telephone network.

[3] 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.

[4] 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. Digital programming tier subscribers are a subset of basic subscribers.

[5] A high definition/digital video recorder ("HD/DVR") converter box is defined as one box rented by a digital programming or basic tier subscriber. A digital programming or basic tier subscriber is not required to rent an HD/DVR converter box to receive service.

[6] Year-to-date average monthly consumer video revenues divided by the average of consumer video basic subscribers at the beginning and ending of the period.

[7] 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. Cable modem subscribers may also be video basic subscribers though basic cable service is not required to receive cable modem service.

[8] A wireless line in service is defined as a revenue generating wireless device and includes Alaska DigiTel lines in service in 2007.

[9] Year-to-date average monthly consumer wireless revenues divided by the average of consumer wireless subscribers at the beginning and ending of the period. The 2007 average monthly gross revenue per subscriber includes Alaska DigiTel consumer revenue and subscribers.

Consumer Segment Revenues
The increase in voice revenue is primarily due to a $991,000 or 15.8% increase in the monthly local service network access fee in April 2007 and a $508,000 or 4.6% increase due to increased local access lines partially offset by a $474,000 or 44.7% decrease in support from the Universal Service Program.

The increase in video revenue is primarily due to the following:

- A 22.7% increase in equipment rental revenue to $16.3 million in 2007 primarily resulting from our customers' increased use of digital distribution technology.
- A 4.1% increase in programming services revenue to $78.6 million in 2007 primarily resulting from an increase in digital programming tier subscribers in 2007 and increased rates charged for certain cable services primarily effective in the fourth quarter of 2006.

The increase in data revenue is primarily due to a 17.0% increase in cable modem revenue to $28.8 million primarily due to increased subscribers.

The increase in wireless revenue is due to our January 1, 2007 acquisition of Alaska DigiTel and a $9.9 million or 72.3% increase in the wireless revenue from our resale agreement primarily due to increased subscribers. Consumer segment wireless revenues from our Alaska DigiTel investment totaled $23.1 million in 2007.

Consumer Segment Cost of Goods Sold
The decrease in voice Cost of Goods Sold is primarily due to the following:

- Cost savings resulting from the increased deployment of DLPS lines during the year ended December 31, 2007,
- Decreased voice minutes carried, and
- 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 $0.012 and up to $0.054 per minute for originating and terminating interstate and intrastate traffic, respectively.

The voice Cost of Goods Sold decrease is partially off-set by an increased UNE loop cost charged by ACS due to the Settlement Agreement, as further described and defined above in "Part I – Item 1 – Regulation."

The video Cost of Goods Sold increase is primarily due to increased channels offered to our subscribers in three of Alaska's five largest population centers and increased rates paid to programmers, increased costs associated with delivery of digital services offered over our HD/DVR converter boxes due to the increased number of boxes in service, and increased subscribers.

The data Cost of Goods Sold increase is primarily due to increased satellite costs due to increased cable modem subscribers.

The wireless Cost of Goods Sold increase is primarily due to our January 1, 2007 acquisition of Alaska DigiTel and a $7.3 million or 52.8% increase in our wireless service Cost of Goods Sold related to increased wireless service revenue from our resale agreement. Consumer segment wireless Cost of Goods Sold from our Alaska DigiTel investment totaled $6.4 million in 2007.

Network Access Segment Overview
Network access segment revenue represented 31.4% of 2007 consolidated Revenues. The components of Network Access segment revenue are as follows (amounts in thousands):

		2007	2006	Percentage Change
Voice	$	96,896	110,834	(12.6%)
Data		61,199	55,637	10.0%
Wireless		5,282	---	NM
Total Network Access segment revenue	$	163,377	166,471	(1.9%)

NM – Not meaningful.

Network Access segment Cost of Goods Sold represented 22.7% of 2007 consolidated Cost of Goods Sold. The components of Network Access segment Cost of Goods Sold are as follows (amounts in thousands):

		2007	2006	Percentage Change
Voice	$	29,431	28,888	1.9%
Data		10,792	8,392	28.6%
Wireless		370	---	NM
Total Network Access segment Cost of Goods Sold	$	40,593	37,280	8.9%

NM – Not meaningful.

Selected key performance indicators for our Network Access segment follow:

	December 31, 2007	December 31, 2006	Percentage Change
Voice:			
Long-distance minutes carried (in millions)	1,251	1,317	(5.0%)
Data:			
Total Internet service provider access lines in service[1]	2,600	3,100	(16.1%)

[1] An Internet service provider access line in service is defined as a revenue generating circuit or channel connecting a customer to the public switched telephone network.

Network Access Segment Revenues
The decrease in voice revenue is primarily due to decreased billable minutes and a 6.4% decrease in our rate per minute on billable minutes carried for our common carrier customers. The average rate per minute decrease is primarily due to a change in the composition of traffic and a 3.0% rate decrease mandated by federal law which will result in annual rate decreases of 3.0%.

The increase in data revenue is primarily due to an increase in circuits sold.

The Network Access segment wireless revenue results from our January 1, 2007 acquisition of Alaska DigiTel.

Network Access Segment Cost of Goods Sold
The increase in voice Cost of Goods Sold is primarily due to an average cost per minute increase due to a change in the composition of traffic and is partially off-set by decreased long-distance minutes carried.

The increase in data Cost of Goods Sold is primarily due to costs associated with the increased circuits sold discussed above and $878,000 in costs to repair breaks in our undersea and terrestrial fiber-optic cable systems.

The Network Access segment wireless Cost of Goods Sold results from our January 1, 2007 acquisition of Alaska DigiTel.

Commercial Segment Overview
Commercial segment revenue represented 20.1% of 2007 consolidated revenues. The components of Commercial segment revenue are as follows (amounts in thousands):

		2007	2006	Percentage Change
Voice	$	30,761	32,162	(4.4%)
Video		8,018	7,993	0.3%
Data		61,052	63,276	(3.5%)
Wireless		4,809	2,498	92.5%
Total Commercial segment revenue	$	104,640	105,929	(1.2%)

Commercial segment Cost of Goods Sold represented 28.2% of 2007 consolidated Cost of Goods Sold. The components of Commercial segment Cost of Goods Sold are as follows (amounts in thousands):

		2007	2006	Percentage Change
Voice	$	18,622	20,426	(8.8%)
Video		1,576	1,413	11.5%
Data		26,201	23,422	11.9%
Wireless		4,160	2,608	59.5%
Total Commercial segment Cost of Goods Sold	$	50,559	47,869	5.6%

Selected key performance indicators for our Commercial segment follow:

	December 31, 2007	2006	Percentage Change
Voice:			
Long-distance subscribers[1]	10,500	11,100	(5.4%)
Total local access lines in service[2]	43,100	41,900	2.9%
Local access lines in service on GCI facilities [2]	12,500	8,400	48.8%
Long-distance minutes carried (in millions)	131.3	131.8	(0.4%)
Data:			
Cable modem subscribers[3]	8,500	7,800	9.0%
Wireless:			
Wireless lines in service[4]	7,300	4,600	58.7%

[1] A long-distance customer is defined as a customer account that is invoiced a monthly long-distance plan fee or has made a long-distance call during the month.

[2] A local access line in service is defined as a revenue generating circuit or channel connecting a customer to the public switched telephone network.

[3] 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.

[4] A wireless line in service is defined as a revenue generating wireless device and includes Alaska DigiTel lines in service in 2007.

We leased a portion of our 800-mile fiber optic system capacity that extends from Prudhoe Bay to Valdez via Fairbanks, and provided management and maintenance services for this capacity to a significant customer. The lessee signed a contract with a competitor in March 2005, started the transition of their circuits from our fiber optic cable system to our competitor's microwave system in June 2006, and completed the transition in April 2007. In November 2006, we signed an agreement with our competitor to lease capacity on our fiber optic cable system and provide certain other services to them in association with their contract.

Commercial Segment Revenues
The decrease in voice revenue is due to decreased long distance subscribers and decreased minutes carried. Revenues associated with increased local access lines in service partially off-set this decrease.

The decrease in data revenue is primarily due to a $7.9 million or 58.2% decrease in revenue earned from the lease and provision of management and maintenance services on a portion of our 800-mile fiber optic system capacity that extends from Prudhoe Bay to Valdez via Fairbanks as described above and a decrease in revenue earned from a large customer who reduced their services with us. The decrease is partially off-set by a $4.6 million increase in managed services project revenue and growth in our private IP product resulting from new customers and increased coverage for existing customers.

The increase in wireless revenue is primarily due to increased subscribers to our wireless offerings from our resale agreement.

Commercial Segment Cost of Goods Sold
The decrease in voice Cost of Goods Sold is due to savings resulting from increased provision of services through our own facilities in 2007, decreased voice minutes carried, and decreased costs associated with decreased long-distance subscribers. The voice Cost of Goods Sold decrease is partially off-set by an increased UNE loop cost charged by ACS due to the Settlement Agreement, as further described and defined above in "Part I – Item 1 – Regulation."

The increase in data Cost of Goods Sold resulted primarily from an increase in contract labor and internal labor classified as Cost of Good Sold due to the increase in managed service project revenue discussed above.

The wireless Cost of Goods Sold increase is primarily due to increased wireless service revenue from our resale agreement.

Managed Broadband Segment Overview
Managed Broadband segment revenue and Cost of Goods sold represented 5.5% and 3.4% of 2007 consolidated revenues and Cost of Goods Sold, respectively.

Selected key performance indicators for our Managed Broadband segment follow:

	December 31, 2007	December 31, 2006	Percentage Change
Managed Broadband segment:			
SchoolAccess® customers	51	48	6.3%
Rural health customers	21	21	0.0%

Managed Broadband Segment Revenues
Managed Broadband segment revenue, which includes data products only, increased 10.2% to $28.8 million in 2007 as compared to 2006. The increase is primarily due to increased circuits purchased by our rural health and SchoolAccess® customers and several 2007 product sales that did not occur in 2006.

Managed Broadband Segment Cost of Goods Sold
Managed Broadband segment Cost of Goods Sold increased $1.7 million to $6.0 million from 2006 to 2007 primarily due to costs associated with the product sales and increased circuits purchased as discussed above.

Selling, General and Administrative Expenses
Selling, general and administrative expenses increased 12.1% to $192.5 million in 2007 primarily due to the following:

- Recognition of $15.5 million in additional expense resulting from our January 1, 2007 acquisition of Alaska DigiTel,
- A $3.8 million increase in labor and benefits costs, and
- A $1.4 million increase in bad debt expense primarily due to the realization of recoveries for certain Managed Broadband services customers and MCI, Inc. (merged with Verizon Communications, Inc.) in 2006 through a reduction to bad debt expense which did not recur in 2007.

The selling, general and administrative expenses increase is partially off-set by the following:

- A $2.2 million decrease in certain promotion expenses, and
- A $658,000 decrease in our company-wide success sharing bonus accrual in 2007.

As a percentage of total revenues, selling, general and administrative expenses increased to 37.0% in 2007 from 36.0% in 2006, primarily due to the net increases described above without a proportional increase in revenues.

Depreciation and Amortization Expense
Depreciation and amortization expense increased 5.2% to $86.3 million in 2007. The increase is primarily due to our $83.4 million investment in equipment and facilities placed into service during 2006 for which a full year of depreciation was recorded in 2007, the $111.6 million investment in equipment and facilities placed into service during the year ended December 31, 2007 for which a partial year of depreciation was recorded in 2007, and the increased depreciation and amortization expense recognized in 2007 on the depreciable and amortizable assets recorded upon the acquisition and consolidation of Alaska DigiTel. The depreciation and amortization expense increase is partially off-set by the $790,000 software impairment recognized in 2006 upon the closure of an operating segment.

Other Expense, Net
Other expense, net of other income, increased 11.8% to $37.0 million in 2007 primarily due to the following:

- A $2.5 million or 7.2% increase in interest costs due to an increase in our average outstanding debt balance in 2007 as compared to 2006,
- A $1.3 million or 70.5% decrease in interest income in 2007 resulting from a decrease in our average cash and cash equivalents balance in 2007 as compared to 2006, and
- In the third quarter of 2007, we substantially modified our Senior Credit Facility resulting in loan fee expense of $611,000.

The increases described above are partially offset by an increase in capitalized interest from $820,000 in 2006 to $1.6 million in 2007.

Income Tax Expense
Income tax expense totaled $12.0 million and $15.8 million in 2007 and 2006, respectively. Our effective income tax rate increased from 46.1% in 2006 to 47.0% in 2007 primarily due to increases in permanent differences in 2007.

At December 31, 2007, we have (1) tax net operating loss carryforwards of approximately $116.4 million that will begin expiring in 2011 if not utilized, and (2) alternative minimum tax credit carryforwards of approximately $3.1 million available to offset regular income taxes payable in future years. We estimate that we will utilize net operating loss carryforwards of $1.0 million to $3.0 million during the year ended December 31, 2008. Our utilization of certain net operating loss carryforwards is subject to limitations pursuant to Internal Revenue Code section 382.

We have recorded deferred tax assets of approximately $47.6 million associated with income tax net operating losses that were generated from 1995 to 2005, and that expire from 2011 to 2025, and with charitable contributions that were converted to net operating losses in 2006 and 2007, and that expire in 2026 and 2027, respectively.

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 if estimates of future taxable income during the carryforward period are reduced which would result in additional income tax expense. We estimate that our effective annual income tax rate for financial statement purposes will be 47% to 49% in the year ended December 31, 2008.

Cumulative Effect of a Change in Accounting Principle

On January 1, 2006 we adopted SFAS No. 123(R), “Share-Based Payment.” SFAS 123(R) requires us to estimate pre-vesting option forfeitures at the time of grant and periodically revise those estimates in subsequent periods if actual forfeitures differ from those estimates. We record share-based compensation expense only for those awards expected to vest using an estimated forfeiture rate based on our historical pre-vesting forfeiture data. Previously, we accounted for forfeitures as they occurred under the pro forma disclosure provisions of SFAS 123 for periods prior to 2006. The transition impact (benefit) of adopting SFAS No. 123(R) attributed to accruing for expected forfeitures on outstanding share-based awards totaled $108,000, which was reduced by income tax expense of $44,000, and is reported as a cumulative effect of a change in accounting principle during the year ended December 31, 2006 in the accompanying Consolidated Income Statements.

Year Ended December 31, 2006 (“2006”) Compared to Year Ended December 31, 2005 (“2005”)

Overview of Revenues and Cost of Goods Sold

Total revenues increased 7.8% from $443.0 million in 2005 to $477.5 million in 2006. Revenue increased in all of our segments. See the discussion below for more information by segment.

Total Cost of Goods Sold increased 16.0% from $134.9 million in 2005 to $156.4 million in 2006. Cost of Goods Sold increases in our Consumer, Network Access and Commercial segments were partially off-set by decreased Cost of Goods Sold in our Managed Broadband segment. See the discussion below for more information by segment.

Consumer Segment Overview

Consumer segment revenue represented 37.5% of 2006 consolidated revenues. The components of Consumer segment revenue are as follow (amounts in thousands):

		2006	2005	Percentage Change
Voice	$	45,625	46,821	(2.6%)
Video		90,226	84,731	6.5%
Data		29,406	25,313	16.2%
Wireless		13,694	6,063	125.9%
Total Consumer segment revenue	$	178,951	162,928	9.8%

Consumer segment Cost of Goods Sold represented 42.8% of 2006 consolidated Cost of Goods Sold. The components of Consumer segment Cost of Goods Sold are as follows (amounts in thousands):

		2006	2005	Percentage Change
Voice	$	20,264	21,022	(3.6%)
Video		30,573	28,557	7.1%
Data		2,167	5,365	(59.6%)
Wireless		13,885	5,818	138.7%
Total Consumer segment Cost of Goods Sold	$	66,889	60,762	10.1%

Selected key performance indicators for our Consumer segment follow:

	December 31, 2006	2005	Percentage Change
Voice:			
Long-distance subscribers[1]	89,800	95,000	(5.5%)
Long-distance minutes carried (in millions)	141.9	163.0	(12.9%)
Total local access lines in service[2]	66,200	68,400	(3.2%)
Local access lines in service on GCI facilities[2]	31,400	21,700	44.7%
Video:			
Basic subscribers[3]	124,000	122,600	1.1%
Digital programming tier subscribers[4]	58,700	53,700	9.3%
HD/DVR converter boxes[5]	29,200	12,500	133.6%
Homes passed	219,900	215,000	2.3%
Average monthly gross revenue per subscriber[6]	$61.57	$59.45	3.6%
Data:			
Cable modem subscribers[7]	78,500	70,800	10.9%
Wireless:			
Wireless lines in service[8]	24,400	15,900	53.5%

1 A long-distance customer is defined as a customer account that is invoiced a monthly long-distance plan fee or has made a long-distance call during the month.

2 A local access line in service is defined as a revenue generating circuit or channel connecting a customer to the public switched telephone network.

3 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.

4 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. Digital programming tier subscribers are a subset of basic subscribers.

5 An HD/DVR converter box is defined as one box rented by a digital programming or basic tier subscriber. A digital programming or basic tier subscriber is not required to rent an HD/DVR converter box to receive service.

6 Year-to-date average monthly consumer video revenues divided by the average of consumer video basic subscribers at the beginning and ending of the period.

7 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. Cable modem subscribers may also be video basic subscribers though basic cable service is not required to receive cable modem service.

8 A wireless line in service is defined as a revenue generating wireless device.

Consumer Segment Revenues
The decrease in voice revenue is primarily due to decreased long-distance minutes carried for these customers. The decrease is partially off-set by a $446,000 or 9.1% increase in support from the Universal Service Program in 2006 and a $300,000 increase in local service revenue in 2006 due to the implementation of the monthly network access fee in April 2005.

The increase in video revenue is primarily due to the following:

- A 23.9% increase in equipment rental revenue to $13.3 million in 2006 primarily resulting from our customers' increased use of digital distribution technology and an equipment rental rate increase effective primarily in January 2006, and
- A 4.2% increase in programming services revenue to $75.6 million in 2006 primarily resulting from an increase in digital programming tier subscribers in 2006, and increased rates charged for certain cable services primarily effective in the first and fourth quarters of 2006.

The increase in data revenue is primarily due to a 9.7% increase in cable modem revenue to $24.6 million and a 68.8% increase to $1.6 million in revenue earned from our customers' use of our Internet facilities in excess of that allowed by their plan in 2006. The increase in cable modem revenue is primarily due to increased subscribers.

The increase in wireless revenue is primarily due to increased wireless subscribers.

Consumer Segment Cost of Goods Sold
The Consumer segment Cost of Goods Sold increase is primarily due to increased wireless Cost of Goods Sold resulting from increased revenue and increased video Cost of Goods Sold. The increased video Cost of Goods Sold is primarily due to the 2006 expiration of arrangements with suppliers from which we earned rebates and refunds upon us meeting specified goals, increased channels offered to our subscribers, and increased subscribers. The increase in Cost of Goods Sold is partially off-set by decreased voice Cost of Goods Sold primarily due to the following:

- Cost savings resulting from the increased deployment of DLPS lines during the year ended December 31, 2006,
- Decreased voice minutes carried, and
- 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 $0.011 and $0.057 per minute for originating and terminating interstate and intrastate traffic, respectively.

The decrease in voice Costs of Goods Sold is partially off-set by the receipt in 2005 of $9.1 million upon the settlement of four separate claims with AT&T and Alascom pursuant to a master agreement of which $1.8 million reduced the Consumer segment voice Cost of Goods Sold in 2005.

Network Access Segment Overview
Network access segment revenue represented 34.9% of 2006 consolidated revenues. The components of Network Access segment revenue are as follows (amounts in thousands):

		2006	2005	Percentage Change
Voice	$	110,834	95,555	16.0%
Data		55,637	52,778	5.4%
Total Network Access segment revenue	$	166,471	148,333	12.2%

Network Access segment Cost of Goods Sold represented 23.8% of 2006 consolidated Cost of Goods Sold. The components of Network Access segment Cost of Goods Sold are as follows (amounts in thousands):

		2006	2005	Percentage Change
Voice	$	28,888	18,223	58.5%
Data		8,392	7,318	14.7%
Total Network Access segment Cost of Goods Sold	$	37,280	25,541	46.0%

Selected key performance indicators for our Network Access segment follow:

	December 31, 2006	December 31, 2005	Percentage Change
Voice:			
Long-distance minutes carried (in millions)	1,317	1,073	22.7%
Data:			
Total Internet service provider access lines in service[1]	3,100	3,700	(16.2%)

[1] An Internet service provider access line in service is defined as a revenue generating circuit or channel connecting a customer to the public switched telephone network.

Network Access Segment Revenues
The increase in voice revenue is primarily due to increased minutes carried for our other common carrier customers partially off-set by a 4.7% decrease in our rate per minute on minutes carried for other common carriers. The average rate per minute decrease is primarily due to a change in the composition of traffic and a 3.0% rate decrease mandated by federal law which will result in annual rate decreases of 3.0%.

Network Access Segment Cost of Goods Sold
The Network Access segment Cost of Goods Sold increase is primarily due to the following:

- Increased voice minutes carried, and
- Receipt in 2005 of $9.1 million upon the settlement of four separate claims with AT&T and Alascom pursuant to a master agreement of which $5.3 million reduced the Network Access segment voice Cost of Goods Sold in 2005.

Commercial Segment Overview
Commercial segment revenue represented 22.2% of 2006 consolidated revenues. The components of Commercial segment revenue are as follows (amounts in thousands):

		2006	2005	Percentage Change
Voice	$	32,162	33,718	(4.6%)
Video		7,993	7,163	11.6%
Data		63,276	63,592	(0.5%)
Wireless		2,498	1,190	109.9%
Total Commercial segment revenue	$	105,929	105,663	0.3%

Commercial segment Cost of Goods Sold represented 30.6% of 2006 consolidated Cost of Goods Sold. The components of Commercial segment Cost of Goods Sold are as follows (amounts in thousands):

		2006	2005	Percentage Change
Voice	$	20,426	19,481	4.9%
Video		1,413	1,369	3.2%
Data		23,422	21,926	6.8%
Wireless		2,608	1,140	128.8%
Total Commercial segment Cost of Goods Sold	$	47,869	43,916	9.0%

Selected key performance indicators for our Commercial segment follow:

	December 31, 2006	December 31, 2005	Percentage Change
Voice:			
Long-distance subscribers[1]	11,100	11,700	(5.1%)
Total local access lines in service[2]	41,900	40,700	2.9%
Local access lines in service on GCI facilities [2]	8,400	6,900	21.7%
Long-distance minutes carried (in millions)	131.8	138.9	(5.1%)
Data:			
Cable modem subscribers[3]	7,800	6,500	20.0%
Wireless:			
Wireless lines in service[4]	4,600	3,000	53.3%

[1] A long-distance customer is defined as a customer account that is invoiced a monthly long-distance plan fee or has made a long-distance call during the month.
[2] A local access line in service is defined as a revenue generating circuit or channel connecting a customer to the public switched telephone network.
[3] 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.
[4] A wireless line in service is defined as a revenue generating wireless device.

Commercial Segment Revenues
The decrease in voice revenue is primarily due to decreased minutes carried for our Commercial segment customers.

The increase in video revenue is primarily due to a 27.4% or $1.2 million increase in political advertising sales for the 2006 Alaska state-wide and local elections.

The decrease in data revenue is primarily due to a $4.6 million or 31.7% decrease in revenue earned from the lease and provision of management and maintenance services on a portion of our 800-mile fiber optic system capacity that extends from Prudhoe Bay to Valdez via Fairbanks as described above. The decrease is partially off-set by following:

- A $2.6 million increase to $14.7 million in private line and private network services due to increased circuits sold,
- $2.1 million in revenue recognized for a special project completed in 2006, and
- A $738,000 or 4.5% increase in other special project revenues.

The increase in wireless revenue is primarily due to increased wireless subscribers.

Commercial Segment Cost of Goods Sold
The Commercial segment Cost of Goods Sold increase is primarily due to the following:

- $2.3 million in managed services Cost of Goods Sold recognized for a special project completed in 2006,
- A $1.5 million or 128.4% increase in wireless Cost of Goods Sold resulting from increased revenue,
- Receipt in 2005 of $9.1 million upon the settlement of four separate claims with AT&T and Alascom pursuant to a master agreement of which $2.0 million reduced the Commercial segment long-distance Cost of Goods Sold in 2005, and
- A 7.9% increase in managed services Cost of Goods Sold to $14.4 million primarily due to increased managed services revenue in 2006 as compared to 2005.

The increase in Cost of Goods Sold is partially off-set by cost savings resulting from increased deployment of DLPS lines during the year ended December 31, 2006 and decreased voice minutes carried.

Managed Broadband Segment Overview
Managed Broadband segment revenue and Cost of Goods Sold represented 5.4% and 2.8% of 2006 consolidated revenues and Cost of Goods Sold, respectively.

Selected key performance indicators for our Managed Broadband segment follow:

	December 31,		Percentage
	2006	2005	Change
Managed Broadband segment:			
SchoolAccess® customers	48	45	6.7%
Rural health customers	21	21	0.0%

Managed Broadband Segment Revenues
Managed Broadband segment revenue, which includes data products only, increased 0.1% to $26.1 million in 2006. The increase is primarily due to increased multi-site and single-site SchoolAccess® customers, increased circuits purchased by our rural health customers, and increased single-site rural health customers in the last six months of 2006 and a $358,000 contribution from the RCA to fund the construction of rural wireless sites. The increase is partially off-set by decreased

multi-site SchoolAccess® customers in the first six months of 2006 and a rate decrease for certain circuits purchased by our rural health customers in 2006.

Managed Broadband Segment Cost of Goods Sold
Managed Broadband segment Cost of Goods Sold decreased $275,000 to $4.4 million from 2005 to 2006 primarily due to reduced satellite capacity costs in 2006.

Selling, General and Administrative Expenses
Selling, general and administrative expenses increased 10.4% to $171.7 million in 2006 primarily due to the following:

- A $5.9 million increase in our share-based compensation expense due to the recognition of $3.5 million in share-based compensation expense following our adoption of SFAS No. 123(R) on January 1, 2006 and a $2.9 million increase in expense relating to the fair value of our share-based liability during 2006. The $6.6 million in share-based compensation expense was allocated to our reportable segments as follows (amounts in thousands):

	Reportable Segments				
	Consumer	Network Access	Commercial	Managed Broadband	Total
Share-based compensation expense	$ 2,154	2,565	1,380	484	6,583

- A $2.9 million increase in bad debt expense due to a decrease in the realization of a recovery from Verizon in 2006 as compared to 2005,
- A $2.1 million increase in health insurance costs primarily resulting from a decreased reserve for incurred but not reported health insurance claims in 2005 to reflect historical experience that was not repeated in 2006 and increased medical claims in 2006,
- A $1.7 million increase in bad debt expense due to a temporary slowdown in our collection process on our long-distance, local service and Internet invoices. The slowdown was due to the September 1, 2005 conversion to our unified order management and fulfillment, billing, customer service, cash application, and credit and collection system. Our ability to perform our collections process timely was significantly restored by December 31, 2006, and
- A $1.4 million increase in certain promotion expenses in 2006.

The selling, general and administrative expenses increase is partially off-set by the following:

- A $3.1 million decrease in Managed Broadband segment's bad debt expense primarily due to increased allowances for certain Managed Broadband segment customers in 2005 for which payments were received in 2006,
- A $2.5 million decrease in labor costs in 2006,
- A $2.2 million decrease in our company-wide success sharing bonus accrual in 2006, and
- A $1.4 million decrease in contract labor in 2006 primarily due to a reduced number of contractors supporting our information technology systems.

As a percentage of total revenues, selling, general and administrative expenses increased to 36.0% in 2006 from 35.1% in 2005, primarily due to the net increases described above without a proportional increase in revenues.

Restructuring Charge
In August 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 included integration of several functions resulting in the layoff of 76 employees by November 30, 2005. During the year ended December 31, 2005 we recognized a restructuring charge of $2.0 million for workforce reduction costs across all functions. Total costs incurred under this plan were $2.1 million. The following table sets forth the restructuring charges by segment during 2005 (amounts in thousands):

		Consumer	Network Access	Commer-cial	Managed Broadband	Total Reportable Segments
Restructuring charge incurred through the year ending December 31, 2005	$	660	737	417	153	1,967

Depreciation and Amortization Expense
Depreciation and amortization expense increased 10.8% to $82.1 million in 2006. The increase is primarily due to our $95.3 million investment in equipment and facilities placed into service during 2005 for which a full year of depreciation was recorded in 2006, the $83.4 million investment in equipment and facilities placed into service during the year ended December 31, 2006 for which a partial year of depreciation was recorded in 2006, and a $790,000 software impairment recognized in 2006 upon the closure of an operating segment.

Other Expense, Net
Other expense, net of other income, decreased 16.7% to $33.1 million in 2006 primarily due to the following:

- In August 2005, we finalized a $215.0 million Amended Senior Credit Facility to replace our May 21, 2004 Senior Credit Facility resulting in the following 2005 expenses:
    - We recognized a $2.8 million Loss on Early Extinguishment of Debt in 2005 resulting from termination of our satellite transponder capital lease, and
    - We recognized $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.
- Senior Credit Facility deferred loan fee amortization expense decreased $502,000 or 73% in 2006 after the August 2005 amendment,
- Interest income increased $1.2 million to $1.8 million in 2006 resulting from the increased average cash and cash equivalents and restricted cash balances in 2006, and
- Interest expense decreased $820,000 due to construction period interest capitalization in 2006.

Income Tax Expense
Income tax expense was $15.8 million in 2006 and $16.0 million in 2005. Our effective income tax rate increased from 43.4% in 2005 to 46.1% in 2006 due to adjustments to deferred tax assets and liabilities balances in 2005. Partially offsetting this decrease were increases in nondeductible entertainment expenses in 2005.

Cumulative Effect of a Change in Accounting Principle
On January 1, 2006 we adopted SFAS No. 123(R), “Share-Based Payment.” SFAS 123(R) requires us to estimate pre-vesting option forfeitures at the time of grant and periodically revise those estimates in subsequent periods if actual forfeitures differ from those estimates. We record share-based compensation expense only for those awards expected to vest using an estimated forfeiture rate based on our historical pre-vesting forfeiture data. Previously, we accounted for forfeitures as they occurred under the pro forma disclosure provisions of SFAS 123 for periods prior to 2006. The transition impact (benefit) of adopting SFAS No. 123(R) attributed to accruing for expected forfeitures on outstanding share-based awards totaled $108,000, which was reduced by income tax expense of $44,000, and is reported as a cumulative effect of a change in accounting principle during the year ended December 31, 2006 in the accompanying Consolidated Income Statements.

Multiple System Operator (“MSO”) Operating Statistics
Our operating statistics include capital expenditures and customer information from our Consumer and Commercial segments which offer services utilizing our cable services’ facilities.

Our capital expenditures by standard reporting category for the years ended December 31, 2007, 2006 and 2005 follows (amounts in thousands):

		2007	2006	2005
Line extensions	$	62,984	24,126	3,877
Customer premise equipment		23,554	14,771	18,600
Scalable infrastructure		4,749	1,062	2,702
Upgrade/rebuild		1,451	4,145	11,761
Support capital		1,317	1,146	935
Commercial		392	138	331
Sub-total		94,447	45,388	38,206
Remaining reportable segments capital expenditures		62,850	59,672	42,945
	$	157,297	105,060	81,151

The standardized definition of a customer relationship is the number of customers that receive at least one level of service utilizing our cable service facilities, encompassing voice, video, and data services, without regard to which services customers purchase. At December 31, 2007, 2006 and 2005 we had 129,000, 125,300 and 123,500 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 December 31, 2007, 2006 and 2005 we had 295,200, 249,300 and 236,300 revenue generating units, respectively.

Liquidity and Capital Resources

Our principal sources of current liquidity are cash and cash equivalents and other financing as needed to support our facilities expansion. We believe, but can provide no assurances, 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, credit facilities, and other external financing and equity sources. Should operating cash flows be insufficient to support additional borrowings and principal payments scheduled under our existing credit facilities, capital expenditures will likely be reduced.

Cash flows from operating activities totaled $108.6 million for the year ended December 31, 2007 as compared to $122.8 million for the year ended December 31, 2006.

Other sources of cash during the year ended December 31, 2007 included a $60.0 million borrowing on our Senior Credit Facility, $4.6 million of collateral released and returned to us, and $3.3 million from the issuance of our Class A common stock. Other uses of cash during the year ended December 31, 2007 included expenditures of $151.3 million for property and equipment, including construction in progress, $19.5 million to acquire Alaska DigiTel, $15.2 million to repay a note payable and convertible debenture previously owed by Alaska DigiTel, repayment of $12.0 million of our Senior Credit Facility, purchase of $15.3 million of common stock to be retired and held for corporate purposes, and the purchase of $7.2 million of other assets and intangible assets.

Working capital totaled $35.3 million at December 31, 2007, a $59.1 million decrease as compared to $94.4 million at December 31, 2006. The decrease is primarily due to cash paid for capital expenditures, the Alaska DigiTel acquisition and debt repayment.

Net receivables increased $20.4 million from December 31, 2006 to December 31, 2007 primarily due to payment timing on trade receivables from several large customers, an increase in amounts due from the Universal Service Administrative Company (“USAC”), the addition of $6.3 million net receivables due to the acquisition of Alaska DigiTel, and an increase in trade receivables for Managed Broadband services provided to hospitals and health clinics due to the timing of payments received.

<u>Senior Notes</u>
We have outstanding Senior Notes of $317.0 million at December 31, 2007. We pay interest of 7.25% on the Senior Notes and they are due in 2014. 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 term of the Senior Notes.

The Senior Notes are not redeemable prior to February 15, 2009. At any time on or after February 15, 2009, the Senior Notes are redeemable at our option, in whole or in part, on not less than thirty days nor more than sixty days notice, at the following redemption prices, plus accrued and unpaid interest (if any) to the date of redemption:

If redeemed during the twelve month period commencing February 1 of the year indicated:	Redemption Price
2009	103.625%
2010	102.417%
2011	101.208%
2012 and thereafter	100.000%

The Senior Notes restrict GCI, Inc. and certain of its subsidiaries from incurring debt, but permits debt under the Senior Credit Facility and vendor financing as long as our leverage ratio does not exceed 6.0 to one. In addition, certain other debt is permitted regardless of our leverage ratio, including debt under the Senior Credit Facility not exceeding (and reduced by certain stated items):

- $250.0 million, reduced by the amount of any prepayments, or
- 3.0 times earnings before interest, taxes, depreciation and amortization for the last four full fiscal quarters of GCI, Inc. and certain of its subsidiaries.

The Senior Notes limit our ability to make cash dividend payments.

Semi-annual interest payments of $11.6 million are payable in February and August of each year.

We were in compliance with all Senior Notes loan covenants at December 31, 2007.

Senior Credit Facility

In September 2007 we exercised our right to add an Incremental Facility of up to $100.0 million to our existing Senior Credit Facility. The Incremental Facility was structured in the form of a $55.0 million increase to the existing term loan component of our Senior Credit Facility and a $45.0 million increase to the existing revolving loan component of our Senior Credit Facility. The $100.0 million Incremental Facility will become due under the same terms and conditions as set forth in the existing Senior Credit Facility.

The Senior Credit Facility which includes the incremental facility as discussed above includes a $215.0 million term loan and a $100.0 million revolving credit facility with a $25.0 million sublimit for letters of credit. Our term loan is fully drawn. We borrowed $10.0 million under our revolving credit facility in December 2007, and we have letters of credit outstanding totaling $4.2 million at December 31, 2007 which leaves $85.8 million available at December 31, 2007 to draw under the revolving credit facility if needed. The term and revolving loan portions of our Senior Credit Facility are due in 2012 and 2011, respectively. In 2008 we have borrowed an additional $20.0 million under our revolving credit facility.

The Incremental Facility increased the interest rate on the term loan component of our Senior Credit Facility from LIBOR plus 1.50% to LIBOR plus 2.00%. 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 1.00% to 1.75%. The Incremental Facility 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:

Total Leverage Ratio (as defined)	Applicable Margin
≥3.75	2.25%
≥3.25 but <3.75	2.00%
≥2.75 but <3.25	1.75%
<2.75	1.50%

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

The Senior Credit Facility Total Leverage Ratio (as defined) limit is 4.50:1.0, the Senior Leverage Ratio (as defined) limit is 2.25:1.0, and the Fixed Charge Coverage Ratio (as defined) must be less than 1.0:1.0 subject to certain exceptions. On May 7, 2007 our Senior Credit Facility was amended to allow the exclusion of up to $100.0 million of capital expenditures in aggregate from Fixed Charges (as defined) during the Excluded Capital Expenditures Period (as defined) beginning on May 7, 2007 and ending September 30, 2009.

The Incremental Facility was a substantial modification of a portion of our existing Senior Credit Facility resulting in a $348,000 write-off of previously deferred loan fees during the year ended December 31, 2007 in our Consolidated Income Statement. Deferred loan fees of $312,000 associated with the portion of our existing Senior Credit Facility determined not to have been substantially modified continue to be amortized over the remaining life of the Senior Credit Facility.

In connection with the Incremental Facility, we paid bank fees and other expenses of $519,000 during the year ended December 31, 2007 of which $263,000 were written off in the year ended December 31, 2007 and $256,000 were deferred and will be amortized over the remaining life of the Senior Credit Facility.

Borrowings under the Senior Credit Facility are subject to certain financial covenants and restrictions on indebtedness, dividend payments, financial guarantees, business combinations, and other related items. At December 31, 2007 we were in compliance with all loan covenants relating to our Senior Credit Facility.

We expect to increase the amount available to borrow under our Senior Credit Facility early in the second quarter of 2008 to ensure we have access to the capital required for our acquisitions and planned capital expenditures.

Total Long-term Debt

As of December 31, 2007 maturities of long-term debt were as follows (amounts in thousands):

Years ending December 31,		
2008	$	2,283
2009		2,181
2010		2,179
2011		112,751
2012		101,690
2013 and thereafter		320,305
Total	$	541,389

Capital Lease Obligation

On March 31, 2006, through our subsidiary GCC we entered into an agreement to lease transponder capacity on Intelsat’s Galaxy 18 spacecraft that is expected to be launched May 3, 2008. We will also lease capacity on the Horizons 1 satellite, which is owned jointly by Intelsat and JSAT International, Inc. The leased capacity is expected to replace our existing transponder capacity on Intelsat’s Galaxy XR satellite when it reaches its end of life.

We will lease C-band and Ku-Band transponders over an expected term of 14 years once the satellite is placed into commercial operation in its assigned orbital location, and the transponders meet specific performance specifications and are made available for our use. We will record the capital lease obligation of $98.6 million and the addition to our Property and Equipment when the satellite is made available for our use which is expected to occur May 18, 2008.

A summary of estimated future minimum lease payments for this lease follows (amounts in thousands):

Years ending December 31:		
2008	$	6,510
2009		11,160
2010		11,160
2011		11,160
2012		11,160
2013 and thereafter		105,090
Total minimum lease payments	$	156,240

Capital Expenditures
Our cash expenditures for property and equipment, including construction in progress, totaled $151.3 million and $96.0 million during the years ended December 31, 2007 and 2006, respectively. Our capital expenditures requirements in excess of approximately $25.0 million per year are largely success driven and are a result of the progress we are making in the marketplace. We expect our 2008 expenditures for property and equipment for our core operations, including construction in progress and excluding the Galaxy 18 satellite transponder capacity lease discussed above and potential acquisitions discussed earlier, to total $220.0 million to $230.0 million, depending on available opportunities and the amount of cash flow we generate during 2008.

Planned capital expenditures over the next five years include those necessary for the expansion of Alaska DigiTel's CDMA network, construction of our GSM network, maintenance of existing facilities, growth of our long-distance, local access, cable and Internet facilities, improving network integrity, continuing deployment of DLPS, adding new products, and introducing other new facilities and automation to reduce costs.

During 2007 Alaska DigiTel and GCI signed an agreement with Sprint Nextel to build-out Alaska DigiTel's CDMA network to provide expanded roaming area coverage. If we fail to meet the schedule, Sprint Nextel has the right to terminate the agreement and we may be required to pay up to $16.0 million as liquidated damages. We expect to meet the deadlines imposed by the build-out schedule and therefore expect our expenditures to result in an expansion of our wireless facilities rather than payment of the liquidated damages. To complete the CDMA network build-out, we signed an agreement to purchase CDMA network equipment for $12.5 million which is expected to be paid in 2008.

On July 31, 2006, through our subsidiary GCC we entered into an agreement to purchase an IRU in the Kodiak-Kenai Cable Company, LLC's marine-based fiber optic cable system linking Anchorage to Kenai, Homer, Kodiak and Seward, Alaska. The new system was placed into service in December 2006. We accepted the first installment of our IRU capacity in December 2006. We have committed to purchase a minimum of $5.0 million to $5.5 million in additional IRU capacity in two installments through 2011.

We have entered into an agreement to purchase hardware and software capable of providing wireless service to small markets in rural Alaska as a reliable substitute for standard wire line service. The agreement has a total commitment of $20.6 million. We paid a $3.5 million down payment in 2007 and expect to pay $4.3 million, $9.0 million, and $3.8 million during the years ended December 31, 2008, 2009, and 2010, respectively.

In 2007 we entered into several agreements to purchase submarine cable, amplifiers and line terminal equipment for our Southeast Alaska submarine fiber optic system project. In addition to providing the equipment for the new submarine line, the contracts include additional equipment to upgrade the Alaska United West submarine cable system and also include an option to increase capacity on the Alaska United East submarine cable system. The agreements have a total commitment of $25.3 million. We paid a $2.5 million down payment in 2007 and expect to pay the remaining $22.8 million in 2008.

Operating Leases
A summary of estimated future minimum lease payments for operating leases follows (amounts in thousands):

Years ending December 31:		
2008	$	10,979
2009		8,412
2010		7,123
2011		6,156
2012		4,444
2013 and thereafter		18,315
Total minimum lease payments	$	55,429

Share Repurchases
GCI's Board of Directors has authorized a common stock buyback program for the repurchase of our Class A and Class B common stock in order to reduce our outstanding shares of Class A and Class B common stock. Our Board of Directors authorized us and we obtained permission from our lenders for up to $80.0 million of repurchases through December 31, 2007. We are authorized to continue our stock repurchases of up to $5.0 million per quarter indefinitely and to use stock option exercise proceeds, in our discretion, to repurchase additional shares. If stock repurchases are less than the total

approved quarterly amount the difference may be carried forward and used to repurchase additional shares in future quarters. During the year ended December 31, 2007 we repurchased 1,252,000 shares of our common stock at a cost of $15.1 million. We do not expect further share repurchases in the near term. We will likely curtail our stock repurchases as a condition for increasing availability under our credit facilities. When we begin generating free cash flow we may continue the repurchases subject to the 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.

Other Expenditures and Commitments

Effective January 1, 2007 we invested $29.5 million in Alaska DigiTel in exchange for an 81.9% equity interest. We do not have voting control of Alaska DigiTel. We funded the transaction from existing cash balances and by drawing down $15.0 million under the revolving portion of our Senior Credit Facility. Additionally, we entered into a revolving credit loan agreement with Alaska DigiTel effective January 1, 2007. The loan agreement provides that Alaska DigiTel can draw, subject to certain restrictions and financial covenants, up to $15.0 million of which all was drawn during the year ended December 31, 2007. In January 2008 the revolving credit facility available to Alaska DigiTel was increased to $25.0 million. In December 2007, we signed a definitive agreement to acquire the remaining minority interest in Alaska DigiTel for a total consideration of approximately $10.0 million. This transaction is subject to customary closing conditions, including regulatory approval, but is expected to occur in the third quarter of 2008.

At December 31, 2006 we had provided a $4.6 million bank depository account as collateral for a term loan from a bank to Alaska DigiTel. The $4.6 million collateral was released and returned to us in January 2007.

We have an agreement with Alaska Airlines, Inc. (“Alaska Airlines”) to offer our consumer and commercial customers who make qualifying purchases from us the opportunity to accrue mileage awards in the Alaska Airlines Mileage Plan. The agreement as amended has a remaining commitment at December 31, 2007 totaling $3.8 million.

As previously described, in October 2007 we signed an agreement to purchase the stock of the UUI and Unicom telecommunications subsidiaries of UCI for $40.0 million expected to be paid upon closing. Additionally we may assume approximately $37.0 million in net debt as part of the acquisition. We will fund the transaction from cash on hand, by drawing down additional debt, or a combination of the two. This transaction will close upon regulatory approval which is expected in the second or third quarter of 2008.

As previously described, in December 2007 we signed a purchase agreement to acquire all of the interests in Alaska Wireless for $13.0 million to $14.0 million, expected to be paid upon closing. In addition to the initial acquisition payment we have agreed to a contingent payment of approximately $3.0 million in 2010 if certain financial conditions are met. We will fund the transaction from cash on hand, by drawing down additional debt, or a combination of the two. This transaction will close upon regulatory approval which is expected in the second or third quarter of 2008.

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.

New Accounting Standards

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations" which requires the acquiring entity in a business combination to record all assets acquired and liabilities assumed at their respective acquisition-date fair values, changes the recognition of assets acquired and liabilities assumed arising from contingencies, changes the recognition and measurement of contingent consideration, and requires the expensing of acquisition-related costs as incurred. SFAS 141(R) also requires additional disclosure of information surrounding a business combination, such that users of the entity's financial statements can fully understand the nature and financial impact of the business combination. We will implement SFAS No. 141(R) on January 1, 2009 and we will apply it to any business combinations with an acquisition date after January 1, 2009.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements" which establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent's ownership interest and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. SFAS 160 also established reporting requirements that provide sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owner. We will implement SFAS No. 160 on January 1, 2009. We do not expect the adoption of this standard to have a material impact on our income statement, financial position or cash flows.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" which provides a definition of fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements for future transactions. SFAS 157 is effective for us beginning January 1, 2008. We do not expect the adoption of this standard to have a material impact on our income statement, financial position or cash flows.

Critical Accounting Policies

Our accounting and reporting policies comply with U.S. generally accepted accounting principles ("GAAP"). The preparation of financial statements in conformity with GAAP 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 GAAP. 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 year ended December 31, 2007 are described below.

Allowance for Doubtful Accounts

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 USAC for services provided by us under our packaged communications offerings to hospitals, health clinics and rural 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, regulatory requirements, and our customers' compliance with USAC rules. 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.

Impairment and Useful Lives of Intangible Assets

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 and wireless licenses 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 primarily 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 and SFAS No. 144. 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 certificates, wireless licenses and goodwill assets are our only indefinite-lived intangible assets and because of the significance of our cable certificate and goodwill assets to our consolidated balance sheet, our 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.

Accruals for Unbilled Costs
We estimate unbilled long-distance services 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.

Valuation Allowance for Net Operating Loss Deferred Tax Assets
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 $47.6 million associated with income tax net operating losses that were generated from 1995 to 2005, and that expire from 2011 to 2025, and with charitable contributions that were converted to net operating losses in 2006 and 2007, and that expire in 2026 and 2027, respectively. 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 $3.1 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. We have not recorded a valuation allowance on the deferred tax assets as of December 31, 2007 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, share-based payments, and financial instruments require difficult judgments on complex matters that are often subject to multiple sources of authoritative guidance. Certain of these and other 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 our significant accounting policies can be found in note 1 in the accompanying “Notes to Consolidated Financial Statements.”

Geographic Concentration and the Alaska Economy

We offer voice, data and wireless telecommunication services 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 2007 the State of Alaska reported that oil revenues, federal funding and investment revenues supplied 43%, 16% and 31%, respectively, of the state’s total revenues. In fiscal 2008 state economists forecast that Alaska’s oil revenues, federal funding and investment revenues will supply 50%, 19% and 23%, respectively, of the state's total projected revenues. These forecasts incorporate Alaska's Clear and Equitable Share (ACES) production tax, passed by the Alaska legislature in November 2007 and signed into law in December 2007. With the new production tax, the revenue estimates are significantly higher than they would have been under the prior law.

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 0.715 million barrels produced per day in fiscal 2007. The state forecasts the production rate to decline from 0.731 million barrels produced per day in fiscal 2008 to 0.680 million barrels produced per day in fiscal 2018.

Market prices for North Slope oil averaged $61.63 in fiscal 2007 and are forecasted to average $72.64 in fiscal 2008. The closing price per barrel was $87.31 on February 1, 2008. To the extent that actual oil prices vary materially from the state's projected prices, the state's projected revenues and deficits will change. Every $5 change in the price per barrel of oil is forecasted to result in an increase of at least $552.0 million in the state's fiscal 2008 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 ("CBRF") that is intended to fund budgetary shortfalls. If the state's current projections are realized and no surpluses are deposited into the CBRF it will be depleted in 2016. The date the CBRF 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 has estimated that it could take nine years to begin oil field drilling after approval of ANWR exploration.

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. We are not able to predict the effect of changes in the price and production volumes of North Slope oil on Alaska's economy or on us.

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. The economic viability of a natural gas pipeline depends upon the price of and demand for natural gas. The Governor of the State of Alaska introduced natural gas pipeline legislation on March 2, 2007, which outlined project criteria that energy companies must meet in exchange for inducement incentives from the State of Alaska to build a natural gas pipeline. The state is currently in the process of evaluating proposals from various commercial entities. Such a project could have a positive impact on the State of Alaska's revenues and could provide a substantial stimulus to the Alaska economy.

Development of the ballistic missile defense system project has had a significant impact on Alaskan telecommunication requirements. 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 and construction of test bed facilities began in 2002. As of January 2008 a total of twenty-one ground-based missile interceptors have been placed in underground silos. The Missile Defense Agency is reported to expect to emplace up to thirty interceptors in Alaska by 2009.

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 670,000 people. The State of Alaska's population is distributed as follows:

- 42% are located in the Municipality of Anchorage,
- 13% are located in the Fairbanks North Star Borough,
- 12% are located in the Matanuska-Susitna Borough,
- 8% are located in the Kenai Peninsula Borough,
- 5% are located in the City and Borough of Juneau, and
- The remaining 20% are located in other communities across the State of Alaska.

Seasonality

Revenue derived from our long-distance services product in our Network Access segment 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. Our long-distance services product in our Consumer and Commercial segments and our other products in all our segments do not exhibit significant seasonality. Our ability to implement construction projects is hampered during the winter months because of cold temperatures, snow and short daylight hours.

Off-Balance Sheet Arrangements

We have not created, and are not party to, any special-purpose or off-balance sheet entities for the purpose of raising capital, incurring debt or operating parts of our business that are not consolidated into our financial statements. We do not have any arrangements or relationships with entities that are not consolidated into our financial statements that are reasonably likely to materially affect our liquidity or the availability of our capital resources.

Schedule of Certain Known Contractual Obligations

The following table details future projected payments associated with certain known contractual obligations as of December 31, 2007:

		Payments Due by Period				
		Total	Less than 1 Year	1 to 3 Years	4 to 5 Years	More Than 5 Years
		(Amounts in thousands)				
Long-term debt	$	541,389	2,283	4,360	214,441	320,305
Interest on long-term debt		215,754	38,580	76,628	65,746	34,800
Capital lease obligations, including interest		163,199	6,981	23,389	23,152	109,677
Operating lease commitments		55,429	10,979	15,535	10,600	18,315
Purchase obligations		74,828	60,028	14,800	---	---
Other		66,500	63,500	3,000	---	---
Total contractual obligations	$	1,117,099	182,351	137,712	313,939	483,097

For long-term debt included in the above table, we have included principal payments on our Senior Credit Facility and Senior Notes. Interest on amounts outstanding under our Senior Credit Facility is based on variable rates. We used the current rate paid on the Senior Credit Facility to estimate our future interest payments. Our Senior Notes require semi-annual interest payments of $11.6 million through February 2014. For a discussion of our Senior Notes and Senior Credit Facility see note 7 in the accompanying "Notes to Consolidated Financial Statements."

Capital lease obligations include our obligation to lease transponder capacity on Galaxy 18, which is expected to be launched on May 3, 2008 and placed into service on May 18, 2008. For a discussion of our capital and operating leases, see note 15 in the accompanying "Notes to Consolidated Financial Statements."

Purchase obligations include a commitment to purchase hardware and software capable of providing wireless service to small markets in rural Alaska of $17.1 million, a commitment to purchase submarine cable, amplifiers and line terminal equipment of $22.8 million, a commitment to purchase additional capacity through an IRU purchase of fiber of $5.0 million, a commitment to purchase CDMA network equipment of $12.5 million for the build-out of Alaska DigiTel's CDMA network, and a remaining $3.8 million commitment for our Alaska Airlines agreement as further described in note 15 in the accompanying "Notes to Consolidated Financial Statements." 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 $12.9 million which are not included in our Consolidated Balance Sheets at December 31, 2007, because the goods had not been received or the services had not been performed at December 31, 2007. The open purchase orders are cancelable.

Other consists of our commitments to acquire the remaining minority interest in Alaska DigiTel for approximately $10.0 million, UUI and Unicom for approximately $40.0 million, and Alaska Wireless for approximately $16.0 million to $17.0 million.

Regulatory Developments

See "Part I — Item 1 — Business — Regulation" for more information about regulatory developments affecting us.

Inflation

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

Item 7A. 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 Senior Credit Facility carries interest rate risk. Amounts borrowed under this Agreement bear interest at LIBOR plus 2.0% 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 December 31, 2007, we have borrowed $220.8 million subject to interest rate risk. On this amount, each 1% increase in the LIBOR interest rate would result in $2,208,000 of additional gross interest cost on an annualized basis.

Item 8. Consolidated Financial Statements and Supplementary Data

Our consolidated financial statements are filed under this Item, beginning on page 87 Our supplementary data is filed under Item 7, beginning on page 53.

Item 9. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934 ("Exchange Act") is recorded, processed, summarized and reported as specified in the SEC's rules and forms. As of the end of the period covered by this Annual Report on Form 10-K, we carried out an evaluation of the effectiveness of the design and operation of our "disclosure controls and procedures" (as defined in Exchange Act Rule 13a - 15(e)) under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer.

Based on that evaluation and as described below under "Management's Report on Internal Control Over Financial Reporting" (Item 9A.(b)), we have identified material weaknesses in our internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)). Because of these material weaknesses, our management, including our Chief Executive Officer and our Chief Financial Officer, concluded that our disclosure controls and procedures were not effective as of December 31, 2007.

The certifications attached as Exhibits 31 and 32 to this report should be read in conjunction with the disclosures set forth herein.

(b) Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We acquired Alaska DigiTel during 2007, and have excluded from our assessment of the effectiveness of our internal control over financial reporting as of December 31, 2007, Alaska DigiTel's internal control over financial reporting associated with total assets of $57.3 million and total revenues of $28.5 million included in our consolidated financial statements as of and for the year ended December 31, 2007.

Based on our evaluation of the effectiveness of our internal control over financial reporting, our management concluded that as of December 31, 2007, we did not maintain effective internal control over financial reporting due of the existence of material weaknesses. A material weakness is a control deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The material weaknesses in internal control over financial reporting that existed as of December 31, 2007 were as follows:

> *Information Technology Program Development and Change Controls over the Unified Billing System and Related Monitoring Controls* - Information technology program development and change controls over the unified billing system and the interface with the general ledger were not designed effectively. As a result, our automated interface between the unified billing system and the general ledger was not appropriately configured. In addition, our management review control over unreconciled transactions recorded in accounts receivable general ledger accounts was not designed at the level of precision to detect and correct errors that could be material to annual or interim financial statements. As a result of these deficiencies, errors existed in the Company's accounts receivable and revenues that were corrected prior to the issuance of the 2007 consolidated financial statements.
>
> *Share-Based Payment Arrangements*– Our policies and procedures to ensure that our accounting personnel are sufficiently trained on technical accounting matters did not operate effectively. More specifically, our accounting personnel did not have the necessary knowledge and training to adequately account for and disclose certain share-based compensation awards in accordance with Statement of Financial Accounting Standard No.123(R), *Share-Based Payment.* In addition, our accounting personnel lacked adequate training on the operation of certain aspects of the software used to calculate the Company's share-based compensation expense. As a result of these deficiencies, errors existed in the Company's share-based compensation expense that were corrected prior to the issuance of the 2007 consolidated financial statements.

KPMG LLP, the Company's independent registered public accounting firm, has issued an audit report on the Company's internal control over financial reporting as of December 31, 2007, which is included in Item 8 of this Form 10-K.

(c) Managements Plan for Remediation of Material Weaknesses

Subsequent to December 31, 2007, we plan to remediate the material weakness associated with the unified billing system by taking the following actions:

- We will enhance the design of our detective monitoring control over of the recording of receivables and revenues by:
  1) Performing the monitoring at a level of precision to detect all transactions that could aggregate to a material component of the account balances, and
  2) Ensuring differences identified during the monitoring process are resolved in a timely manner, and

- With regards to our system development and change controls we will incorporate more thorough end-user testing of developments and changes to ensure the outputs of transactions processed are recorded correctly in the general ledger before the system changes are implemented

Subsequent to December 31, 2007, we plan to finalize remediation of the share-based payments material weakness by taking the following actions:

- Independently recalculate shared-based compensation expense on a sample of options and restricted stock awards on a quarterly basis and compare the expense to the amounts reported by our stock option plan administration software to validate correct settings were entered into the software. This independent verification will be reviewed and approved on a quarterly basis, and
- Require our staff to continue to attend training related to the application of SFAS No. 123(R), *Share-Based Payment,* and related interpretations and obtain further training in using our stock option plan administration software as appropriate.

We cannot assure you that these remediation efforts will be successful or that our internal control over financial reporting will be effective in accomplishing all control objectives all of the time. See “Part I — Item 1A — Risk Factors.”

(d) Changes in Internal Control Over Financial Reporting

As a result of the material weakness related to Share-Based Payment Arrangements reported in Form 10-Q for the period ending June 30, 2007, we began taking steps toward remediation of this control deficiency. During the fourth quarter of 2007 we made the following changes in internal control:

- We reorganized and reassigned the accounting duties related to share-based compensation expense, and
- Our accounting personnel attended training sessions related to SFAS No. 123(R), *Share-Based Payment,* and our stock option plan administration software.

Although we began remediation of the material weakness during the fourth quarter, we have not had sufficient time to fully implement the control changes necessary to completely remediate the Share-Based Payment Arrangements material weakness described above.

There were no other changes in our internal control over financial reporting (as defined in Rules 13a-13(f) and 15d-15(f) of the Exchange Act) identified in connection with the evaluation of our controls performed during the quarter ended December 31, 2007 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Internal control over financial reporting has inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements will not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

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

Item 9B. Other Information

None.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

Information regarding our directors and executive officers and compliance with Section 16(a) of the Exchange Act appearing under the heading “Management of the Company” will be included in GCI’s definitive proxy statement relating to our 2008 Annual Meeting of Shareholders and is hereby incorporated by reference. Alternatively, the Registrant may file an amendment to this Form 10-K to provide such information within 120 days following the end of the Registrant’s fiscal year ended December 31, 2007.

Information regarding our code of ethics appearing under the heading “Code of Business Conduct and Ethics” will be included in GCI’s definitive proxy statement relating to our 2008 Annual Meeting of Shareholders and is hereby incorporated by reference. Alternatively, GCI may file an amendment to this Form 10-K to provide such information within 120 days following the end of its fiscal year ended December 31, 2007.

The Audit Committee, composed entirely of independent directors (as such term is prescribed by Nasdaq Stock Market Rule 4200(a)(15)), meets periodically with our independent auditors and management to review our financial statements and the results of audit activities. The Audit Committee, in turn, reports to the Board of Directors on the results of its review and recommends the selection of independent auditors.

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

- Audit (audit of financial statements filed with the SEC, quarterly reviews, comfort letters, consents, review of registration statements, accounting consultations);
- Audit-related (employee benefit plan audits and accounting consultation on proposed transactions); and
- Income tax services (review of corporate and partnership income tax returns, and consultations regarding income tax matters).

There have been no material changes to the procedures by which security holders may recommend nominee’s to our board of directors from those procedures described in GCI’s definitive proxy statement relating to our 2007 Annual Meeting of Shareholders.

The report of our Audit Committee, information regarding the independence of our Audit Committee and our Audit Committee financial expert appearing under the heading “Management of Company” will be included in GCI’s definitive proxy statement relating to our 2008 Annual Meeting of Shareholders and is hereby incorporated by reference. Alternatively, GCI may file an amendment to this Form 10-K to provide such information within 120 days following the end of its fiscal year ended December 31, 2007.

Item 11. Executive Compensation

Information regarding the compensation of our directors and executive officers appearing under the heading “Management of the Company” will be included in GCI’s definitive proxy statement relating to our 2008 Annual Meeting of Shareholders and is hereby incorporated by reference. Alternatively, GCI may file an amendment to this Form 10-K to provide such information within 120 days following the end of its fiscal year ended December 31, 2007.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information regarding the security ownership of our directors, executive officers and certain beneficial owners appearing under the heading “Ownership of the Company” will be included in GCI’s definitive proxy statement relating to our 2008

Annual Meeting of Shareholders and is hereby incorporated by reference. Alternatively, the Registrant may file an amendment to this Form 10-K to provide such information within 120 days following the end of Registrant’s fiscal year ended December 31, 2007.

Information regarding securities authorized for issuance under our equity compensation plans appearing under the heading “Management of the Company” will be included in GCI’s definitive proxy statement to our 2008 Annual Meeting of Shareholders and is hereby incorporated by reference. Alternatively, GCI may file an amendment to this Form 10-K to provide such information within 120 days following the end of its fiscal year ended December 31, 2007.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information regarding transactions with our directors, executive officers, certain beneficial owners and related persons appearing under the heading “Certain Transactions” will be included in GCI’s definitive proxy statement relating to our 2008 Annual Meeting of Shareholders and is hereby incorporated by reference. Alternatively, GCI may file an amendment to this Form 10-K to provide such information within 120 days following the end of its fiscal year ended December 31, 2007.

Information regarding the independence of our board of directors appearing under the heading “Company Annual Meeting: Director Elections” will be included in GCI’s definitive proxy statement relating to our 2008 Annual Meeting of Shareholders and is hereby incorporated by reference. Alternatively, GCI may file an amendment to this Form 10-K to provide such information within 120 days following the end of its fiscal year ended December 31, 2007.

Item 14. Principal Accountant Fees and Services

Information regarding the fees paid to our principal accountant and the pre-approval policies and procedures of our audit committee appearing under the heading “Relationship with Independent Public Accountants” will be included in GCI’s definitive proxy statement relating to our 2008 Annual Meeting of Shareholders and is hereby incorporated by reference. Alternatively, the Registrant may file an amendment to this Form 10-K to provide such information within 120 days following the end of Registrant’s fiscal year ended December 31, 2007.

Part IV

Item 15. Exhibits, Consolidated Financial Statement Schedules

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
General Communication, Inc.:

We have audited the accompanying consolidated balance sheets of General Communication, Inc. and subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2007. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of General Communication, Inc. and subsidiaries as of December 31, 2007 and 2006, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2007, in conformity with U.S. generally accepted accounting principles.

As discussed in Notes 1(z) and 10 to the consolidated financial statements, effective January 1, 2006, the Company adopted the fair value method of accounting for stock-based compensation as required by Statement of Financial Accounting Standards No. 123(R), *Share-Based Payment.* As discussed in Note 1(ai) to the consolidated financial statements, the Company changed its method of quantifying errors in 2006 to conform to Staff Accounting Bulletin No. 108, *Considering the Effects of Prior Year Misstatements When Quantifying Misstatements in Current Year Financial Statements*.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), General Communication, Inc.'s internal control over financial reporting as of December 31, 2007, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 6, 2008 expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

(signed) KPMG LLP

Anchorage, Alaska
March 6, 2008

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
General Communication, Inc.:

We have audited General Communication, Inc.'s internal control over financial reporting as of December 31, 2007, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). General Communication, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting (Item 9A.(b)). Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. 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.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. Material weaknesses related to the following have been identified and included in management's assessment:

- *Information Technology Program Development and Change Controls over the Unified Billing System and Related Monitoring Controls*
- *Share-Based Payment Arrangements*

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of General Communication, Inc. and subsidiaries as of December 31, 2007 and 2006, and the related consolidated income statements, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2007. These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2007 consolidated financial statements, and this report does not affect our report dated March 6, 2008, which expressed an unqualified opinion on those consolidated financial statements.

In our opinion, because of the effect of the aforementioned material weaknesses on the achievement of the objectives of the control criteria, General Communication, Inc. has not maintained effective internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

General Communication, Inc. acquired Alaska DigiTel, LLC during 2007, and management excluded from its assessment of the effectiveness of General Communication, Inc.'s internal control over financial reporting as of December 31, 2007, Alaska DigiTel, LLC's internal control over financial reporting associated with total assets of $57.3 million and total revenues of $28.5 million included in the consolidated financial statements of General Communication, Inc. and subsidiaries as of and for the year ended December 31, 2007. Our audit of internal control over financial reporting of General Communication, Inc. also excluded an evaluation of the internal control over financial reporting of Alaska DigiTel, LLC.

(signed) KPMG LLP

Anchorage, Alaska
March 6, 2008

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Amounts in thousands)

ASSETS		December 31, 2007	2006
Current assets:			
Cash and cash equivalents	$	13,074	57,647
Restricted cash		---	4,612
Receivables		97,913	78,811
Less allowance for doubtful receivables		1,657	2,922
Net receivables		96,256	75,889
Deferred income taxes		5,734	20,685
Prepaid expenses		5,356	5,729
Inventories		2,541	3,362
Notes receivable from related parties		31	1,080
Property held for sale		---	2,316
Other current assets		686	1,988
Total current assets		123,678	173,308
Property and equipment in service, net of depreciation		502,426	454,879
Construction in progress		69,409	29,994
Net property and equipment		571,835	484,873
Cable certificates		191,565	191,565
Goodwill		42,181	42,181
Wireless licenses		25,757	1,497
Other intangible assets, net of amortization		11,769	7,011
Deferred loan and senior notes costs, net of amortization of $2,787 and $1,976 at December 31, 2007 and 2006, respectively		6,202	7,091
Other assets		9,399	7,133
Total other assets		286,873	256,478
Total assets	$	982,386	914,659

See accompanying notes to consolidated financial statements.

(Continued)

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

(Amounts in thousands)

LIABILITIES, MINORITY INTEREST AND STOCKHOLDERS' EQUITY		December 31, 2007	2006
Current liabilities:			
Current maturities of obligations under long-term debt and capital leases	$	2,375	1,792
Accounts payable		35,747	28,404
Deferred revenue		16,600	16,566
Accrued payroll and payroll related obligations		16,329	14,598
Accrued interest		8,927	8,710
Accrued liabilities		7,536	8,377
Subscriber deposits		877	489
Total current liabilities		88,391	78,936
Long-term debt		536,115	487,737
Obligations under capital leases, excluding current maturities		2,290	2,229
Obligation under capital lease due to related party, excluding current maturity		469	561
Deferred income taxes		83,481	86,998
Other liabilities		13,241	12,725
Total liabilities		723,987	669,186
Minority interest		6,478	---
Commitments and contingencies			
Stockholders' equity:			
Common stock (no par):			
Class A. Authorized 100,000 shares; issued 50,437 and 50,191 shares at December 31, 2007 and 2006, respectively; outstanding 49,425 and 49,804 at December 31, 2007 and 2006, respectively		155,980	157,502
Class B. Authorized 10,000 shares; issued 3,257 and 3,370 shares at December 31, 2007 and 2006, respectively; outstanding 3,255 and 3,368 at December 31, 2007 and 2006, respectively; convertible on a share-per-share basis into Class A common stock		2,751	2,846
Less cost of 473 and 258 Class A and Class B common shares held in treasury at December 31, 2007 and 2006, respectively		(3,448)	(1,436)
Paid-in capital		20,132	20,641
Notes receivable with related parties issued upon stock option exercise		---	(738)
Retained earnings		76,506	66,658
Total stockholders' equity		251,921	245,473
Total liabilities, minority interest and stockholders' equity	$	982,386	914,659

See accompanying notes to consolidated financial statements.

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005

(Amounts in thousands, except per share amounts)	2007	2006	2005
Revenues	$ 520,311	477,482	443,026
Cost of goods sold (exclusive of depreciation and amortization shown separately below)	179,057	156,405	134,861
Selling, general and administrative expenses	192,494	171,652	155,542
Restructuring charge	---	---	1,967
Depreciation and amortization expense	86,327	82,099	74,126
Operating income	62,433	67,326	76,530
Other income (expense):			
Interest expense	(36,125)	(34,413)	(34,116)
Interest income	544	1,841	624
Amortization and write-off of loan and senior note fees	(1,423)	(964)	(3,406)
Loss on termination of capital lease	---	---	(2,797)
Other	36	463	---
Other expense, net	(36,968)	(33,073)	(39,695)
Income before income tax expense and cumulative effect of a change in accounting principle	25,465	34,253	36,835
Income tax expense	11,961	15,797	16,004
Income before cumulative effect of a change in accounting principle	13,504	18,456	20,831
Cumulative effect of a change in accounting principle, net of income tax expense of $44	---	64	---
Net income	13,504	18,520	20,831
Excess of the price paid to redeem Series B redeemable preferred stock over the carrying amount of the preferred stock	---	---	2,358
Preferred stock dividends	---	---	148
Net income available to common shareholders	$ 13,504	18,520	18,325
Basic net income available to common shareholders per common share:			
Income available to common shareholders before cumulative effect of a change in accounting principle	$ 0.26	0.34	0.34
Cumulative effect of a change in accounting principle	---	---	---
Net income available to common shareholders	$ 0.26	0.34	0.34
Diluted net income available to common shareholders per common share:			
Income available to common shareholders before cumulative effect of a change in accounting principle	$ 0.22	0.33	0.33
Cumulative effect of a change in accounting principle	---	---	---
Net income available to common shareholders	$ 0.22	0.33	0.33

See accompanying notes to consolidated financial statements.

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005

(Amounts in thousands)	Class A Common Stock	Class B Common Stock	Class A and B Shares Held in Treasury	Paid-in Capital	Notes Receivable with Related Parties	Retained Earnings	Total Stockholders' Equity
Balances at January 1, 2005	$ 186,883	3,248	(1,702)	14,957	(3,016)	33,900	234,270
Net income	---	---	---	---	---	20,831	20,831
Tax effect of excess stock compensation expense for tax purposes over amounts recognized for financial reporting purposes	---	---	---	922	---	---	922
Common stock repurchases	---	---	(60)	---	---	(16,086)	(16,146)
Common stock retirements	(12,910)	---	---	---	---	12,910	---
Shares issued under stock compensation plans	4,377	---	---	---	---	---	4,377
Class B shares converted to Class A	1	(1)	---	---	---	---	---
Issuance of service awards	---	---	32	---	---	---	32
Share-based compensation expense	---	---	---	546	---	---	546
Payments received on notes receivable with related parties issued upon stock option exercise	---	---	---	---	1,294	---	1,294
Excess of the price paid to redeem Series B redeemable preferred stock over the carrying amount of the preferred stock	---	---	---	---	---	(2,358)	(2,358)
Preferred stock Series B dividends	---	---	---	---	---	(148)	(148)
Balances at December 31, 2005	$ 178,351	3,247	(1,730)	16,425	(1,722)	49,049	243,620

See accompanying notes to consolidated financial statements.

(Continued)

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005
(Continued)

(Amounts in thousands)	Class A Common Stock	Class B Common Stock	Class A and B Shares Held in Treasury	Paid-in Capital	Notes Receivable with Related Parties	Retained Earnings	Total Stockholders' Equity
Balances at December 31, 2005	$ 178,351	3,247	(1,730)	16,425	(1,722)	49,049	243,620
SAB 108 cumulative adjustment, net of income tax expense	---	---	---	---	---	1,104	1,104
Net income	---	---	---	---	---	18,520	18,520
Cumulative effect adjustments upon implementation of Statement of Financial Accounting Standard No. 123(R)	---	---	---	(108)	---	---	(108)
Common stock repurchases	---	---	(3)	---	---	(34,672)	(34,675)
Common stock retirements	(32,571)	(369)	---	---	---	32,940	---
Shares issued under stock compensation plans	11,690	---	---	---	---	---	11,690
Class B shares converted to Class A	32	(32)	---	---	---	---	---
Issuance of service awards	---	---	14	---	---	---	14
Share-based compensation expense	---	---	---	4,407	---	---	4,407
Payments received on notes receivable with related parties issued upon stock option exercise	---	---	---	---	1,001	---	1,001
Reclassification from treasury stock to be held for general corporate purposes to common stock to be retired	---	---	283	---	---	(283)	---
Other	---	---	---	(83)	(17)	---	(100)
Balances at December 31, 2006	$ 157,502	2,846	(1,436)	20,641	(738)	66,658	245,473
Net income	---	---	---	---	---	13,504	13,504
Common stock repurchases	---	---	(2,000)	---	---	(15,076)	(17,076)
Common stock retirements	(11,420)	---	---	---	---	11,420	---
Shares issued under stock option plan	3,311	---	---	---	---	---	3,311
Issuance of restricted stock awards	6,492	---	---	(6,492)	---	---	---
Class B shares converted to Class A	95	(95)	---	---	---	---	---
Issuance of service awards	---	---	28	---	---	---	28
Share-based compensation expense	---	---	---	5,983	---	---	5,983
Payments received on notes receivable with related parties issued upon stock option exercise	---	---	---	---	738	---	738
Other	---	---	(40)	---	---	---	(40)
Balances at December 31, 2007	$ 155,980	2,751	(3,448)	20,132	---	76,506	251,921

See accompanying notes to consolidated financial statements.

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005

(Amounts in thousands)	2007	2006	2005
Cash flows from operating activities:			
Net income	$ 13,504	18,520	20,831
Adjustments to reconcile net income to net cash provided by operating activities, net of acquisition:			
Depreciation and amortization expense	86,327	82,099	74,126
Deferred income tax expense	11,448	15,384	14,936
Share-based compensation expense	4,944	6,365	546
Loss on termination of capital lease	---	---	2,797
Other noncash income and expense items	7,602	4,924	8,027
Change in operating assets and liabilities	(15,255)	(4,510)	(6,398)
Net cash provided by operating activities	108,570	122,782	114,865
Cash flows from investing activities:			
Purchases of property and equipment, including construction period interest	(151,312)	(95,998)	(79,789)
Purchase of business	(19,530)	---	---
Purchases of other assets and intangible assets	(7,183)	(4,751)	(1,881)
Restricted cash	4,612	(4,612)	---
Other	44	3,326	2,087
Net cash used in investing activities	(173,369)	(102,035)	(79,583)
Cash flows from financing activities:			
Borrowing on Senior Credit Facility	60,000	15,000	38,831
Payment of debt	(27,152)	(1,725)	(800)
Purchase of treasury stock to be retired	(13,337)	(32,561)	(15,882)
Proceeds from common stock issuance	3,311	11,472	3,989
Purchase of treasury stock to be held for general corporate purposes	(2,000)	(3)	(60)
Payment of debt issuance costs	(527)	(44)	(1,076)
Repayments of capital lease obligations	(69)	(43)	(38,989)
Payments received on notes receivable with related parties issued upon stock option exercise	---	442	1,256
Redemption of Series B redeemable preferred stock	---	---	(6,607)
Payment upon early termination of capital lease	---	---	(2,797)
Payment of preferred stock dividends	---	---	(237)
Net cash provided by (used in) financing activities	20,226	(7,462)	(22,372)
Net increase (decrease) in cash and cash equivalents	(44,573)	13,285	12,910
Cash and cash equivalents at beginning of period	57,647	44,362	31,452
Cash and cash equivalents at end of period	$ 13,074	57,647	44,362

See accompanying notes to consolidated financial statements.

(l) Business and Summary of Significant Accounting Principles

In the following discussion, General Communication, Inc. ("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:

- Origination and termination of traffic in Alaska for certain common carriers,
- Cable television services throughout Alaska,
- Competitive local access services in Anchorage, Fairbanks, Juneau, Wasilla, Eagle River, Kodiak, Palmer, Kenai, Soldotna, Chugiak, Sitka, Valdez, and Ketchikan, Alaska as of December 31, 2007 with on-going expansion into additional Alaska communities,
- Long-distance telephone service between Alaska and the remaining United States and foreign countries,
- Resale and sale of postpaid and sale of prepaid wireless telephone services and sale of wireless telephone handsets and accessories,
- Private line and private network services,
- Internet access services,
- Broadband services, including our SchoolAccess® offering to rural school districts, our ConnectMD® offering to hospitals and health clinics, and managed video conferencing,
- Managed services to certain commercial customers,
- Sales and service of dedicated communications systems and related equipment,
- Lease and sales of capacity on our fiber optic cable systems used in the transmission of interstate and intrastate private line, switched message long-distance and Internet services within Alaska and between Alaska and the remaining United States and foreign countries, and
- Distribution of white and yellow pages directories to residential and business customers in certain markets we serve and on-line directory products.

(b) Principles of Consolidation

The consolidated financial statements include the consolidated accounts of GCI and its wholly owned subsidiaries as well as a variable interest entity in which we are the primary beneficiary as defined by Financial Accounting Standards Board ("FASB") Interpretation ("FIN") No. 46(R), "Consolidation of Variable Interest Entities, an interpretation of ARB No. 51." FIN 46(R) addresses the consolidation of business enterprises to which the usual condition (majority voting interest) does not apply. This interpretation focuses on controlling financial interests that may be achieved through arrangements that do not involve voting interests. It concludes that, in the absence of clear control through voting interests, a company's exposure (variable interest) to the economic risks and potential rewards from the variable interest entity's assets and activities are the best evidence of control. If an enterprise holds a majority of the variable interests of an entity, it would be considered the primary beneficiary. The primary beneficiary is required to consolidate the assets, liabilities and results of operations of the variable interest entity in its financial statements. All significant intercompany transactions are eliminated in consolidation.

Alaska DigiTel, LLC ("Alaska DigiTel") Acquisition

On January 2, 2007, we acquired 82% of the equity interest and 20.0% of the voting interest of Alaska DigiTel, an Alaska wireless provider, for $29.5 million. We have a variable interest in Alaska DigiTel in which we are the primary beneficiary as defined by FIN 46(R). We view our investment as an incremental way to participate in future growth of the Alaska wireless industry. We consolidated Alaska DigiTel in accordance with FIN 46(R) and their results of operations are included in the Consolidated Income Statement for the entire year ended December 31, 2007. The Alaska DigiTel purchase price has been allocated as follows: cash $10.0 million, receivables, net $4.4 million, other current assets $850,000, property and equipment $12.3 million, wireless licenses $24.3 million, other intangible assets $4.5 million, current liabilities $4.1 million, debt $15.7 million and minority interest $6.5 million. The total assets of Alaska DigiTel were $57.3 million at December 31, 2007. Alaska DigiTel's revenues for the year ended December 31, 2007 were $28.5 million with $23.1 million, $4.9 million and $538,000 allocated to our Consumer, Network Access, and Commercial segments, respectively. Alaska DigiTel had outstanding debt of $529,000 at December 31, 2007 that is collateralized by $801,000 of its property in service. Alaska DigiTel's creditors do not have recourse to GCI's assets.

Assuming we had consolidated Alaska DigiTel on January 1, 2006, our revenues, income before cumulative effect of a change in accounting principle and basic and diluted earnings per common share ("EPS") for the year ended December 31, 2006 would have been as follows (amounts in thousands, except per share amounts):

(Unaudited)		2006
Pro forma consolidated revenue	$	497,822
Pro forma income before cumulative effect of a change in accounting principle	$	18,414
EPS:		
Basic – pro forma	$	0.34
Diluted – pro forma	$	0.33

(c) 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):

	Year Ended December 31, 2007		
	Income (Numerator)	Shares (Denominator)	Per-share Amounts
Basic EPS:			
Net income available to common shareholders	$ 13,504	52,951	$ 0.26
Effect of Dilutive Securities:			
Unexercised stock options	---	1,288	---
Unvested stock awards	---	24	---
Diluted EPS:			
Effect of share based compensation that may be settled in cash or shares	(1,329)	318	---
Net income adjusted for effect of share based compensation that may be settled in cash or shares	$ 12,175	54,581	$ 0.22

	Years Ended December 31,					
	2006			2005		
	Income (Numerator)	Shares (Denominator)	Per-share Amounts	Income (Numerator)	Shares (Denominator)	Per-share Amounts
Basic EPS:						
Income before cumulative effect of a change in accounting principle	$ 18,456	53,777	$ 0.34	$ 20,831	54,684	$ 0.38
Cumulative effect of a change in accounting principle	64	53,777	0.00	---	54,684	---
Net income	18,520	53,777	$ 0.34	20,831	54,684	$ 0.38
Less excess of the price paid to redeem Series B redeemable preferred stock over the carrying amount of the preferred stock	---			2,358		
Less Series B preferred stock dividends	---			148		
Net income available to common shareholders	$ 18,520	53,777	$ 0.34	$ 18,325	54,684	$ 0.34
Effect of Dilutive Securities:						
Unexercised stock options	---	1,548	---	---	1,190	---
Diluted EPS:						
Income before cumulative effect of a change in accounting principle	$ 18,456	55,325	$ 0.33	$ 20,831	55,874	$ 0.37
Cumulative effect of a change in accounting principle	64	55,325	0.00	---	55,874	---
Net income	18,520	55,325	$ 0.33	20,831	55,874	$ 0.37
Less excess of the price paid to redeem Series B redeemable preferred stock over the carrying amount of the preferred stock	---			2,358		
Less Series B preferred stock dividends	---			148		
Net income available to common shareholders	$ 18,520	55,325	$ 0.33	$ 18,325	55,874	$ 0.33

(Continued)

Weighted average shares associated with outstanding share awards for the years ended December 31, 2007, 2006 and 2005 which have been excluded from the computations of diluted EPS because the effect of including these share awards would have been anti-dilutive, consist of the following (shares, in thousands):

	2007	2006	2005
Weighted average shares associated with outstanding stock options	1,909	1,394	310
Effect of share-based compensation that may be settled in cash or shares	---	99	141
	1,909	1,493	451

Series B redeemable preferred stock common equivalent shares outstanding which are anti-dilutive for purposes of calculating EPS and are not included in the diluted EPS calculations was 309,000 for the year ended December 31, 2005. In May 2005 we redeemed the remaining 4,314 shares of Series B redeemable preferred stock. No Series B redeemable preferred stock was outstanding for the years ended December 31, 2007 and 2006.

We have not issued securities other than common stock that contractually entitle the holder to participate in dividends and earnings when, and if, we declare dividends on our common stock and, therefore, we do not apply the two-class method of calculating earnings per share.

(d) Common Stock

Following are the changes in issued common stock for the years ended December 31, 2007, 2006 and 2005 (shares, in thousands):

	Class A	Class B
Balances at December 31, 2004	51,825	3,862
Class B shares converted to Class A	19	(19)
Shares issued under stock option plan	660	---
Share awards issued	40	---
Shares retired	(1,344)	---
Balances at December 31, 2005	51,200	3,843
Class B shares converted to Class A	38	(38)
Shares issued under stock option plan	1,706	---
Share awards issued	17	---
Shares retired	(2,770)	(435)
Balances at December 31, 2006	50,191	3,370
Class B shares converted to Class A	113	(113)
Shares issued under stock option plan	477	---
Share awards issued	499	---
Shares retired	(843)	---
Balances at December 31, 2007	50,437	3,257

Our Board of Directors has authorized a common stock buyback program for the repurchase of our Class A and Class B common stock in order to reduce our outstanding shares of Class A and Class B common stock. Our Board of Directors authorized us and we obtained permission from our lenders for up to $80.0 million of repurchases through December 31, 2007. We are authorized to continue our stock repurchases of up to $5.0 million per quarter indefinitely and to use stock option exercise proceeds to repurchase additional shares. During the years ended December 31, 2007, 2006 and 2005 we repurchased 1,252,000, 2,858,000 and 1,716,000 shares of our Class A and B common stock at a cost of $15.1 million, $34.7 million and $16.1 million, respectively. The cost of the repurchased common stock is included in Retained Earnings on our Consolidated Balance Sheets.

If stock repurchases are less than the total approved quarterly amount the difference may be carried forward and used to repurchase additional shares in future quarters. We do not expect further share repurchases in the near term. We will likely curtail our stock repurchases as a condition for increasing the availability under our credit facilities. When we begin generating free cash flow we may continue the repurchases subject to the 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.

(e) Redeemable Preferred Stock

We have 1,000,000 shares of preferred stock authorized with no shares issued and outstanding at December 31 2007, 2006 and 2005. We issued 20,000 shares of convertible redeemable accreting Series B preferred stock on April 30, 1999. In May 2005 we redeemed the remaining 4,314 shares of our Series B preferred stock.

(f) Treasury Stock

We account for treasury stock purchased for general corporate purposes under the cost method and include treasury stock as a component of Stockholders' Equity.

Treasury stock purchased that we intend to retire (whether or not the retirement is actually accomplished) is charged entirely to Retained Earnings.

(g) Cash Equivalents

Cash equivalents consist of repurchase interest investments and certificates of deposit which have an original maturity of three months or less and are readily convertible into cash.

(h) Restricted Cash

We had provided a $4.6 million bank depository account as collateral for a term loan from a bank to Alaska DigiTel as of December 31, 2006. The cash was released from the restriction in January 2007 subsequent to our investment in Alaska DigiTel.

(i) Accounts Receivable and Allowance for Doubtful Receivables

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is our best estimate of the amount of probable credit losses in our existing accounts receivable. 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, regulatory requirements, and our customers' compliance with Universal Service Administrative Company rules. We review our allowance for doubtful accounts methodology at least annually. During the review process we consider a change to our methodology if there are any changes to these factors.

Depending upon the type of account receivable our allowance is calculated using a pooled basis with an allowance for all accounts greater than 120 days past due, a specific identification method, or a combination of the two methods. When a specific identification method is used past due balances over 90 days old and balances less than 90 days old but potentially uncollectible due to bankruptcy or other issues are reviewed individually for collectibility. Account balances are charged off against the allowance when we feel it is probable the receivable will not be recovered. We do not have any off-balance-sheet credit exposure related to our customers.

(j) Inventories

Wireless handset inventories are stated at the lower of cost or market. Cost is determined using the average cost method. Handset costs in excess of the revenues generated from handset sales, or handset subsidies, are expensed at the time of sale. We do not recognize the expected handset subsidies prior to the time of sale because the promotional discount decision is made at the point of sale and/or because we expect to recover the handset subsidies through service revenue.

Inventories of merchandise for resale and parts are stated at the lower of cost or market. Cost is determined using the average cost method.

(k) Property and Equipment

Property and equipment is stated at cost. Construction costs of facilities are capitalized. Equipment financed under capital leases is recorded at the lower of fair market value or the present value of future minimum lease payments. Construction in progress represents distribution equipment and systems and support equipment and systems not placed in service on December 31, 2007 that management intends to place in service during 2008.

Depreciation is computed on a straight-line basis based upon the shorter of the estimated useful lives of the assets or the lease term, if applicable, in the following ranges:

Asset Category	Asset Lives
Telephony distribution equipment and systems and fiber optic cable systems	10-20 years
Cable television distribution equipment and systems	3-10 years
Support equipment and systems	3-10 years
Transportation equipment	5-10 years
Property and equipment under capital leases	12-20 years
Buildings	30-40 years

Amortization of property and equipment under capital leases is included in Depreciation and Amortization Expense on the Consolidated Income Statement.

Repairs and maintenance are charged to expense as incurred. Expenditures for major renewals and betterments are capitalized. Accumulated depreciation is removed and gains or losses are recognized at the time of retirements, sales or other dispositions of property and equipment.

(l) Long-lived Assets to be Disposed of

Long-lived assets to be disposed of, including those of discontinued operations, if any, are measured at the lower of carrying amount or fair value less cost to sell, if applicable. We classify a long-lived asset to be disposed of other than by sale as held and used until it is disposed of. We classify a long-lived asset to be sold as held for sale in the period in which all of certain criteria established by Statement of Financial Accounting Standard (“SFAS”) No. 144, “Accounting for the Impairment or Disposal of Long-lived Assets” are met. We do not depreciate or amortize long-lived assets to be sold.

A loss is recognized for any initial or subsequent write-down to fair value less cost to sell. A gain is recognized for any subsequent increase in fair value less cost to sell, but not in excess of the cumulative loss previously recognized (for a write-down to fair value less cost to sell). The loss or gain adjusts only the carrying amount of a long-lived asset, whether classified as held for sale individually or as part of a disposal group. A gain or loss not previously recognized that results from the sale of a long-lived asset (disposal group) is recognized at the date of sale.

(m) Intangible Assets

Goodwill, cable certificates (certificates of convenience and public necessity) and wireless licenses are not amortized. Cable certificates represent certain perpetual operating rights to provide cable services. Wireless licenses represent the right to utilize certain radio frequency spectrum to provide wireless communications services. Goodwill represents the excess of cost over fair value of net assets acquired in connection with a business acquisition. Goodwill is not allocated to our segments as our Chief Operating Decision Maker does not review a balance sheet by segment to make decisions about resource allocation or evaluate segment performance. Goodwill is allocated to our Consumer and Commercial reporting segments for the sole purpose of the annual impairment test.

All other amortizable intangible assets are being amortized over 2 to 20 year periods using the straight-line method. Customer relationships obtained through the purchase of a majority non-controlling interest in Alaska DigiTel are amortized over the four-year expected life of the customers.

(n) Impairment of Intangibles, Goodwill, and Long-lived Assets

Cable certificate assets and wireless licenses are tested annually for impairment, and are tested for impairment more frequently if events and circumstances indicate that the asset might be impaired. The impairment test consists of a comparison of the fair value of the asset with its carrying amount. If the carrying amount of the assets exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. After an impairment loss is recognized, the adjusted carrying amount of the asset becomes its new accounting basis. Impairment testing of our cable certificate assets and wireless licenses as of December 31, 2007 and 2006 used a direct value method.

Our goodwill assets are tested annually for impairment, and are tested for impairment more frequently if events and circumstances indicate that the assets might be impaired. An impairment loss is recognized to the extent that the carrying amount exceeds the asset's fair value. This determination is made at the reporting unit level and consists of two steps. First, we determine the fair value of a reporting unit and compare it to its carrying amount. Second, if the carrying amount of a reporting unit exceeds its fair value, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill asset over the implied fair value of that asset. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation, in accordance with SFAS No. 141, "Business Combinations."

Long-lived assets, such as property, plant, and equipment, and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(o) Amortization and Write-off of Loan and Senior Notes Fees

Debt issuance costs are deferred and amortized using the effective interest method. If a refinancing or amendment of a debt instrument is a substantial modification, all or a portion of the applicable debt issuance costs are written off.

(p) Other Assets

Other Assets primarily include long-term deposits, prepayments, and non-trade accounts receivable.

(q) Asset Retirement Obligations

We record the fair value of a liability for an asset retirement obligation in the period in which it is incurred in Other Liabilities on the Consolidated Balance Sheets. Additionally, a conditional asset retirement obligation is recognized as a liability if the fair value of the liability can be reasonably estimated. When the liability is initially recorded, we capitalize a cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, we either settle the obligation for its recorded amount or incur a gain or loss upon settlement.

The majority of our asset retirement obligation is the estimated cost to remove telephony distribution equipment and support equipment from leased property.

Following is a reconciliation of the beginning and ending aggregate carrying amount of our liability for asset retirement obligation (amounts in thousands):

Balance at December 31, 2005	$ 3,210
Liability incurred	30
Accretion expense	172
Liability settled	(4)
Balance at December 31, 2006	3,408
Liability incurred	260
Additions upon consolidation of Alaska DigiTel	365
Accretion expense	144
Liability settled	(4)
Balance at December 31, 2007	$ 4,173

During the years ended December 31, 2007 and 2006 we recorded additional capitalized costs of $260,000 and $30,000, respectively, in Property and Equipment in Service, Net of Depreciation.

(r) Alaska Airlines, Inc. ("Alaska Airlines") Contract

Our contract with Alaska Airlines provides that we purchase a specific minimum number of mileage awards in the Alaska Airlines Mileage Plan each year at a specific price per mile. If we exceed the minimum purchase commitment in any of the specified periods, the excess miles are priced at a reduced fixed cost per mile. Alaska Airlines invoices us for all mileage credited during the prior month. Our contractual cost for purchased miles is not tied or related in any way to our customers' usage of the awarded miles. Use of the miles is a transaction between our customers and Alaska Airlines and does not involve us in any way. Accordingly we do not account for or record our customers' usage of miles purchased.

We have recorded a liability for the estimated obligation under the contract as of December 31, 2007 and 2006. We estimated the amount of the obligation based on the amount of mileage awards purchased through December 31, 2007 and 2006 in comparison to the required minimum commitment. We have recorded the expense for the miles purchased from Alaska Airlines in Selling, General and Administrative expenses for each of our benefiting segments.

(s) Revenue Recognition

All revenues are recognized when the earnings process is complete in accordance with SEC Staff Accounting Bulletins ("SAB") No. 101 and No. 104, "Revenue Recognition" as follows:

- Revenues generated from long-distance service usage and plan fees, Internet service excess usage, and managed services are recognized when the services are provided,
- Cable television service package fees, local access and Internet service plan fees, and private line telecommunication revenues are billed in advance, recorded as Deferred Revenue on the balance sheet, and are recognized as the associated service is provided,
- Certain of our wireless services offerings have been determined to be revenue arrangements with multiple deliverables. Revenues are recognized as each element is earned based on objective evidence regarding the relative fair value of each element and when there are no undelivered elements that are essential to the functionality of the delivered elements. Revenues generated from wireless service usage and plan fees are

recognized when the services are provided. Revenues generated from the sale of wireless handsets and accessories are recognized when title to the handset and accessories passes to the customer. As the non-refundable, up-front activation fee charged to the customer does not meet the criteria as a separate unit of accounting, we allocate the additional arrangement consideration received from the activation fee to the handset (the delivered item) to the extent that the aggregate handset and activation fee proceeds do not exceed the fair value of the handset. Any activation fees not allocated to the handset would be deferred upon activation and recognized as service revenue on a straight-line basis over the expected customer relationship period,

- The majority of our equipment sale transactions involve the sale of communications equipment with no other services involved. Such equipment is subject to standard manufacturer warranties and we do not manufacture any of the equipment we sell. In such instances the customer takes title to the equipment generally upon delivery. We recognize revenue for such transactions when title passes to the customer and the revenue is earned and realizable pursuant to the provisions of SAB 101 and SAB 104. On certain occasions we enter into agreements to sell and satisfactorily install or integrate telecommunications equipment for a fixed fee. Customers may have refund rights if the installed equipment does not meet certain performance criteria. We defer revenue recognition until we have received customer acceptance per the contract or agreement, and all other required revenue recognition elements have been achieved. Revenues from contracts with multiple element arrangements, such as those including installation and integration services, are recognized as each element is earned based on objective evidence regarding the relative fair value of each element and when there are no undelivered elements that are essential to the functionality of the delivered elements,
- Technical services revenues are derived primarily from maintenance contracts on equipment and are recognized on a prorated basis over the term of the contracts,
- Revenues from white and yellow page directories are recognized ratably during the period following publication, which typically begins with distribution and is complete in the month prior to publication of the next directory,
- Other revenues are recognized when the service is provided,
- We recognize unbilled revenues when the service is provided based upon minutes of use processed, and/or established rates, net of credits and adjustments, and
- We account for the sale of fiber capacity indefeasible rights to use ("IRU") as sales-type leases if substantially all of the benefits and risks of ownership have been transferred to the purchaser. If substantially all of the benefits and risks of ownership have not been transferred to the purchaser, we defer the revenue and recognize it ratably over the life of the IRU.

(t) Payments Received from Suppliers

Our Consumer and Commercial segments occasionally receive reimbursements for video services costs to promote suppliers' services, called cooperative advertising arrangements. The supplier payment is classified as a reduction of selling, general and administrative expenses if it reimburses specific, incremental and identifiable costs incurred to resell the suppliers' services. Excess consideration, if any, is classified as a reduction of cost of goods sold (exclusive of depreciation and amortization expense) ("Cost of Goods Sold").

Occasionally our Consumer and Commercial segments enter into a binding arrangement with a supplier in which we receive a rebate dependent upon us meeting a specified goal. We recognize the rebate as a reduction of Cost of Goods Sold systematically as we make progress toward the specified goal, provided the amounts are probable and reasonably estimable. If earning the rebate is not probable and reasonably estimable, it is recognized only when the goal is met.

(u) Advertising Expense

We expense advertising costs in the year during which the first advertisement appears. Advertising expenses were $5.6 million, $3.5 million and $3.2 million for the years ended December 31, 2007, 2006 and 2005, respectively.

(v) Leases

We account for capital and operating leases as lessee as required by SFAS No. 13, "Accounting for Leases" and in subsequently issued amendments and interpretations of SFAS No. 13. Scheduled operating lease rent increases are amortized over the lease term on a straight-line basis. Contingent rent expense results from increases in the Consumer Price Index. Rent holidays are recognized on a straight-line basis over the operating lease term (including any rent holiday period).

Leasehold improvements are amortized over the shorter of their economic lives or the lease term. We may amortize a leasehold improvement over a term that includes assumption of a lease renewal if the renewal is reasonably assured. Leasehold improvements acquired in a business combination are amortized over the shorter of the useful life of the assets or a term that includes required lease periods and renewals that are deemed to be reasonably assured at the date of acquisition. Leasehold improvements that are placed in service significantly after and are not contemplated at or near the beginning of the lease term are amortized over the shorter of the useful life of the assets or a term that includes required lease periods and renewals that are deemed to be reasonably assured at the date the leasehold improvements are purchased. Leasehold improvements made by us and funded by landlord incentives or allowances under an operating lease are recorded as deferred rent and amortized as reductions to lease expense over the lease term.

(w) Interest Expense

Material interest costs incurred during the construction period of non-software capital projects are capitalized. Interest costs incurred during the development period of a software capital project are capitalized. Interest is capitalized in the period commencing with the first expenditure for a qualifying capital project and ending when the capital project is substantially complete and ready for its intended use. We capitalized interest cost of $1.6 million, $820,000 and $0 during the years ended December 31, 2007, 2006 and 2005, respectively.

(x) Income Taxes

Income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for their future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable earnings in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets recognized are reduced by a valuation allowance to the extent that the benefits are more likely to be realized than not.

On January 1, 2007, we adopted FIN 48, "Accounting for Uncertainty in Income Taxes" which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes." FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Adoption of FIN 48 on January 1, 2007 did not have a material effect on our results of operations, financial position, and cash flows.

We file federal income tax returns in the U.S. and in various state jurisdictions. We are no longer subject to U.S. or state tax examinations by tax authorities for years before 2004. Certain U.S. federal income tax returns for years after 1994 are not closed by relevant statutes of limitations due to unused net operating losses reported on those income tax returns.

We recognize accrued interest on unrecognized tax benefits in interest expense and penalties in selling, general and administrative expenses. We did not have any unrecognized tax benefits as of December 31, 2007, 2006 and 2005, and, accordingly, we did not recognize any interest expense. Additionally, we did not record any penalties during the years ended December 31, 2007, 2006 and 2005.

(y) Incumbent Local Exchange Carrier ("ILEC") Over-earnings Refunds

We receive refunds from time to time from ILECs with which we do business in respect of their earnings that exceed regulatory requirements. Telephone companies that are rate regulated by the Federal Communications Commission ("FCC") using the rate of return method are required by the FCC to refund earnings from interstate access charges assessed to long-distance carriers when their earnings exceed their authorized rate of return. Such refunds are computed based on the regulated carrier's earnings in several access categories. Uncertainties exist with respect to the amount of their earnings, the refunds (if any), their timing, and their realization. We account for such refundable amounts as gain contingencies, and, accordingly, do not recognize them until realization is a certainty upon receipt.

(z) Share-based Payment Arrangements

Effective January 1, 2006, we adopted the provisions of SFAS No. 123(R), "Share-Based Payment," and related interpretations, to account for share-based compensation using the modified prospective transition method and therefore will not restate our prior period results. SFAS 123(R) supersedes Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees" and revises guidance in SFAS 123, "Accounting for Stock-Based Compensation." Among other things, SFAS 123(R) requires that compensation expense be recognized in the financial statements for share-based awards based on the grant date fair value of those awards. The modified prospective transition method applies to (a) unvested stock options under our 1986 Stock Option Plan ("Stock Option Plan") and unvested stock options not issued pursuant to a plan that were outstanding as of December 31, 2005 based on the grant date fair value estimated in accordance with the pro forma provisions of SFAS 123, and (b) any new share-based awards granted subsequent to December 31, 2005, based on the grant-date fair value estimated in accordance with the provisions of SFAS 123(R). Additionally, share-based compensation expense includes an estimate for pre-vesting forfeitures and is recognized over the requisite service periods of the awards on a straight-line basis, which is generally commensurate with the vesting term. See note 10 for information on the assumptions we used to calculate the fair value of share-based compensation.

Prior to January 1, 2006, we accounted for all of our stock option awards in accordance with APB No. 25 and related interpretations. Accordingly, compensation expense for a stock option grant was recognized only if the exercise price was less than the market value of our common stock on the grant date.

SFAS 123(R) requires the benefits associated with tax deductions in excess of recognized compensation cost to be reported as a financing cash flow rather than as an operating cash flow as previously required.

The following illustrates the effect on net income and EPS for the year ended December 31, 2005 as if we had applied the fair value method to measure share-based compensation, as required under the disclosure provisions of SFAS No. 123 (amounts in thousands, except per share amounts):

		2005
Net income available to common stockholders, as reported	$	18,325
Total share-based employee compensation expense included in reported net income, net of related tax effects		287
Less share-based employee compensation expense determined under the SFAS 123 fair value method, net of related tax effects		(1,876)
Pro forma net income available to common stockholders	$	16,736
EPS:		
Basic – as reported	$	0.34
Diluted – as reported	$	0.33
Basic – pro forma	$	0.31
Diluted – pro forma	$	0.30

(aa) Stock Options and Stock Warrants Issued for Non-employee Services

Stock options and warrants issued in exchange for non-employee services pursuant to the provisions of SFAS 123(R), Emerging Issues Task Force ("EITF") 96-3 and EITF 96-18 are accounted for at the fair value of the consideration or services received or the fair value of the equity instruments issued, whichever is more reliably measurable.

When a stock option or warrant is issued for non-employee services where the fair value of such services is not stated, we estimate the value of the stock option or warrant issued using the Black- Scholes-Merton method.

The fair value determined using these principles is charged to operating expense over the shorter of the term for which non-employee services are provided, if stated, or the stock option or warrant vesting period.

(ab) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Significant items subject to estimates and assumptions include the allowance for doubtful receivables, reserve for future customer credits, valuation allowances for deferred income tax assets, depreciable and amortizable lives of assets, the carrying value of long-lived assets including goodwill, cable certificates, wireless licenses and the accrual of Cost of Goods Sold. Actual results could differ from those estimates.

(ac) Concentrations of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk are primarily cash and cash equivalents and accounts receivable. Excess cash is invested in high quality short-term liquid money instruments issued by highly rated financial institutions. At December 31, 2007 and 2006, substantially all of our cash and cash equivalents were invested in short-term liquid money instruments at one highly rated financial institution.

We have one major customer, Verizon Communications, Inc. ("Verizon") (see note 11). We also provide services to Sprint Nextel Corporation ("Sprint Nextel") and Dobson Communications Corporation ("Dobson"). Although these customers do not meet the threshold for classification as a major customer, we do derive significant revenues and operating income from them. In November 2007, AT&T Mobility LLC ("AT&T") acquired Dobson, including its Alaska properties. In December 2007, we signed an agreement with AT&T that terminates AT&T's obligation to purchase network services from us as of July 1, 2008. As compensation AT&T will provide us with a large block of wireless network usage at no charge. The block of wireless network usage at no charge will reduce Cost of Goods Sold during the four year period ended June 30, 2012, that we would have otherwise recognized in accordance with the new agreement, however, we are unable to estimate the impact this agreement will have on our Cost of Goods Sold. We expect our message telephone and Private Line revenues earned from Dobson to decrease in 2008 and forward. Dobson revenues were $23.2 million in 2007. We do not believe the termination of the agreement with Dobson will have a material adverse effect on our financial position, results of operations or liquidity. There is increased risk associated with these customers' accounts receivable balances. Our remaining customers are located primarily throughout Alaska. Because of this geographic concentration, our growth and operations depend upon economic conditions in Alaska. The economy of Alaska is dependent upon the natural resources industries, and in particular oil production, as well as tourism, government, and United States military spending. Though limited to one geographical area and except for Verizon, Sprint Nextel and AT&T, the concentration of credit risk with respect to our receivables is minimized due to the large number of customers, individually small balances, and short payment terms.

We entered into a loan agreement with Alaska DigiTel dated as of January 2, 2007. Under the loan agreement, we made available to Alaska DigiTel a $15.0 million revolving credit facility. In January 2008 the revolving credit facility available to Alaska DigiTel was increased to $25.0 million. The advances under the loan agreement are secured by all personal property of Alaska DigiTel and its subsidiaries, and by the membership interests in Alaska DigiTel held by AKD Holdings, LLC. The agreement provides that the outstanding loans under the revolving credit facility will convert to a term loan on December 31, 2008. Principal on the term loan will be due in quarterly installments beginning March 31, 2009 equal to 1.25% of the term loan, increasing to 2.50% beginning March 31, 2010. The remaining balance of the term loan is due on June 30, 2011. The loan is eliminated upon consolidation, however, there is increased credit risk since, although we are a majority owner, we do not have voting control of Alaska DigiTel.

(ad) Software Capitalization Policy

Internally used software, whether purchased or developed, is capitalized and amortized using the straight-line method over an estimated useful life of five years. We capitalize certain costs associated with internally developed software such as payroll costs of employees devoting time to the projects and external direct costs for materials and services. Costs associated with internally developed software to be used internally are expensed until the point the project has reached the development stage. Subsequent additions, modifications or upgrades to internal-use software are capitalized only to the extent that they allow the software to perform a task it previously did not perform. Software maintenance and training costs are expensed in the period in which they are incurred. The capitalization of software requires judgment in determining when a project has reached the development stage.

(ae) Guarantees

Certain of our customers have guaranteed levels of service. We accrue for guarantees as they become probable and estimable.

At December 31, 2006, we had a $4.6 million outstanding contingent liability for the debt guarantee. We guaranteed a loan secured by Alaska DigiTel from a bank. We accounted for Alaska DigiTel's debt guarantee according to FIN No. 45, “Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others.” If Alaska DigiTel had defaulted on their loan we would have been liable for up to $4.6 million. We were released from the guarantee following our investment in Alaska DigiTel in January 2007.

(af) Exchanges of Nonmonetary Assets

The cost of a nonmonetary asset or service acquired in exchange for another nonmonetary asset or service is based upon the fair value of the asset surrendered to obtain it unless the fair value is not determinable, the transaction is an exchange of a product or property held for sale in the ordinary course of business for a product or property to be sold in the same line of business to facilitate sales to customers other than the parties to the exchange, or the exchange lacks commercial substance. If the exceptions apply we value the transaction using the recorded amount (after reduction, if appropriate, for an indicated impairment of value) of the nonmonetary asset or service relinquished. A gain or loss may be recognized on the exchange.

(ag) Classification of Taxes Collected from Customers

We report sales, use, excise, and value added taxes assessed by a governmental authority that is directly imposed on a revenue-producing transaction between us and a customer on a net basis in our income statement. We report a certain surcharge on a gross basis in our income statement of $4.2 million, $4.6 million and $4.0 million for the years ended December 31, 2007, 2006 and 2005, respectively.

(ah) New Accounting Standards

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations" which requires the acquiring entity in a business combination to record all assets acquired and liabilities assumed at their respective acquisition-date fair values, changes the recognition of assets acquired and liabilities assumed arising from contingencies, changes the recognition and measurement of contingent consideration, and requires the expensing of acquisition-related costs as incurred. SFAS 141(R) also requires additional disclosure of information surrounding a business combination, such that users of the entity's financial statements can fully understand the nature and financial impact of the business combination. We will implement SFAS No. 141(R) on January 1, 2009 and we will apply it to any business combinations with an acquisition date after January 1, 2009.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements" which establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent's ownership interest and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. SFAS 160 also established reporting requirements that provide sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owner. We will implement SFAS No. 160 on January 1, 2009. We do not expect the adoption of this standard to have a material impact on our income statement, financial position or cash flows.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" which provides a definition of fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements for future transactions. SFAS 157 is effective for us beginning January 1, 2008. We do not expect the adoption of this standard to have a material impact on our income statement, financial position or cash flows.

(ai) SAB No. 108

Effective January 1, 2006, we adopted SAB No. 108, “Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements.” SAB No.

108 requires a dual approach for quantifying misstatements using both a method that quantifies a misstatement based on the amount of misstatement originating in the current year income statement, as well as a method that quantifies a misstatement based on the effects of correcting the misstatement existing in the balance sheet. Prior to the adoption of SAB No. 108, we quantified any misstatements in our consolidated financial statements using the income statement method in addition to evaluating qualitative characteristics. As this method focuses solely on the income statement, this can lead to the accumulation of misstatements in the balance sheet that may become material if recorded in a particular period.

Prior to January 1, 2006, only the interest costs incurred during the construction period of significant capital projects, such as construction of an undersea fiber optic cable system, were capitalized. Beginning January 1, 2006, we modified our interest capitalization policy resulting in the capitalization of material interest costs incurred during the construction period of non-software capital projects and the capitalization of interest costs incurred during the development period of a software capital project.

These misstatements accumulated over several years and were immaterial when quantifying the misstatements using the income statement method. Upon adoption of SAB No. 108 on January 1, 2006, we recorded a $3.5 million increase to property and equipment in service and $1.6 million increase to accumulated depreciation for the cumulative misstatement as of December 31, 2005. Accordingly, we increased retained earnings by $1.1 million and recorded $772,000 as a long-term deferred tax liability.

(aj) Reclassifications

Reclassifications have been made to the 2006 and 2005 financial statements to make them comparable with the 2007 presentation.

(2) Consolidated Statements of Cash Flows Supplemental Disclosures

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

Year ended December 31,		2007	2006	2005
Increase in accounts receivable	$	(19,713)	(5,649)	(4,729)
(Increase) decrease in prepaid expenses		949	863	(609)
(Increase) decrease in inventories		1,455	(1,732)	27
Decrease in other current assets		1,089	1,965	179
Increase (decrease) in accounts payable		2,738	3,790	(5,525)
Increase (decrease) in accrued payroll and payroll related obligations		620	(3,397)	2,963
Increase (decrease) in deferred revenue		(2,000)	(998)	460
Increase (decrease) in accrued interest		217	(878)	841
Increase (decrease) in accrued liabilities		(1,330)	804	245
Increase (decrease) in subscriber deposits		194	128	(76)
Increase (decrease) in components of other long-term liabilities		526	594	(174)
	$	(15,255)	(4,510)	(6,398)

We paid interest totaling $35.8 million, $35.1 million and $33.1 million during the years ended December 31, 2007, 2006 and 2005, respectively.

We paid income taxes totaling $293,000, $689,000 and $133,000 during the years ended December 31, 2007, 2006 and 2005, respectively. We received $213,000, $5,000 and $0 in income tax refunds during the years ended December 31, 2007, 2006 and 2005, respectively.

We recorded a net cumulative effect adjustment (benefit) of $64,000 during the year ended December 31, 2006 for share-based compensation instruments outstanding at December 31, 2005 for which the requisite service was not expected to be rendered. We recorded $922,000 and $1,730,000 during the years ended December 31, 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.

During the year ended December 31, 2005 our Senior Vice-President and CFO tendered 20,701 shares of his GCI Class A common stock to us at the then existing market value of $9.87 per share for a total value of $204,000. The stock tender was in lieu of a cash payment on a note receivable with related party and a note receivable with related party issued upon stock option exercise.

During the year ended December 31, 2006 our Senior Vice President, Strategic Initiatives, tendered 40,000 shares of his GCI Class A common stock to us at the then existing market value of $12.50 per share for a total value of $500,000. The stock tender was in lieu of a cash payment on a note receivable with related party.

During the year ended December 31, 2006 a company owned by our President and CEO tendered 100,000 shares of its GCI Class A common stock to us at the then existing market value of $15.34 per share for a total value of $1,534,000. Additionally, during the year ended December 31, 2006 our President and CEO tendered 50,000 shares of his GCI Class A common stock to us at the then existing market value of $15.34 per share for a total value of $767,000. The stock tenders were in lieu of cash payments on behalf of our President and CEO on a note receivable with related party and a note receivable with related party issued upon stock option exercise.

During the year ended December 31, 2006 we financed $2.2 million for the acquisition of two buildings through capital lease obligations.

We retired common stock shares in the amount of $11.4 million, $32.9 million and $12.9 million during the years ended December 31, 2007, 2006 and 2005, respectively.

As described in note 1(ai) we adopted SAB No. 108 effective January 1, 2006, resulting in a modification of our interest capitalization policy. Upon adoption of SAB No. 108 we recorded a $3.5 million increase to Property and Equipment in Service and a $722,000 increase to Deferred Tax Liability during the year ended December 31, 2006.

In February 2007, our President and Chief Executive Officer tendered 112,000 shares of his GCI Class A common stock to us at $15.50 per share for a total value of $1.7 million. The stock tender was in lieu of a cash payment on his note receivable with related party and a note receivable with related party issued upon stock option exercise, both of which originated in 2002.

Upon our acquisition of Alaska DigiTel, we consolidated $12.7 million in property and equipment, $24.3 million in wireless licenses, $4.5 million in other intangible assets, $365,000 in other liabilities and $15.7 million in debt.

During the year ended December 31, 2007, $9.0 million in non-cash additions to property and equipment were recorded consisting of $6.7 million in unpaid purchases as of December 31, 2007 and $2.3 million in land and buildings that were transferred from property held for sale.

During the years ended December 31, 2006 and 2005, we had $3.7 million and $2.4 million, respectively, in non-cash additions for unpaid purchases of property and equipment as of December 31, 2006 and 2005, respectively.

During the years ended December 31, 2007, 2006 and 2005, we had $260,000, $30,000 and $41,000, respectively, in non-cash additions to property and equipment for assets added when recording asset retirement obligations.

(3) Receivables and Allowance for Doubtful Receivables

Receivables consist of the following at December 31, 2007 and 2006 (amounts in thousands):

		2007	2006
Trade	$	95,941	77,508
Employee		198	203
Other		1,774	1,100
Total Receivables	$	97,913	78,811

Changes in the allowance for doubtful receivables during the years ended December 31, 2007, 2006 and 2005 are summarized below (amounts in thousands).

Description	Balance at beginning of year	Additions: Charged to costs and expenses	Additions: Charged to Other Accounts	Deductions: Write-offs net of recoveries	Balance at end of year
December 31, 2007	$ 2,922	4,822	---	6,087	1,657
December 31, 2006	$ 5,317	3,057	---	5,452	2,922
December 31, 2005	$ 2,317	4,366	---	1,366	5,317

During the years ended December 31, 2007, 2006 and 2005 we utilized $0, $372,000 and $3.3 million, respectively, of the MCI credit (as further described and defined in note 11) against amounts otherwise payable for services received from MCI.

(4) Net Property and Equipment in Service

Net property and equipment in service consists of the following at December 31, 2007 and 2006 (amounts in thousands):

		2007	2006
Land and buildings	$	14,424	8,685
Telephony distribution systems		636,832	556,494
Cable television distribution systems		161,934	155,693
Support equipment		107,920	95,206
Transportation equipment		8,102	6,645
Property and equipment under capital leases		3,086	3,086
		932,298	825,809
Less accumulated depreciation		428,808	369,976
Less accumulated amortization		1,064	954
Net property and equipment in service	$	502,426	454,879

(5) Intangible Assets

As of December 31, 2007 cable certificates, wireless licenses and goodwill were tested for impairment and the fair values were greater than the carrying amounts, therefore these intangible assets were determined not to be impaired at December 31, 2007. The remaining useful lives of our cable certificates, wireless licenses and goodwill were evaluated as of December 31, 2007 and events and circumstances continue to support an indefinite useful life.

No intangible assets subject to amortization have been impaired based upon impairment testing performed as of December 31, 2007. No indicators of impairment have occurred since the impairment testing was performed.

Other Intangible Assets subject to amortization include the following at December 31, 2007 and 2006 (amounts in thousands):

	2007	2006
Software license fees	$ 12,094	9,755
Customer relationships	4,528	240
Right-of-way	783	783
Other	261	365
	17,666	11,143
Less accumulated amortization	5,897	4,132
Net other intangible assets	$ 11,769	7,011

Changes in Other Intangible Assets are as follows (amounts in thousands):

Balance at December 31, 2005	$ 4,704
Asset additions	4,901
Less amortization expense	1,804
Less asset write-off	790
Balance at December 31, 2006	7,011
Asset additions upon consolidation of Alaska DigiTel	4,469
Asset additions	3,738
Less amortization expense	3,332
Less asset write-off	117
Balance at December 31, 2007	$ 11,769

During the year ended December 31, 2006, we decided to close an operating subsidiary and in connection with the closure we determined the software for a Managed Broadband segment product offering with a net book value of $790,000 was impaired and had no net realizable value. During the year ended December 31, 2006, we recognized the impairment in depreciation and amortization expense in the accompanying Consolidated Income Statement.

Additions to other intangible assets mainly consist of software license fees purchased for our statewide local service expansion and in 2007 the addition of customer relationships obtained through the purchase of a majority non-controlling interest in Alaska DigiTel.

Amortization expense for amortizable intangible assets for the years ended December 31, 2007, 2006 and 2005 follow (amounts in thousands):

	Years Ended December 31,		
	2007	2006	2005
Amortization expense for amortizable intangible assets	$ 3,332	1,804	1,244

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,		
2008	$	3,297
2009		2,979
2010		2,458
2011		1,051
2012		486

(6) Notes Receivable from Related Parties

Notes receivable from related parties consist of the following (amounts in thousands):

		December 31, 2007	2006
Note receivable from officers bearing interest at the prime rate or at the rate paid by us on our senior indebtedness which is considered market rate, unsecured, unconditionally guaranteed by the borrower, due through February 8, 2007	$	---	1,741
Notes receivable from other related parties bearing interest up to 7.6% or at the rate paid by us on our senior indebtedness, unsecured, due through January 1, 2010		48	92
Interest receivable		8	29
Total notes receivable from related parties		56	1,862
Less notes receivable with related parties issued upon stock option exercise, classified as a component of stockholders' equity		---	738
Less current portion, including current interest receivable		31	1,080
Long-term portion, including long-term interest receivable	$	25	44

(7) Debt

Long-term debt consists of the following (amounts in thousands):

		December 31, 2007	2006
Senior Notes (a)	$	320,000	320,000
Senior Credit Facility (b)		220,760	172,600
Mortgage		529	---
Note Payable		100	225
Debt		541,389	492,825
Less unamortized bond discount paid on the Senior Notes		2,991	3,363
Less current portion of long-term debt		2,283	1,725
Long-term debt, net of unamortized bond discount	$	536,115	487,737

(a) We pay interest of 7.25% on Senior Notes that are due in 2014. The Senior Notes are an unsecured senior obligation. The Senior Notes are carried on our Consolidated Balance Sheet net of the unamortized portion of the discount based on an effective interest rate of 7.50%, which is being amortized to Interest Expense over the term of the Senior Notes using the effective interest method.

The Senior Notes are not redeemable prior to February 15, 2009. At any time on or after February 15, 2009, the Senior Notes are redeemable at our option, in whole or in part, on not less than thirty days nor more than sixty days notice, at the following redemption prices, plus accrued and unpaid interest (if any) to the date of redemption:

If redeemed during the twelve month period commencing February 1 of the year indicated:	Redemption Price
2009	103.625%
2010	102.417%
2011	101.208%
2012 and thereafter	100.000%

The Senior Notes restrict GCI, Inc. and certain of its subsidiaries from incurring debt, but permits debt under the Senior Credit Facility and vendor financing as long as our leverage ratio does not exceed 6.0 to one. In addition, certain other debt is permitted regardless of our leverage ratio, including debt under the Senior Credit Facility not exceeding (and reduced by certain stated items):

- $250.0 million, reduced by the amount of any prepayments, or
- 3.0 times earnings before interest, taxes, depreciation and amortization for the last four full fiscal quarters of GCI, Inc. and certain of its subsidiaries.

The Senior Notes limit our ability to make cash dividend payments.

Semi-annual interest payments of $11.6 million are payable in February and August of each year.

The Senior Notes are structurally subordinate to our Senior Credit Facility.

Our Senior Notes' key debt covenants require our Total Leverage Ratio (as defined) be 6.0:1.0 or less and our Senior Leverage Ratio (as defined) be 3.0:1.0 or less if our Senior Notes are greater than $250.0 million.

(b) In September 2007 we exercised our right to add an Incremental Facility of up to $100.0 million to our existing Senior Credit Facility. The Incremental Facility was structured in the form of a $55.0 million increase to the existing term loan component of our Senior Credit Facility and a $45.0 million increase to the existing revolving loan component of our Senior Credit Facility. The $100.0 million Incremental Facility will become due under the same terms and conditions as set forth in the existing Senior Credit Facility.

The Senior Credit Facility which includes the incremental facility as discussed above includes a $215.0 million term loan and a $100.0 million revolving credit facility with a $25.0 million sublimit for letters of credit. Our term loan is fully drawn. We borrowed $10.0 million under our revolving credit facility in December 2007, and we have letters of credit outstanding totaling $4.2 million at December 31, 2007 which leaves $85.8 million available at December 31, 2007 to draw under the revolving credit facility if needed. The term and revolving loan portions of our Senior Credit Facility are due in 2012 and 2011, respectively. In 2008 we have borrowed an additional $20.0 million under our revolving credit facility.

The Incremental Facility increased the interest rate on the term loan component of our Senior Credit Facility from LIBOR plus 1.50% to LIBOR plus 2.00%. The interest rate on the revolving loan component of the Senior Credit Facility was LIBOR plus a margin dependent upon our Total Leverage Ratio ranging from 1.00% to 1.75%. The Incremental Facility 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 (as defined):

Total Leverage Ratio (as defined)	Applicable Margin
≥3.75	2.25%
≥3.25 but <3.75	2.00%
≥2.75 but <3.25	1.75%
<2.75	1.50%

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

Substantially all of the Company's assets collateralize the Senior Credit Facility.

The Incremental Facility was a substantial modification of a portion of our existing Senior Credit Facility resulting in a $348,000 write-off of previously deferred loan fees during the year ended December 31, 2007 in our Consolidated Income Statement. Deferred loan fees of $312,000 associated with the portion of our existing Senior Credit Facility determined not to have been substantially modified continue to be amortized over the remaining life of the Senior Credit Facility.

In connection with the Incremental Facility, we paid bank fees and other expenses of $519,000 during the year ended December 31, 2007 of which $263,000 were written-off in the year ended December 31, 2007 and $256,000 were deferred and will be amortized over the remaining life of the Senior Credit Facility.

Borrowings under the Senior Credit Facility are subject to certain financial covenants and restrictions on indebtedness, dividend payments, financial guarantees, business combinations, and other related items. Our Senior Credit Facility key debt covenants require our Senior Credit Facility Total Leverage Ratio (as defined) be 4.50:1.0 or less, the Senior Leverage Ratio (as defined) must be less than 2.25:1.0, and the Fixed Charge Coverage Ratio (as defined) must be less than 1.0:1.0 subject to certain exceptions. On May 7, 2007 our Senior Credit Facility was amended to allow the exclusion of up to $100.0 million of capital expenditures in aggregate from Fixed Charges (as defined) during the Excluded Capital Expenditures Period (as defined) beginning on May 7, 2007 and ending September 30, 2009.

On August 31, 2005 our April 2004 Senior Credit Facility was amended and restated. Proceeds from the amendment were used to pay down our previous Senior Credit Facility and to pay off our Satellite Transponder Capacity Capital Lease with the remainder used to pay financing fees. Outstanding principal of $35.8 million on the Satellite Transponder Capacity 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 a component of Other Income (Expense) during the year ended December 31, 2005 in our Consolidated Income Statement. A portion of the 2005 amendment 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 year ended December 31, 2005 in our Consolidated Income Statement.

(Continued)

Maturities of long-term debt as of December 31, 2007 were as follows (amounts in thousands):

Years ending December 31,		
2008	$	2,283
2009		2,181
2010		2,179
2011		112,751
2012		101,690
2013 and thereafter		320,305
	$	541,389

(8) Comprehensive Income

During the years ended December 31, 2007, 2006 and 2005 we had no other comprehensive income. Total comprehensive income which was equal to net income during the years ended December 31, 2007, 2006 and 2005 was $13,504,000, $18,520,000 and $20,831,000, respectively.

(9) Income Taxes

Total income tax expense (benefit) was allocated as follows (amounts in thousands):

		Years ended December 31,		
		2007	2006	2005
Income before cumulative effect of a change in accounting principle	$	11,961	15,797	16,004
SAB 108 cumulative adjustment		---	772	---
Cumulative effect of a change in accounting principle		---	44	---
Net income from continuing operations		11,961	16,613	16,004
Stockholders' equity, for stock option compensation expense for tax purposes in excess of amounts recognized for financial reporting purposes		---	---	(922)
	$	11,961	16,613	15,082

We did not record any excess tax benefit generated from stock options exercised during the years ended December 31, 2007 and 2006 since we are in a net operating loss carryforward position and the income tax deduction will not yet reduce income taxes payable.

Income tax expense (benefit) consists of the following (amounts in thousands):

		Years ended December 31,		
		2007	2006	2005
Current tax expense:				
Federal taxes	$	436	(278)	827
State taxes		77	(81)	238
		513	(359)	1,065

Deferred tax expense:				
Federal taxes		9,616	12,514	11,587
State taxes		1,832	3,642	3,352
		11,448	16,156	14,939
	$	11,961	15,797	16,004

Total income tax expense differed from the “expected” income tax expense determined by applying the statutory federal income tax rate of 35% as follows (amounts in thousands):

		Years ended December 31,		
		2007	2006	2005
“Expected” statutory tax expense	$	8,913	11,988	12,892
State income taxes, net of federal benefit		1,558	2,529	2,343
Income tax effect on nondeductible entertainment expenses		569	423	310
Income tax effect of nondeductible lobbying expenses		468	409	368
Income tax effect of nondeductible expenditures and other items, net		500	60	102
Other, net		(47)	388	(11)
	$	11,961	15,797	16,004

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and liabilities at December 31, 2007 and 2006 are summarized below (amounts in thousands):

		2007	2006
Current deferred tax assets, net of current deferred tax liability:			
Compensated absences, accrued for financial reporting purposes	$	2,196	2,029
Net operating loss carryforwards		2,033	16,811
Workers compensation and self insurance health reserves, principally due to accrual for financial reporting purposes		694	652
Accounts receivable, principally due to allowance for doubtful accounts		629	1,193
Deferred compensation expense for tax purposes in excess of amounts recognized for financial reporting purposes		(401)	---
Other		583	---
Total current deferred tax assets	$	5,734	20,685

		2007	2006
Long-term deferred tax assets:			
Net operating loss carryforwards	$	45,518	41,002
Alternative minimum tax credits		3,160	2,574
Deferred compensation expense for financial reporting purposes in excess of amounts recognized for tax purposes		2,690	2,082
Asset retirement obligations in excess of amounts recognized for tax purposes		1,444	1,398
Other		222	51
Total long-term deferred tax assets		53,034	47,107
Long-term deferred tax liabilities			
Plant and equipment, principally due to differences in depreciation		106,376	107,696
Amortizable assets		29,677	25,788
Other		462	621
Total long-term deferred tax liabilities		136,515	134,105
Net combined long-term deferred tax liabilities	$	83,481	86,998

At December 31, 2007, we have (1) tax net operating loss carryforwards of $116.4 million that will begin expiring in 2011 if not utilized, and (2) alternative minimum tax credit carryforwards of $3.1 million available to offset regular income taxes payable in future years. We utilized federal tax net operating loss carryforwards of $21.7 million in 2007. Our utilization of remaining acquired net operating loss carryforwards is subject to annual limitations pursuant to Internal Revenue Code section 382 which could reduce or defer the utilization of these losses.

Our tax net operating loss carryforwards are summarized below by year of expiration (amounts in thousands).

Years ending December 31,		Federal	State
2011	$	759	759
2018		644	637
2019		20,210	19,675
2020		44,744	43,797
2021		29,614	28,987
2022		14,081	13,788
2023		3,968	3,903
2024		544	---
2025		1,342	---
2026		337	---
2027		116	---
Total tax net operating loss carryforwards	$	116,359	111,546

Tax benefits associated with recorded deferred tax assets are considered to be more likely than not realizable through taxable income earned in carryback years, 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 if estimates of future taxable income during the carryforward period are reduced.

(10) Stockholders' Equity

Common Stock
GCI's Class A and Class B common stock are identical in all respects, except that each share of Class A common stock has one vote per share and each share of Class B common stock has ten votes per share. Each share of Class B common stock outstanding is convertible, at the option of the holder, into one share of Class A common stock.

During the years ended December 31, 2007, 2006 and 2005 we repurchased 1.3 million, 2.9 million, and 1.7 million, respectively, shares of our Class A and Class B common stock at a cost of $15.1 million, $34.7 million and $16.1 million, respectively, pursuant to the Class A and Class B common stock repurchase program authorized by our Board of Directors. During the years ended December 31, 2007, 2006 and 2005 we retired 843,000, 3.2 million, and 1.3 million shares, respectively, of our Class A and Class B common stock that we purchased pursuant to the Class A and Class B common stock repurchase program.

Verizon (formerly MCI) owned 1,276,000 shares of our Class B common stock that represented 38 percent of the issued and outstanding Class B shares at December 31, 2006 and 2005, and 15 percent and 14 percent of voting interest at December 31, 2006 and 2005, respectively. In March 2007, Verizon sold all of their GCI Class B common stock to two individuals in a private transaction.

In May 2005 we repurchased the remaining 4,300 shares of our Series B preferred stock for a total purchase price of $6.6 million. The 4,300 preferred shares were convertible into 777,300 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 in note 1(d).

Share-Based Compensation
Our Stock Option Plan, as amended, provides for the grant of options and restricted stock awards (collectively "award") for a maximum of 15.7 million shares of GCI Class A common stock, subject to adjustment upon the occurrence of stock dividends, stock splits, mergers, consolidations or certain other changes in corporate structure or capitalization. If an award expires or terminates, the shares subject to the award will be available for further grants of awards under the Stock Option Plan. The Compensation Committee of GCI's Board of Directors administers the Stock Option Plan. Substantially all restricted stock awards granted vest over periods of up to five years. Substantially all options vest in equal installments over a period of five years, and expire ten years from the date of grant. Options granted pursuant to the Stock Option Plan are only exercisable if at the time of exercise the option holder is our employee, non-employee director, or a consultant or advisor working on our behalf. New shares are issued when stock option agreements are exercised and restricted stock awards are made. Our share repurchase program as described above may include the purchase of shares issued pursuant to stock option agreement exercise transactions.

The fair value of restricted stock awards is determined based on the number of shares granted and the quoted price of our common stock. We use a Black-Scholes-Merton option pricing model to estimate the fair value of stock options issued under SFAS 123(R). The Black-Scholes-Merton option pricing model incorporates various and highly subjective assumptions, including expected term and expected volatility. We have reviewed our historical pattern of option exercises and have determined that meaningful differences in option exercise activity existed among employee job categories. Therefore, we have categorized these awards into two groups of employees for valuation purposes.

We estimated the expected term of options granted by evaluating the vesting period of stock option awards, employee's past exercise and post-vesting employment departure behavior, and expected volatility of the price of the underlying shares.

We estimated the expected volatility of our common stock at the grant date using the historical volatility of our common stock over the most recent period equal to the expected stock option term and evaluated the extent to which available information indicated that future volatility may differ from historical volatility.

The risk-free interest rate assumption was determined using the Federal Reserve nominal rates for U.S. Treasury zero-coupon bonds with maturities similar to those of the expected term of the award being valued. We have never paid any cash dividends on our common stock and we do not anticipate paying any cash dividends in the foreseeable future. Therefore, we assumed an expected dividend yield of zero.

The following table shows our assumptions used to compute the share-based compensation expense and pro forma information in note 1(z) for stock options granted during the years ended December 31, 2007, 2006 and 2005:

	2007	2006	2005
Expected term (years)	5.2 – 6.8	5.4 – 8.0	4.3 – 5.2
Volatility	41.5% – 54.3%	43.3% – 61.4%	41.9% – 45.5%
Risk-free interest rate	3.5% – 4.7%	4.7% – 5.0%	3.7% – 4.4%

SFAS 123(R) requires us to estimate pre-vesting option forfeitures at the time of grant and periodically revise those estimates in subsequent periods if actual forfeitures differ from those estimates. We record share-based compensation expense only for those awards expected to vest using an estimated forfeiture rate based on our historical pre-vesting forfeiture data. Previously, we accounted for forfeitures as they occurred under the pro forma disclosure provisions of SFAS 123 for periods prior to 2006. The transition impact of adopting SFAS No. 123(R), attributed to accruing for expected forfeitures on outstanding share-based awards, totaled $108,000, which was reduced by income tax expense of $44,000 and is reported as cumulative effect of a change in accounting principle in the accompanying Consolidated Income Statement for the year ended December 31, 2006.

The weighted average grant date fair value of options granted during the years ended December 31, 2007, 2006 and 2005 was $7.03 per share, $6.92 per share and $4.81 per share, respectively. The total fair value of options vesting during the years ended December 31, 2007, 2006 and 2005 was $3.3 million, $3.6 million and $3.8 million, respectively.

We have recorded share-based compensation expense of $4.9 million for the year ended December 31, 2007, which consists of $6.2 million for employee share-based compensation expense and a $1.3 million decrease in the fair value of liability-classified share-based compensation. We recorded share-based compensation expense of $6.4 million for the year ended December 31, 2006, which consists of $4.8 million for employee share-based compensation expense and $1.6 million for liability-classified share-based compensation. Share-based compensation expense is classified as selling, general and administrative expense in our consolidated income statement. Unrecognized share-based compensation expense was $4.2 million relating to 475,000 restricted stock awards and $14.0 million relating to 2.6 million unvested stock options as of December 31, 2007. We expect to recognize share-based compensation expense over a weighted average period of 3.1 years for stock options and 2.7 years for restricted stock awards.

The following is a summary of our Stock Option Plan activity for the years ended December 31, 2007, 2006 and 2005 (in thousands):

	Shares	Weighted Average Exercise Price
Outstanding at December 31, 2004	6,437	$6.81
Granted	983	$9.47
Exercised	(659)	$6.06
Forfeited	(218)	$7.22
Outstanding at December 31, 2005	6,543	$7.27
Granted	1,003	$12.11
Exercised	(1,606)	$6.74
Forfeited	(73)	$8.83
Outstanding at December 31, 2006	5,867	$8.22
Options granted	983	$12.85
Restricted stock awards granted	499	$13.04
Exercised	(477)	$6.93
Restricted stock awards vested	(23)	$13.34
Forfeited	(98)	$9.69
Outstanding at December 31, 2007	6,751	$9.37
Available for grant at December 31, 2007	1,584	

The following is a summary of activity for stock options granted not pursuant to the Stock Option Plan for the years ended December 31, 2007, 2006 and 2005 (in thousands):

	Shares	Weighted Average Exercise Price
Outstanding at January 1, 2005 and December 31, 2005	250	$6.50
Exercised during 2006	(100)	$6.50
Outstanding at December 31, 2006 and 2007	150	$6.50
Available for grant at December 31, 2007	---	

(Continued)

The following is a summary of all outstanding stock options at December 31, 2007:

Options Outstanding				
Range of Exercise Prices	Shares (thousands)	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Aggregate Intrinsic Value (thousands)
$3.11-$6.00	726	3.57	$5.50	$2,359
$6.01-$6.35	42	3.05	$6.13	$108
$6.36-$6.50	780	2.78	$6.50	$1,754
$6.51-$7.12	118	2.83	$7.08	$197
$7.13-$7.25	1,050	4.10	$7.25	$1,575
$7.26-$9.00	679	5.19	$8.37	$294
$9.01-$10.14	813	7.37	$9.83	$---
$10.15-$11.50	651	7.95	$11.28	$---
$11.51-$12.92	194	9.39	$11.74	$---
$12.93-$15.54	1,222	9.15	$13.07	$---
$3.11-$15.54	6,275	5.93	$9.09	$6,287

Options Vested				
Range of Exercise Prices	Shares (thousands)	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Aggregate Intrinsic Value (thousands)
$3.11-$6.00	698	3.50	$5.48	$2,281
$6.01-$6.35	42	3.04	$6.13	$107
$6.36-$6.50	731	2.61	$6.50	$1,644
$6.51-$7.12	118	2.83	$7.08	$197
$7.13-$7.25	967	4.10	$7.25	$1,450
$7.26-$9.00	563	4.93	$8.33	$262
$9.01-$10.14	351	7.11	$9.79	$---
$10.15-$11.50	130	6.98	$10.99	$---
$11.51-$12.92	12	8.57	$11.96	$---
$12.93-$15.54	94	8.49	$13.26	$---
$3.11-$15.54	3,706	4.28	$7.46	$5,941

The total intrinsic value, determined as of the date of exercise, of options exercised in the years ended December 31, 2007, 2006 and 2005 were $3.5 million, $9.8 million and $2.7 million, respectively. We received $3.3 million, $11.5 million and $4.0 million in cash from stock option exercises in the years ended December 31, 2007, 2006 and 2005, respectively. We used cash of $0, $5.8 million, and $0 to settle stock option agreements in the years ended December 31, 2007, 2006 and 2005, respectively. We discontinued offering a cash-settlement exercise option to employees on October 23, 2006 and do not intend to cash-settle option exercises in the future.

Employee Stock Purchase Plan

In December 1986, we adopted an Employee Stock Purchase Plan (the “401(k) Plan”) qualified under Section 401 of the Internal Revenue Code of 1986. The 401(k) Plan provides for acquisition of GCI’s Class A and Class B common stock at market value. The 401(k) Plan permits each employee who has completed one year of service to elect to participate in the 401(k) Plan. Through December 31, 2007, eligible employees could elect to reduce their compensation by up to 50 percent of such compensation (subject to certain limitations) up to a maximum of $15,000. Beginning January 1, 2008, eligible employees can elect to reduce their compensation by up to 50 percent of such compensation (subject to certain limitations) up to a maximum of $15,500. Eligible employees may contribute up to 10 percent of their compensation with after-tax dollars, or they may elect a combination of salary reductions and after-tax contributions.

Eligible employees were allowed to make catch-up contributions of no more than $5,000 during the year ended December 31, 2007 and will be able to make such contributions limited to $5,000 during the year ended December 31, 2008. We do not match employee catch-up contributions.

We may match up to 100% of employee salary reductions and after tax contributions in any amount, decided by our Board of Directors each year, but not more than 10 percent of any one employee's compensation will be matched in any year. Matching contributions vest over the initial six years of employment. For the year ended December 31, 2007, the combination of salary reductions, after tax contributions and matching contributions could not exceed the lesser of 100 percent of an employee's compensation or $45,000 (determined after salary reduction). For the year ended December 31, 2006, the combination of salary reductions, after tax contributions and matching contributions could not exceed the lesser of 100 percent of an employee's compensation or $44,000 (determined after salary reduction). For the year ended December 31, 2005 the combination of salary reductions, after tax contributions and matching contributions could not exceed the lesser of 100 percent of an employee's compensation or $42,000 (determined after salary reduction) for any year.

Employee contributions may be invested in GCI Class A and Class B common stock, AT&T common stock, Comcast Corporation common stock, or various mutual funds.

In 2005 and 2006 employee contributions received up to 100% matching, as determined by our Board of Directors each year, in GCI common stock. As of January 1, 2007, employee contributions receive up to 100% matching and employees self-direct their matching investment. Our matching contributions allocated to participant accounts totaled $5.5 million, $4.6 million, and $5.2 million for the years ended December 31, 2007, 2006, and 2005, respectively. The 401(k) Plan may, at its discretion, purchase shares of GCI common stock from GCI at market value or may purchase GCI's common stock on the open market. We funded all of our employer-matching contributions through market purchases during the years ended December 31, 2007, 2006 and 2005.

(11) Industry Segments Data

Our reportable segments are business units that offer different products. The reportable segments are each managed separately and serve distinct types of customers.

A description of our four reportable segments follows:

Consumer - We offer a full range of voice, video, data and wireless services to residential customers.

Network Access - We offer a full range of voice, data and wireless services to common carrier customers.

Commercial - We offer a full range of voice, video, data and wireless services to business and governmental customers.

Managed Broadband - We offer data services to rural school districts and hospitals and health clinics through our SchoolAccess® and ConnectMD® initiatives.

Corporate related expenses including engineering, operations and maintenance of our core network, information technology, accounting, legal and regulatory, human resources, and other selling, general and administrative ("SG&A") expenses are allocated to our segments using the segment margin for the previous year. Bad debt expense is allocated to our segments using a combination of specific identification and allocations based upon segment revenue in the same year. Restructuring charge and loss on termination of capital lease for the year ended December 31, 2005 was allocated using the percentage of each segment's margin for the year ended December 31, 2004 to total margin for the same period.

We evaluate performance and allocate resources based on earnings from operations before depreciation and amortization expense, net interest expense, income tax expense and share-based compensation expense. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies in note 1. Intersegment sales are recorded at cost plus an agreed upon intercompany profit.

We earn all revenues through sales of services and products within the United States. All of our long-lived assets are located within the United States of America, except 82% of our undersea fiber optic cable systems which transit international waters and all of our satellite transponders.

Summarized financial information for our reportable segments for the years ended December 31, 2007, 2006 and 2005 follows (amounts in thousands):

		Consumer	Network Access	Commer-cial	Managed Broadband	Total Reportable Segments
2007						
Revenues:						
Intersegment	$	---	2,978	5,471	---	8,449
External		223,502	163,377	104,640	28,792	520,311
Total revenues		223,502	166,355	110,111	28,792	528,760
Cost of Goods Sold:						
Intersegment		2,067	1,303	2,487	---	5,857
External		81,877	40,593	50,559	6,028	179,057
Total Cost of Goods Sold		83,944	41,896	53,046	6,028	184,914
Contribution:						
Intersegment		(2,067)	1,675	2,984	---	2,592
External		141,625	122,784	54,081	22,764	341,254
Total contribution		139,558	124,459	57,065	22,764	343,846
Less SG&A		95,808	44,182	38,655	13,849	192,494
Plus share-based compensation		1,720	1,744	1,071	409	4,944
Plus other income		14	15	7	---	36
Earnings from external operations before depreciation, amortization, net interest expense, income taxes and share-based compensation expense	$	47,551	80,361	16,504	9,324	153,740
2006						
Revenues:						
Intersegment	$	---	---	5,335	---	5,335
External		178,951	166,471	105,929	26,131	477,482

Total revenues	178,951	166,471	111,264	26,131	482,817
Cost of Goods Sold:					
Intersegment	---	636	2,353	---	2,989
External	66,889	37,280	47,869	4,367	156,405
Total Cost of Goods Sold	66,889	37,916	50,222	4,367	159,394
Contribution:					
Intersegment	---	(636)	2,982	---	2,346
External	112,062	129,191	58,060	21,764	321,077
Total contribution	112,062	128,555	61,042	21,764	323,423
Less SG&A	80,750	40,268	38,169	12,465	171,652
Plus other income	---	---	---	463	463
Plus share-based compensation	2,081	2,478	1,337	469	6,365
Earnings from external operations before depreciation, amortization, net interest expense, income taxes and share-based compensation expense	$ 33,393	91,401	21,228	10,231	156,253
2005					
Revenues:					
Intersegment	$ 59	6,764	24,655	568	32,046
External	162,928	148,333	105,663	26,102	443,026
Total revenues	162,987	155,097	130,318	26,670	475,072
Cost of Goods Sold:					
Intersegment	5,988	7,643	10,901	3,360	27,892
External	60,762	25,541	43,916	4,642	134,861
Total Cost of Goods Sold	66,750	33,184	54,817	8,002	162,753
Contribution:					
Intersegment	(5,929)	(879)	13,754	(2,792)	4,154
External	102,166	122,792	61,747	21,460	308,165
Total contribution	96,237	121,913	75,501	18,668	312,319
Less SG&A	73,286	33,943	32,376	15,937	155,542
Less Restructuring charge	660	737	417	153	1,967
Less loss on termination of capital lease	921	1,089	562	225	2,797
Plus share-based compensation	180	212	110	44	546
Earnings from external operations before depreciation, amortization, net interest expense, income taxes and share-based compensation expense	$ 27,479	87,235	28,502	5,189	148,405

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

Years ended December 31,		2007	2006	2005
Reportable segment revenues	$	528,760	482,817	475,072
Less intersegment revenues eliminated in consolidation		8,449	5,335	32,046
Consolidated revenues	$	520,311	477,482	443,026

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

Years ended December 31,		2007	2006	2005
Reportable segment earnings from operations before depreciation and amortization expense, net interest expense, income taxes and share-based compensation expense	$	153,740	156,253	148,405
Less depreciation and amortization expense		86,327	82,099	74,126
Less share-based compensation expense		4,944	6,365	546
Plus loss on termination of capital lease		---	---	2,797
Less other income		36	463	---
Consolidated operating income		62,433	67,326	76,530
Less other expense, net		36,968	33,073	39,695
Consolidated income before income taxes and cumulative effect of a change in accounting principle	$	25,465	34,253	36,835

Assets at December 31, 2007, 2006 and 2005 and capital expenditures for the years ended December 31, 2007, 2006 and 2005 are not allocated to reportable segments as our Chief Operating Decision Maker does not review a balance sheet or capital expenditures by segment to make decisions about resource allocations or to evaluate segment performance.

We earn revenues included in the Network Access segment from Verizon (formerly MCI), a major customer. We earned revenues from Verizon, net of discounts, of $71.6 million, $93.4 million and $85.4 million for the years ended December 31, 2007, 2006 and 2005, respectively. As a percentage of total revenues, Verizon revenues totaled 13.8%, 19.6% and 19.3% for the years ended December 31, 2007, 2006 and 2005, respectively.

In July 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. In July 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 in April 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 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, recognized a reduction of bad debt expense as services were provided by MCI and the credit was realized. During the years ended December 31, 2007, 2006 and 2005 we realized $0, $370,000, $3.3 million, respectively, of the MCI credit against amounts payable for services received from MCI.

The MCI credit was completely used at December 31, 2006. The credit balance was not recorded on the Consolidated Balance Sheet as we recognized recovery of bad debt expense as the credit was realized.

In the fourth quarter of 2005 we recognized a decrease in Cost of Goods Sold upon the receipt of $9.1 million from the settlement of four separate claims with AT&T Corp. and AT&T Alascom, Inc. pursuant to a master agreement.

(12) Restructuring Charge

In August 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 included integration of several functions resulting in the layoff of 76 employees by November 30, 2005. The reorganization was completed and became effective on January 1, 2006. Beginning January 1, 2006 we are reorganized under Consumer, Commercial, Network Access 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.” The total costs incurred under the plan were $2.2 million which were recognized primarily during the year ended December 31, 2005 in accordance with SFAS No. 146.

The following table sets forth the restructuring charges by segment during the years ended December 31, 2006 and 2005 (amounts in thousands):

	Consumer	Network Access	Commer-cial	Managed Broadband	Total Reportable Segments
Restructuring charge incurred through the year ending December 31, 2005	$ 660	737	417	153	1,967
Restructuring charge incurred through the year ending December 31, 2006	$ 39	118	84	8	249

Following is a reconciliation of our beginning and ending liability related to the reorganization plan at December 31, 2007, 2006 and 2005 (amounts in thousands):

Balance at December 31, 2004	$ ---
Restructuring charge incurred	1,967
Cash paid	(1,554)
Non-cash charges	(282)
Balance at December 31, 2005	131
Restructuring charge incurred	249
Cash paid	(345)
Non-cash charges	(19)
Balance at December 31, 2006	16
Cash paid	(2)
Adjustment to accrual	(14)
Balance at December 31, 2007	$ ---

(13) Financial Instruments

Fair Value of Financial Instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties. At December 31, 2007 and 2006 the fair values of cash and cash equivalents, restricted cash, net receivables, current portion of notes receivable from related parties, accounts payable, accrued payroll and payroll related obligations, accrued interest, accrued liabilities, and subscriber deposits approximate their carrying value due to the short-term nature of these financial instruments. The carrying amounts and estimated fair values of our financial instruments at December 31, 2007 and 2006 follow (amounts in thousands):

	2007		2006	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Current and long-term debt and capital lease obligations	$ 541,249	512,853	492,319	492,527
Other liabilities	11,596	11,380	11,915	11,808

The following methods and assumptions were used to estimate fair values:

Current and long-term debt and capital lease obligations: The fair value of our Senior Notes is estimated based on the quoted market price for the same issue. The fair value of our Senior Credit Facility is estimated to approximate the carrying value because these instruments are subject to variable interest rates. The fair value of our capital leases and capital leases due to related party are estimated based upon the discounted amount of future cash flows using our current incremental rate of borrowing on our Senior Credit Facility.

Other Liabilities: Deferred compensation liabilities have no defined maturity dates therefore the fair value is the amount payable on demand as of the balance sheet date. Asset retirement obligations are recorded at their fair value and, over time, the liability is accreted to its present value each period. Lease escalation liabilities are valued at the discounted amount of future cash flows using the Senior Credit Facility interest rate at December 31, 2007. Our non-employee share-based compensation awards are reported at their fair value at each reporting period.

(14) Related Party Transactions

We entered into a long-term capital lease agreement in 1991 with the wife of our President and CEO for property occupied by us. The leased asset was capitalized in 1991 at the owner's cost of $900,000 and the related obligation was recorded in the accompanying financial statements. The lease agreement was amended in September 2002. The amended lease terminates on September 30, 2011. Through September 30, 2006 our monthly payment was $20,860 and increased to $21,532 per month on October 1, 2006, and will continue at that rate through September 30, 2011.

In January 2001 we entered into an aircraft operating lease agreement with a company owned by our President and CEO. The lease was amended effective January 1, 2002 and February 25, 2005. The lease term is month-to-month and may be terminated at any time upon one hundred and twenty days written notice. The monthly lease rate is $75,000. Upon signing the lease, the lessor was granted an option to purchase 250,000 shares of GCI Class A common stock at $6.50 per share, of which 150,000 shares remain and are exercisable at December 31, 2007. We paid a deposit of $1.5 million in connection with the lease. The deposit will be repaid to us upon the earlier of six months after the agreement terminates, or nine months after the date of a termination notice. The lessor may sell to us the stock arising from the exercise of the stock option or surrender the intrinsic value of the right to purchase all or a portion of the stock option to repay the deposit, if allowed by our debt instruments in effect at such time.

(15) Commitments and Contingencies

Leases

Operating Leases as Lessee. We lease business offices, have entered into site lease agreements and use satellite transponder and fiber capacity and certain equipment pursuant to operating lease arrangements. Rental costs, including immaterial amounts of contingent rent expense, under such arrangements amounted to $34.6 million, $32.8 million and $32.0 million for the years ended December 31, 2007, 2006 and 2005, respectively.

Capital Leases

In August 2005 we used proceeds from our Senior Credit Facility to pay off our satellite transponder capacity capital lease. Outstanding principal of $35.8 million 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 Capital Lease during the year ended December 31, 2005 on our Consolidated Income Statement.

We entered into a long-term capital lease agreement in 1991 with the wife of our President and CEO for property occupied by us as further described in note 14.

On March 31, 2006, through our subsidiary GCI Communication Corp. we entered into an agreement to lease transponder capacity on Intelsat, Ltd.'s ("Intelsat") Galaxy 18 spacecraft that is expected to be launched May 3, 2008. We will also lease capacity on the Horizons 1 satellite, which is owned jointly by Intelsat and JSAT International, Inc. The leased capacity is expected to replace our existing transponder capacity on Intelsat's Galaxy XR satellite when it reaches its end of life which is estimated to be May 18, 2008.

We will lease C-band and Ku-Band transponders over an expected term of 14 years once the satellite is placed into commercial operation in its assigned orbital location, and the transponders meet specific performance specifications and are made available for our use. The present value of the lease payments, excluding telemetry, tracking and command services and back-up protection, is expected to total $98.6 million. We will record the capital lease obligation and the addition to our Property and Equipment when the satellite is made available for our use which is expected to occur on May 18, 2008.

A summary of estimated future minimum lease payments for this lease assuming a May 3, 2008 launch date follows (amounts in thousands):

Years ending December 31:		
2008	$	6,510
2009		11,160
2010		11,160
2011		11,160
2012		11,160
2013 and thereafter		105,090
Total minimum lease payments	$	156,240

A summary of future minimum lease payments for all leases except the Galaxy 18 capital lease described above follows (amounts in thousands):

Years ending December 31:		Operating		Capital
2008	$	10,979		471
2009		8,412		530
2010		7,123		540
2011		6,156		485
2012		4,444		347
2013 and thereafter		18,315		4,586
Total minimum lease payments	$	55,429		6,959
Less amount representing interest				4,108
Less current maturity of obligations under capital leases				92
Long-term obligations under capital leases, excluding current maturity			$	2,759

The leases generally provide that we pay the taxes, insurance and maintenance expenses related to the leased assets. Several of our leases include renewal options, escalation clauses and immaterial amounts of contingent rent expense. We have no leases that include rent holidays. We expect that in the normal course of business leases that expire will be renewed or replaced by leases on other properties.

Telecommunication Services Agreement and Capacity Leases
A summary of minimum future service revenues primarily including the lease of capacity on one of our fiber optic cable systems and the provision of certain other services follows (amounts in thousands):

Years ending December 31,		
2008	$	14,573
2009		9,114
2010		5,574
2011		3,720
2012		3,720
2013 and thereafter		45,260
Total minimum future service revenues	$	81,961

The cost of assets that are leased to customers is $22.9 million as of December 31, 2007 and 2006. The carrying value of assets leased to customers is $13.1 million and $12.1 million as of December 31, 2007 and 2006, respectively.

Letters of Credit
We have letters of credit totaling $4.2 million outstanding under our Senior Credit Facility as follows:

- $3.4 million to secure payment of certain access charges associated with our provision of telecommunications services within the State of Alaska,
- $653,000 to meet obligations associated with our insurance arrangements, and
- $100,000 to secure right of way access.

Alaska Airlines Miles Agreement
We have an agreement with Alaska Airlines to offer our consumer and commercial customers who make qualifying purchases from us the opportunity to accrue mileage awards in the Alaska Airlines Mileage Plan. The agreement as amended requires the purchase of Alaska Airlines miles during the year ended December 31, 2007 and in future years. The agreement has a remaining commitment at December 31, 2007 totaling $3.8 million.

Wireless Service Equipment Obligation
We have entered into an agreement to purchase hardware and software capable of providing wireless service to small markets in rural Alaska as a reliable substitute for standard wire line service. The agreement has a total commitment of $20.6 million. We paid a $3.5 million down payment in 2007 and expect to pay $4.3 million, $9 million, and $3.8 million during the years ended December 31, 2008, 2009, and 2010, respectively.

Submarine Cable Obligation
In September 2007 we entered into several agreements to purchase the submarine cable, amplifiers and line terminal equipment for our Southeast Alaska submarine fiber optics project. In addition to providing the equipment for the new submarine line, the contracts include additional equipment to upgrade the Alaska United West submarine cable system and also include an option to increase capacity on the Alaska United East submarine cable system. The agreements have a total commitment of $25.3 million. We paid a $2.5 million down payment in 2007 and expect to pay the remaining $22.8 million in 2008.

IRU Purchase Commitment
On July 31, 2006, through our subsidiary GCC we entered into an agreement to purchase an IRU in the Kodiak-Kenai Cable Company, LLC’s marine-based fiber optic cable system linking Anchorage to Kenai, Homer, Kodiak and Seward, Alaska. The new system was placed into service in December 2006. We accepted the first installment of our IRU capacity in December 2006. We have committed to purchase a minimum of $5.0 million to $5.5 million in additional IRU capacity in two installments through 2011.

Deferred Compensation Plan
During 1995, we adopted a non-qualified, unfunded deferred compensation plan to provide a means by which certain employees may elect to defer receipt of designated percentages or amounts of their compensation and to provide a means for certain other deferrals of compensation. We may contribute matching deferrals at a rate selected by us. Participants immediately vest in all elective deferrals and all income and gain attributable thereto. Matching contributions and all income and gain attributable thereto vest over a six-year period. Participants may elect to be paid in either a single lump sum payment or annual installments over a period not to exceed 10 years. Vested balances are payable upon termination of employment, unforeseen emergencies, death and total disability. Participants are general creditors of us with respect to deferred compensation plan benefits. Compensation deferred pursuant to the plan totaled $0, $3,000 and $37,000 for the years ended December 31, 2007, 2006 and 2005, respectively.

Performance Based Incentive Compensation Plan
During 2003 we adopted and in 2005 we amended a non-qualified, performance based incentive compensation plan. The amended incentive compensation plan provides additional compensation to

certain officers and key employees based upon the Company's achievement of specified financial performance goals. The Compensation Committee of the Board of Directors establishes goals on which executive officers are compensated, and management establishes the goals for other covered employees. The amended incentive compensation plan goals were met as of December 31, 2005. All awards were paid during the year ended December 31, 2006, except 12,500 shares of GCI Class A common stock valued and issued in 2007. Under this plan we recognized no expenses during the years ended December 31, 2007 and 2006 and $1.2 million during the year ended December 31, 2005.

Guaranteed Service Levels
Certain customers have guaranteed levels of service with varying terms. In the event we are unable to provide the minimum service levels we may incur penalties or issue credits to customers.

Self-Insurance
We are self-insured for losses and liabilities related primarily to health and welfare claims up to $150,000 per incident and $2.0 million per lifetime per beneficiary above which third party insurance applies. A reserve of $1.4 million and $1.1 million was recorded at December 31, 2007 and 2006, respectively, to cover estimated reported losses, estimated unreported losses based on past experience modified for current trends, and estimated expenses for settling claims. We are self-insured for losses and liabilities related to workers' compensation claims up to $500,000 above which third party insurance applies. A reserve of $330,000 and $487,000 was recorded at December 31, 2007 and 2006, respectively, to cover estimated reported losses and estimated expenses for investigating and settling claims. Actual losses will vary from the recorded reserves. While we use what we believe is pertinent information and factors in determining the amount of reserves, future additions to the reserves may be necessary due to changes in the information and factors used.

We are self-insured for damage or loss to certain of our transmission facilities, including our buried, under sea, and above-ground transmission lines. If we become subject to substantial uninsured liabilities due to damage or loss to such facilities, our financial position, results of operations or liquidity may be adversely affected.

CDMA Network Build-out Agreement
During 2007 Alaska DigiTel and GCI signed an agreement with Sprint Nextel to build-out Alaska DigiTel's CDMA network to provide expanded roaming area coverage. If we fail to meet the schedule of this build-out, Sprint Nextel has the right to terminate the agreement and we may be required to pay up to $16.0 million as liquidated damages. We expect to meet the deadlines imposed by the build-out schedule. To complete the CDMA network build-out, we signed an agreement to purchase CDMA network equipment for $12.5 million which is expected to be paid in 2008.

Access to ACS Unbundled Network Elements
On May 22, 2006, the ACS subsidiary serving Anchorage filed a petition with the FCC, seeking forbearance from regulation of interstate broadband and access services. On August 20, 2007, the FCC granted in part and denied in part the requested relief, requiring that ACS comply with certain safeguards to ensure the relief granted would not result in harm to consumers or competition. On September 19, 2007, GCI and ACS both filed petitions for reconsideration on discrete findings in the order. The petitions are pending and we cannot predict the final outcome of the proceeding at this time.

Universal Service
The Universal Service Fund ("USF") pays subsidies to Eligible Telecommunications Carriers ("ETC") to support the provision of local access service in high-cost areas. Under FCC regulations, we have qualified as a competitive ETC in the Anchorage, Fairbanks, Juneau, Matanuska-Susitna Valley, Ketchikan, and Glacier State service areas. Without ETC status, we would not qualify for USF subsidies in these areas or other rural areas where we propose to offer local access services, and our revenue for providing local access services in these areas would be materially adversely affected.

 (Continued)

The Federal State Joint Board on Universal Service ("Joint Board") has recommended the imposition of a state-by-state interim cap on high cost funds to be distributed to ETCs. If the Joint Board recommendation is adopted by the FCC, this cap will reduce the high cost fund amounts available to competitive ETCs, such as us, as new competitive ETCs are designated and as existing competitive ETCs acquire new customers. In addition, the Joint Board has recommended for FCC consideration long-term options for reforming USF support, including establishing separate funds for mobility and broadband support. Separately, the FCC has issued two reform proposals for changing the basis for support amounts. We cannot predict at this time the outcome of the FCC proceedings to consider USF reform proposals or their respective impacts on us. Both these and any future regulatory, legislative, or judicial actions could affect the operation of the USF and result in a change in our revenue for providing local access services in new and existing markets and facilities-based wireless services in new markets.

Cable Service Rate Reregulation
Federal law permits regulation of basic cable programming services rates. However, Alaska law provides that cable television service is exempt from regulation by the RCA unless 25% of a system's subscribers request such regulation by filing a petition with the RCA. At December 31, 2007, only the Juneau system is subject to RCA regulation of its basic service rates. No petition requesting regulation has been filed for any other system. The Juneau system serves 7% of our total basic service subscribers at December 31, 2007.

UUI and Unicom Acquisition
In October 2007 we signed an agreement to purchase the stock of the United Utilities, Inc. ("UUI") and Unicom Telecommunications ("Unicom") subsidiaries of United Companies, Inc. ("UCI") for $40.0 million expected to be paid upon closing. Additionally we may assume approximately $37.0 million in net debt as part of the acquisition. We will fund the transaction from cash on hand, by drawing down additional debt, or a combination of the two. UUI together with its subsidiary, United-KUC, provides local telephone service to 60 rural Alaska communities across Alaska. Unicom operates DeltaNet, a long-haul broadband microwave network ringing the Yukon-Kuskokwim Delta – a region of approximately 30,000 square miles in western Alaska. By the summer of 2008, DeltaNet, which is still under construction but has already commenced operations where completed microwave towers have been placed into service, will link more than 40 villages to Bethel, the region's hub. This transaction is subject to customary closing conditions, including regulatory approval. We have filed applications with the RCA and FCC seeking the requisite regulatory consent for the transaction. The FCC comment cycle is completed, and the parties are awaiting FCC action. GCI is currently filing replies to comments and the statutory date for a final RCA decision is May 16, 2008. The transaction will close upon regulatory approval which is expected in the second or third quarter of 2008.

Alaska Wireless Acquisition
In August 2007 we signed a memorandum of understanding to acquire all of the interests in Alaska Wireless, LLC ("Alaska Wireless") for $13.0 million to $14.0 million, expected to be paid upon closing. In addition to the initial acquisition payment we have agreed to a contingent payment of approximately $3.0 million in 2010 if certain financial conditions are met. We will fund the transaction from cash on hand, by drawing down additional debt, or a combination of the two. Alaska Wireless is a GSM cellular provider serving approximately 4,000 subscribers in the Dutch Harbor, Alaska area. In addition to the acquisition, we will enter into a management agreement with the existing owners of Alaska Wireless. The business will continue to operate under the Alaska Wireless name and the current management team will continue to manage the day-to-day operations. This transaction is subject to customary closing conditions, including regulatory approval. We filed the application with the FCC seeking the requisite regulatory consent to the transaction on January 18, 2008. This transaction will close upon regulatory approval which is expected in the second or third quarter of 2008.

Dobson Resale Agreement
AT&T acquired Dobson, including its Alaska properties, on November 15, 2007. In December 2007 we signed an agreement with AT&T that provides for an orderly four-year transition of our wireless

 (Continued)

customers from the Dobson/AT&T network in Alaska to our wireless facilities to be built in 2008 and 2009. The agreement allows our current and future customers to use the AT&T wireless network for local access and roaming during the transition period. The four-year transition period, which expires June 30, 2012, provides us adequate time to replace the Dobson/AT&T network in Alaska with our own wireless facilities. Under the agreement AT&T's obligation to purchase network services from us will terminate as of July 1, 2008. AT&T will provide us with a large block of wireless network usage at no charge to facilitate the transition of our customers. We will pay for usage in excess of that base transitional amount. This grant of service will reduce the Cost of Goods Sold during the four-year period ended June 30, 2012, that we would have otherwise recognized in accordance with the new agreement, however we are unable to estimate the impact this agreement will have on our Cost of Goods Sold.

Acquisition of Remaining Alaska DigiTel Interest
In December 2007, we signed a definitive agreement to acquire the remaining minority interest in Alaska DigiTel for a total consideration of approximately $10.0 million. On January 22, 2008, the FCC initiated its proceedings to review the application seeking requisite regulatory approval of the proposed change in control. Following FCC approval of the change in control expected by the third quarter of 2008, we will own 100% of Alaska DigiTel.

IRU Purchase Commitment
On July 31, 2006, we entered into an agreement to purchase an IRU in the Kodiak-Kenai Cable Company, LLC's marine-based fiber optic cable system linking Anchorage to Kenai, Homer, Kodiak and Seward, Alaska. The new system was placed into service in December 2006. We accepted the first installment of our IRU capacity in December 2006. We have committed to purchase a minimum of $5.0 million to $5.5 million in additional IRU capacity in two installments through 2011.

Litigation and Disputes
We are routinely involved in various lawsuits, billing disputes, legal proceedings and regulatory matters that have arisen in the normal course of business and are not expected to have a material affect on our statement of financial position or income statement.

(16) Fluctuations in Fourth Quarter Results of Operations (Unaudited)

The following is a summary of unaudited quarterly results of operations for the years ended December 31, 2007 and 2006 (amounts in thousands, except per share amounts):

		First Quarter[1]	Second Quarter[1]	Third Quarter[1]	Fourth Quarter[1]	Total Year
2007						
Revenues, as originally reported	$	124,579	129,592	133,864	132,276	520,311
Immaterial error corrections		452	298	226	(976)	---
Revenues, as adjusted	$	125,031	129,890	134,090	131,300	520,311
Operating income, as originally reported	$	11,488	18,126	14,193	18,626	62,433
Immaterial error corrections		532	1,050	150	(1,732)	---
Operating income, as adjusted	$	12,020	19,176	14,343	16,894	62,433
Net income, as originally reported	$	1,530	5,015	2,213	4,746	13,504
Immaterial error corrections		282	556	80	(918)	---
Net income, as adjusted	$	1,812	5,571	2,293	3,828	13,504

Net income available to common shareholders, as originally reported	$	1,530	5,015	2,213	4,746	13,504
Immaterial error corrections		282	556	80	(918)	---
Net income available to common shareholders, as adjusted	$	1,812	5,571	2,293	3,828	13,504
Basic net income available to common shareholders per common share, as originally reported[2]	$	0.03	0.09	0.04	0.09	0.26
Immaterial error corrections		---	0.01	---	(0.02)	(0.01)
Basic net income available to common shareholders per common share, as adjusted[2]	$	0.03	0.10	0.04	0.07	0.26
Diluted net income available to common shareholders per common share, as originally reported[2]	$	0.02	0.09	0.04	0.08	0.22
Immaterial error corrections		0.01	0.01	---	(0.02)	---
Diluted net income available to common shareholders per common share, as adjusted[2]	$	0.03	0.10	0.04	0.06	0.22

[1] Includes the correction of immaterial errors caused by (1) the fourth quarter correction of our unified billing system interface to our general ledger that resulted in incorrect amounts being recorded in revenue and accounts receivable, (2) the fourth quarter correction of incorrectly calculated share-based compensation expense related to options and awards, (3) the fourth quarter correction of revenue that had not been correctly recorded throughout the year, and (4) the fourth quarter correction of depreciation expense due to an adjustment of the Alaska DigiTel purchase price allocation.

[2] Due to rounding, the sum of quarterly net income available to common shareholders per common share amounts does not agree to total year net income available to common shareholders per common share.

 (Continued)

		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
2006						
Total revenues	$	112,822	118,220	125,081	121,359	477,482
Operating income	$	15,221	18,698	19,777	13,630	67,326
Income before cumulative effect of a change in accounting principle	$	3,250	5,656	6,482	3,068	18,456
Net income	$	3,314	5,656	6,482	3,068	18,520
Net income available to common shareholders	$	3,314	5,656	6,482	3,068	18,520
Basic net income available to common shareholders per common share:						
Income available to common shareholders before cumulative effect of a change in accounting principle per common share	$	0.06	0.10	0.12	0.06	0.34
Net income available to common shareholders per common share	$	0.06	0.10	0.12	0.06	0.34
Diluted net income available to common shareholders per common share:						
Income available to common shareholders before cumulative effect of a change in accounting principle per common share	$	0.06	0.09	0.12	0.06	0.33
Net income available to common shareholders per common share	$	0.06	0.09	0.12	0.06	0.33

No significant, unusual or infrequently occurring items were recognized in the fourth quarter of 2007 or 2006.

Item 15(b). Exhibits

Listed below are the exhibits that are filed as a part of this Report (according to the number assigned to them in Item 601 of Regulation S-K):

Exhibit No.	Description
3.1	Restated Articles of Incorporation of the Company dated August 20, 2007 *
3.1.1	Articles of Amendment to the Restated Articles of Incorporation of the Company dated July 24, 2007 *
3.2	Amended and Restated Bylaws of the Company dated August 20, 2007 (35)
4.1	Certified copy of the General Communication, Inc. Amendment No. 1, dated as of June 25, 2007, to the Amended and Restated 1986 Stock Option Plan (33)
10.3	Westin Building Lease (3)
10.4	Duncan and Hughes Deferred Bonus Agreements (4)
10.5	Compensation Agreement between General Communication, Inc. and William C. Behnke dated January 1, 1997 (13)
10.6	Order approving Application for a Certificate of Public Convenience and Necessity to operate as a Telecommunications (Intrastate Interexchange Carrier) Public Utility within Alaska (2)
10.13	MCI Carrier Agreement between MCI Telecommunications Corporation and General Communication, Inc. dated January 1, 1993 (5)
10.14	Contract for Alaska Access Services Agreement between MCI Telecommunications Corporation and General Communication, Inc. dated January 1, 1993 (5)
10.15	Promissory Note Agreement between General Communication, Inc. and Ronald A. Duncan, dated August 13, 1993 (6)
10.16	Deferred Compensation Agreement between General Communication, Inc. and Ronald A. Duncan, dated August 13, 1993 (6)
10.17	Pledge Agreement between General Communication, Inc. and Ronald A. Duncan, dated August 13, 1993 (6)
10.20	The GCI Special Non-Qualified Deferred Compensation Plan (7)
10.21	Transponder Purchase Agreement for Galaxy X between Hughes Communications Galaxy, Inc. and GCI Communication Corp. (7)
10.25	Licenses: (3)
10.25.1	214 Authorization
10.25.2	International Resale Authorization
10.25.3	Digital Electronic Message Service Authorization
10.25.11	Certificate of Convenience and Public Necessity – Telecommunications Service (Local Exchange) dated July 7, 2000 (29)
10.26	ATU Interconnection Agreement between GCI Communication Corp. and Municipality of Anchorage, executed January 15, 1997 (12)
10.29	Asset Purchase Agreement, dated April 15, 1996, among General Communication, Inc., ACNFI, ACNJI and ACNKSI (8)
10.30	Asset Purchase Agreement, dated May 10, 1996, among General Communication, Inc., and Alaska Cablevision, Inc. (8)
10.31	Asset Purchase Agreement, dated May 10, 1996, among General Communication, Inc., and McCaw/Rock Homer Cable System, J.V. (8)
10.32	Asset Purchase Agreement, dated May 10, 1996, between General Communication, Inc., and McCaw/Rock Seward Cable System, J.V. (8)
10.33	Amendment No. 1 to Securities Purchase and Sale Agreement, dated October 31, 1996, among General Communication, Inc., and the Prime Sellers Agent (9)
10.34	First Amendment to Asset Purchase Agreement, dated October 30, 1996, among General Communication, Inc., ACNFI, ACNJI and ACNKSI (9)
10.36	Order Approving Arbitrated Interconnection Agreement as Resolved and Modified by Order U-96-89(5) dated January 14, 1997 (12)
10.37	Amendment to the MCI Carrier Agreement executed April 20, 1994 (12)
10.38	Amendment No. 1 to MCI Carrier Agreement executed July 26, 1994 (11)

10.39 MCI Carrier Addendum—MCI 800 DAL Service effective February 1, 1994 (11)
10.40 Third Amendment to MCI Carrier Agreement dated as of October 1, 1994 (11)
10.41 Fourth Amendment to MCI Carrier Agreement dated as of September 25, 1995 (11)
10.42 Fifth Amendment to the MCI Carrier Agreement executed April 19, 1996 (12)
10.43 Sixth Amendment to MCI Carrier Agreement dated as of March 1, 1996 (11)
10.44 Seventh Amendment to MCI Carrier Agreement dated November 27, 1996 (14)
10.45 First Amendment to Contract for Alaska Access Services between General Communication, Inc. and MCI Telecommunications Corporation dated April 1, 1996 (14)
10.46 Service Mark License Agreement between MCI Communications Corporation and General Communication, Inc. dated April 13, 1994 (13)
10.47 Radio Station Authorization (Personal Communications Service License), Issue Date June 23, 1995 (13)
10.50 Contract No. 92MR067A Telecommunications Services between BP Exploration (Alaska), Inc. and GCI Network Systems dated April 1, 1992 (14)
10.51 Amendment No. 03 to BP Exploration (Alaska) Inc. Contract No. 92MRO67A effective August 1, 1996 (14)
10.52 Lease Agreement dated September 30, 1991 between RDB Company and General Communication, Inc. (2)
10.54 Order Approving Transfer Upon Closing, Subject to Conditions, and Requiring Filings dated September 23, 1996 (13)
10.55 Order Granting Extension of Time and Clarifying Order dated October 21, 1996 (13)
10.58 Employment and Deferred Compensation Agreement between General Communication, Inc. and John M. Lowber dated July 1992 (13)
10.59 Deferred Compensation Agreement between GCI Communication Corp. and Dana L. Tindall dated August 15, 1994 (13)
10.60 Transponder Lease Agreement between General Communication Incorporated and Hughes Communications Satellite Services, Inc., executed August 8, 1989 (6)
10.61 Addendum to Galaxy X Transponder Purchase Agreement between GCI Communication Corp. and Hughes Communications Galaxy, Inc. dated August 24, 1995 (13)
10.62 Order Approving Application, Subject to Conditions; Requiring Filing; and Approving Proposed Tariff on an Inception Basis, dated February 4, 1997 (13)
10.66 Supply Contract Between Submarine Systems International Ltd. And GCI Communication Corp. dated as of July 11, 1997. (15)
10.67 Supply Contract Between Tyco Submarine Systems Ltd. And Alaska United Fiber System Partnership Contract Variation No. 1 dated as of December 1, 1997. (15)
10.71 Third Amendment to Contract for Alaska Access Services between General Communication, Inc. and MCI Telecommunications Corporation dated February 27, 1998 (16)
10.80 Fourth Amendment to Contract for Alaska Access Services between General Communication, Inc. and its wholly owned subsidiary GCI Communication Corp., and MCI WorldCom. (17)
10.89 Fifth 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., formerly known as MCI Telecommunications Corporation dated August 7, 2000 # (18)
10.90 Sixth 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., formerly known as MCI Telecommunications Corporation dated February 14, 2001 # (18)

10.91	Seventh 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., formerly known as MCI Telecommunications Corporation dated March 8, 2001 # (18)
10.100	Contract for Alaska Access Services between Sprint Communications Company L.P. and General Communication, Inc. and its wholly owned subsidiary GCI Communication Corp. dated March 12, 2002 # (21)
10.102	First Amendment to Lease Agreement dated as of September 2002 between RDB Company and GCI Communication Corp. as successor in interest to General Communication, Inc. (22)
10.103	Agreement and plan of merger of GCI American Cablesystems, Inc. a Delaware corporation and GCI Cablesystems of Alaska, Inc. an Alaska corporation each with and into GCI Cable, Inc. an Alaska corporation, adopted as of December 10, 2002 (22)
10.104	Articles of merger between GCI Cablesystems of Alaska, Inc. and GCI Cable, Inc., adopted as of December 10, 2002 (22)
10.105	Aircraft lease agreement between GCI Communication Corp., and Alaska corporation and 560 Company, Inc., an Alaska corporation, dated as of January 22, 2001 (22)
10.106	First amendment to aircraft lease agreement between GCI Communication Corp., and Alaska corporation and 560 Company, Inc., an Alaska corporation, dated as of February 8, 2002 (22)
10.108	Bonus Agreement between General Communication, Inc. and Wilson Hughes (23)
10.109	Eighth 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. # (23)
10.110	Settlement and Release Agreement between General Communication, Inc. and WorldCom, Inc. (23)
10.112	Waiver letter agreement dated as of February 13, 2004 for Credit, Guaranty, Security and Pledge Agreement (24)
10.113	Indenture dated as of February 17, 2004 between GCI, Inc. and The Bank of New York, as trustee (24)
10.114	Registration Rights Agreement dated as of February 17, 2004, among GCI, Inc., and Deutsche Bank Securities Inc., Jefferies & Company, Inc., Credit Lyonnais Securities (USA), Inc., Blaylock & Partners, L.P., Ferris, Baker Watts, Incorporated, and TD Securities (USA), Inc., as Initial Purchasers (24)
10.121	First amendment to contract for Alaska Access Services between Sprint Communications Company L.P. and General Communication, Inc. and its wholly owned subsidiary GCI Communication Corp. dated July 24, 2002 # (26)
10.122	Second amendment to contract for Alaska Access Services between Sprint Communications Company L.P. and General Communication, Inc. and its wholly owned subsidiary GCI Communication Corp. dated December 31, 2003 (26)
10.123	Third amendment to contract for Alaska Access Services between Sprint Communications Company L.P. and General Communication, Inc. and its wholly owned subsidiary GCI Communication Corp. dated February 19, 2004 # (26)
10.124	Fourth amendment to contract for Alaska Access Services between Sprint Communications Company L.P. and General Communication, Inc. and its wholly owned subsidiary GCI Communication Corp. dated June 30, 2004 # (26)
10.126	Audit Committee Charter (as revised by the board of directors of General Communication, Inc. effective as of February 3, 2005) (27)
10.127	Nominating and Corporate Governance Committee Charter (as revised by the board of directors of General Communication, Inc. effective as of February 3, 2005) (27)
10.128	Fifth amendment to contract for Alaska Access Services between Sprint Communications Company L.P. and General Communication, Inc. and its wholly owned subsidiary GCI Communication Corp. dated January 22, 2005 # (27)
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. # (28)

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 (28)
10.131	Amended and Restated 1986 Stock Option Plan of General Communication, Inc. as of June 7, 2005 (28)
10.132	Amendment No. 1 to $150 Million EBITDA Incentive Program dated December 30, 2005 (29)
10.134	Full-time Transponder Capacity Agreement with PanAmSat Corporation dated March 31, 2006 # (30)
10.135	Tenth Amendment to Contract for Alaska Access Services between General Communication, Inc. and its wholly owned subsidiary GCI Communication Corp., and MCI Communications Services, Inc. d/b/a Verizon Business Services (successor-in-interest to MCI Network Services, Inc., which was formerly known as MCI WorldCom Network Services) # (31)
10.136	Reorganization Agreement among General Communication, Inc., Alaska DigiTel, LLC, The Members of Alaska DigiTel, LLC, AKD Holdings, LLC and The Members of Denali PCS, LLC dated as of June 16, 2006 (Nonmaterial schedules and exhibits to the Reorganization Agreement have been omitted pursuant to Item 601b.2 of Regulation S-K. We agree to furnish supplementally to the Commission upon request a copy of any omitted schedule or exhibit.) # (32)
10.137	Second Amended and Restated Operating Agreement of Alaska DigiTel, LLC dated as of January 1, 2007 (We agree to furnish supplementally to the Commission upon request a copy of any omitted schedule or exhibit.) # (32)
10.138	Sixth amendment to contract for Alaska Access Services between Sprint Communications Company L.P. and General Communication, Inc. and its wholly owned subsidiary GCI Communication Corp. dated September 20, 2006 (33)
10.139	Seventh amendment to contract for Alaska Access Services between Sprint Communications Company L.P. and General Communication, Inc. and its wholly owned subsidiary GCI Communication Corp. dated January 17, 2007 # (33)
10.140	General Communication, Inc. Director Compensation Plan dated June 29, 2006 (33)
10.141	Eleventh Amendment to Contract for Alaska Access Services between General Communication, Inc. and its wholly owned subsidiary GCI Communication Corp., and MCI Communications Services, Inc. d/b/a Verizon Business Services (successor-in-interest to MCI Network Services, Inc., which was formerly known as MCI WorldCom Network Services) # (35)
10.142	Third Amendment to the Amended and Restated Credit Agreement among GCI Holdings, Inc., GCI Communication Corp., GCI Cable, Inc., GCI Fiber Communication Co., Potter View Development Co., Inc., and Alaska United Fiber System Partnership, GCI, Inc., the banks, financial institutions, and other lenders party hereto and Calyon New York Branch as Administrative Agent, dated as of September 14, 2007 (36)
10.143	Joinder Agreement dated as of September 28, 2007 among BNP Paribas, U.S. Bank National Association, GCI Holdings, Inc., GCI Communication Corp., GCI Cable, Inc., GCI Fiber Communication Co., Potter View Development Co., Inc., and Alaska United Fiber System Partnership, GCI, Inc., and Calyon New York Branch as Administrative Agent (36)
10.144	Strategic Roaming Agreement dated as of October 30, 2007 between Alaska DigitTel, LLC. And WirelessCo L.P. # *

10.145	CDMA Build-out Agreement dated as of October 30, 2007 between Alaska DigitTel, LLC. and WirelessCo L.P. (Nonmaterial schedules and exhibits to the Reorganization Agreement have been omitted pursuant to Item 601b.2 of Regulation S-K. We agree to furnish supplementally to the Commission upon request a copy of any omitted schedule or exhibit.) # *
10.146	Long-term de Facto Transfer Spectrum Leasing agreement between Alaska DigitTel, LLC. and SprintCom, Inc. # *
10.147	Twelfth Amendment to Contract for Alaska Access Services between General Communication, Inc. and its wholly owned subsidiary GCI Communication Corp., and MCI Communications Services, Inc. d/b/a Verizon Business Services (successor-in-interest to MCI Network Services, Inc., which was formerly known as MCI WorldCom Network Services) dated November 19, 2007 (Nonmaterial schedules and exhibits to the Reorganization Agreement have been omitted pursuant to Item 601b.2 of Regulation S-K. We agree to furnish supplementally to the Commission upon request a copy of any omitted schedule or exhibit.) # *
10.148	Stock Purchase Agreement dated as of October 12, 2007 among GCI Communication Corp., United Companies, Inc., Sea Lion Corporation and Togiak Natives LTD. (Nonmaterial schedules and exhibits to the Reorganization Agreement have been omitted pursuant to Item 601b.2 of Regulation S-K. We agree to furnish supplementally to the Commission upon request a copy of any omitted schedule or exhibit.) *
14	Code Of Business Conduct and Ethics (originally reported as exhibit 10.118) (25)
21.1	Subsidiaries of the Registrant *
23.1	Consent of KPMG LLP (Independent Public Accountant for Company) *
31	Certifications Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *
32	Certifications Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 *
99	Additional Exhibits:
99.1	The Articles of Incorporation of GCI Communication Corp. (1)
99.2	The Bylaws of GCI Communication Corp. (1)
99.7	The Bylaws of GCI Cable, Inc. (10)
99.8	The Articles of Incorporation of GCI Cable, Inc. (10)
99.15	The Bylaws of GCI Holdings, Inc. (13)
99.16	The Articles of Incorporation of GCI Holdings, Inc. (13)
99.17	The Articles of Incorporation of GCI, Inc. (12)
99.18	The Bylaws of GCI, Inc. (12)
99.27	The Partnership Agreement of Alaska United Fiber System (15)
99.28	The Bylaws of Potter View Development Co., Inc. (19)
99.29	The Articles of Incorporation of Potter View Development Co., Inc. (19)
99.34	The Bylaws of GCI Fiber Communication, Co., Inc. (20)
99.35	The Articles of Incorporation of GCI Fiber Communication, Co., Inc. (20)

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.

* Filed herewith.

Exhibit Reference	Description
1	Incorporated by reference to The Company’s Annual Report on Form 10-K for the year ended December 31, 1990

2 Incorporated by reference to The Company's Annual Report on Form 10-K for the year ended December 31, 1991

3 Incorporated by reference to The Company's Registration Statement on Form 10 (File No. 0-15279), mailed to the Securities and Exchange Commission on December 30, 1986

4 Incorporated by reference to The Company's Annual Report on Form 10-K for the year ended December 31, 1989.

5 Incorporated by reference to The Company's Current Report on Form 8-K dated June 4, 1993.

6 Incorporated by reference to The Company's Annual Report on Form 10-K for the year ended December 31, 1993.

7 Incorporated by reference to The Company's Annual Report on Form 10-K for the year ended December 31, 1995.

8 Incorporated by reference to The Company's Form S-4 Registration Statement dated October 4, 1996.

9 Incorporated by reference to The Company's Current Report on Form 8-K dated November 13, 1996.

10 Incorporated by reference to The Company's Annual Report on Form 10-K for the year ended December 31, 1996.

11 Incorporated by reference to The Company's Current Report on Form 8-K dated March 14, 1996, filed March 28, 1996.

12 Incorporated by reference to The Company's Form S-3 Registration Statement (File No. 333-28001) dated May 29, 1997.

13 Incorporated by reference to The Company's Amendment No. 1 to Form S-3/A Registration Statement (File No. 333-28001) dated July 8, 1997.

14 Incorporated by reference to The Company's Amendment No. 2 to Form S-3/A Registration Statement (File No. 333-28001) dated July 21, 1997.

15 Incorporated by reference to The Company's Annual Report on Form 10-K for the year ended December 31, 1997.

16 Incorporated by reference to The Company's Annual Report on Form 10-K for the year ended December 31, 1998.

17 Incorporated by reference to The Company's Quarterly Report on Form 10-Q for the period ended June 30, 1999.

18 Incorporated by reference to The Company's Quarterly Report on Form 10-Q for the period ended March 31, 2001.

19 Incorporated by reference to The Company's Quarterly Report on Form 10-Q for the period ended June 30, 2001.

20 Incorporated by reference to The Company's Annual Report on Form 10-K for the year ended December 31, 2001.

21 Incorporated by reference to The Company's Quarterly Report on Form 10-Q for the period ended June 30, 2002.

22 Incorporated by reference to The Company's Annual Report on Form 10-K for the year ended December 31, 2002.

23 Incorporated by reference to The Company's Quarterly Report on Form 10-Q for the period ended June 30, 2003.

24 Incorporated by reference to The Company's Annual Report on Form 10-K for the year ended December 31, 2003.

25 Incorporated by reference to The Company's Quarterly Report on Form 10-Q for the period ended March 31, 2004.

26 Incorporated by reference to The Company's Quarterly Report on Form 10-Q for the period ended June 30, 2004.

27 Incorporated by reference to The Company's Quarterly Report on Form 10-Q for the period ended March 31, 2005.

28 Incorporated by reference to The Company's Quarterly Report on Form 10-Q for the period ended September 30, 2005.
29 Incorporated by reference to The Company's Annual Report on Form 10-K for the year ended December 31, 2005 filed March 16, 2006.
30 Incorporated by reference to The Company's Quarterly Report on Form 10-Q for the period ended March 31, 2006.
31 Incorporated by reference to The Company's Quarterly Report on Form 10-Q for the period ended June 30, 2006.
32 Incorporated by reference to The Company's Annual Report on Form 10-K for the year ended December 31, 2006 filed March 19, 2007.
33 Incorporated by reference to The Company's Quarterly Report on Form 10-Q for the period ended March 31, 2007.
34 Incorporated by reference to The Company's Form S-8 filed with the SEC on July 27, 2007.
35 Incorporated by reference to The Company's Quarterly Report on Form 10-Q for the period ended June 30, 2007.
36 Incorporated by reference to The Company's Quarterly Report on Form 10-Q for the period ended September 30, 2007.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

By: /s/ Ronald A. Duncan
Ronald A. Duncan, President
(Chief Executive Officer)

Date: March 5, 2008

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature	Title	Date
/s/ Stephen M. Brett Stephen M. Brett	Chairman of Board and Director	March 3, 2008
/s/ Ronald A. Duncan Ronald A. Duncan	President and Director (Principal Executive Officer)	March 5, 2008
Jerry A. Edgerton Jerry A. Edgerton	Director	February 26, 2008
/s/ Scott M. Fisher Scott M. Fisher	Director	March 5, 2008
/s/ William P. Glasgow William P. Glasgow	Director	March 5, 2008
Stephen R. Mooney	Director	
/s/ James M. Schneider James M. Schneider	Director	February 26, 2008
/s/ John M. Lowber John M. Lowber	Senior Vice President, Chief Financial Officer, Secretary and Treasurer (Principal Financial Officer)	March 5, 2008
/s/ Lynda L. Tarbath Lynda L. Tarbath	Vice President, Chief Accounting Officer (Principal Accounting Officer)	March 5, 2008

Exhibit 3.1

RESTATED ARTICLES OF INCORPORATION

OF

GENERAL COMMUNICATION, INC.

The following are the Restated Articles of Incorporation of General Communication, Inc., adopted by the Board of Directors of that corporation by a unanimous vote at a meeting held on June 25, 2007, and are executed by that corporation through its president and its secretary and verified by its secretary. These Restated Articles of Incorporation correctly set forth, without change, all of the operative provisions of the Articles of Incorporation as amended up to that time, and these Restated Articles of Incorporation supersede the original Articles of Incorporation and all amendments to them.

ARTICLE I

The name of the corporation is General Communication, Inc. ("Corporation").

ARTICLE II

The duration of this Corporation shall be perpetual.

ARTICLE III

The Corporation is organized for the purposes of transacting any and all lawful business for which corporations may be incorporated under the Alaska Corporations Code (AS 10.06).

ARTICLE IV

(a) The total number of shares of stock which the Corporation shall have authority to issue is one hundred eleven million shares divided into the following classes:

(i) One hundred million shares of Class A Common Stock;

(ii) Ten million shares of Class B Common Stock; and

(iii) One million shares of Preferred Stock.

(b) Each share of Class A Common Stock shall be identical in all respects with the Class B Common Stock, except that each holder of Class A Common Stock shall be entitled to one vote for each share of such stock held, and each holder of Class B Common Stock shall be entitled to ten votes for each share of such stock held.

(c) The Board of Directors is authorized, subject to the provisions of this Article IV, to provide for the issuance of Preferred Stock from time to time in one or more series, specifying the number of shares initially constituting the series, with such distinctive serial designations, rights, preferences and limitations of the shares of each such series, including but not limited to terms and conditions under which the shares may be redeemed, in whole or in part, as the Board of Directors shall establish. The board is further authorized to increase or decrease, but not below the number of shares then outstanding, the number of shares of a series after the issuance of shares of that series.

(d) Notwithstanding the fixing of the number of shares constituting a particular series upon the issuance thereof, the Board of Directors may, at any time thereafter, authorize the issuance of additional shares of the same series or may reduce the number of shares constituting such series, provided that such number shall not be reduced to less than the number of shares of such series then issued and outstanding.

(e) Except as may be determined by the Board of Directors of the Corporation pursuant to paragraph (c) of this Article IV with respect to the Preferred Stock, and except as otherwise expressly required by the laws of the state of Alaska, as then in effect, the holders of the Class A Common Stock and the holders of the Class B Common Stock shall vote with the holders of voting shares of the Preferred Stock, if any, as one class with respect to the election of directors and with respect to all other matters to be voted on by stockholders of the Corporation.

(f) Except as otherwise expressly required by law, any and all rights, titles, interests and claims in or to any dividends declared by the Corporation whether in cash, stock or otherwise, which are unclaimed by the shareholder entitled thereto for a period of six years after the close of business on the payment date, shall be and be deemed to be extinguished and abandoned; and such unclaimed dividends in the possession of the Corporation, its transfer agents or other agents or depositories, shall at such time become the absolute property of the Corporation, free and clear of any and all claims of any person whatsoever.

(g) Each share of Class B Common Stock shall be convertible, at the option of the holder thereof, into one share of Class A Common Stock. To exercise the conversion option, a holder of Class B shares must deliver the certificate or certificates representing the shares of Class B Common Stock to be converted, duly endorsed in blank, to the Secretary of the Corporation, and at the same time, notify the Secretary in writing of such holder's desire to so convert and instruct the Secretary as to the number of shares he or she wishes converted. Upon receipt by the Secretary of the foregoing certificates and instructions, the Corporation shall cause to be issued to the holder of the Class B Common Stock one share of Class A Common Stock for each share of Class B Common Stock requested to be converted, issuing and delivering to such holder certificates for shares of Class A Common Stock issued upon such conversion and all shares of Class B Common Stock remaining unconverted, if any, represented by such certificates. A number of shares of Class A Common Stock equal to the number of shares of Class B Common Stock outstanding shall, from time to time, be set aside and reserved for issuance upon conversion of Class B Common Stock. Class A Common Stock shall not be convertible into Class B Common Stock.

(h) At each election for directors, every shareholder entitled to vote at such election will have the right to vote in person or by proxy, the number of shares owned by that shareholder for as many persons as there are directors to be elected and for whose election that shareholder has a right to vote, and such a shareholder will not be allowed to cumulate that shareholder's votes.

(i) The Corporation will have the power to redeem and otherwise buy back a portion or all of any or all classes or series of shares of its stock as allowed by law, including AS 10.06.325, and as the Board of Directors, in its sole discretion, will deem advisable.

(j) Notwithstanding other provisions of these Articles which might be construed to the contrary, the Corporation may, in the sole discretion of its Board of Directors, issue, reissue, or terminate issuance of its stock in certificated or uncertificated form in accordance with provisions of its Bylaws. Those Bylaw provisions shall include, but not be limited to, appropriate procedures under which a shareholder may deliver uncertificated shares of Class B common stock, if any, to the Corporation for conversion to, and delivery to that shareholder of, Class A common stock under (g) of this Article IV.

ARTICLE V

(a) The governing body of this Corporation shall be a Board of Directors. The number of directors shall be determined in the manner provided in the Bylaws of the Corporation; provided, however, that the number of directors shall not be less than three nor more than twelve.

(b) Upon the establishment of the Board of Directors of the Corporation as having three or more members ("Class Date"), that board will be divided into three classes: Class I, Class II and Class III. Each such class will consist, as nearly as possible, of one-third of the whole number of the Board of Directors. Directors in office on the Class Date will be divided among such classes and in such manner, consistent with the provisions of this Article V, as the Board of Directors may determine by resolution. The initial Class I directors so determined shall serve until the next annual meeting of stockholders of the Corporation following such date. The initial Class II directors so determined shall serve until the second annual meeting of stockholders of the Corporation following such date. The initial Class III directors so determined shall serve until the third annual meeting of stockholders of the Corporation following such date. In the case of each such class, such directors shall serve, subject to their earlier death, resignation or removal in accordance with these Articles of Incorporation, the Bylaws of the Corporation and the laws of the State of Alaska, until their respective successors shall be elected and shall qualify. At each annual meeting of stockholders after the date of such filing, the directors chosen to succeed those whose terms shall have expired shall be elected to hold office for a term to expire at the third succeeding annual meeting of stockholders after their election and, subject to their earlier death, resignation or removal in accordance with these Articles of Incorporation, the Bylaws of the Corporation and the laws of the State of Alaska, until their respective successors shall be elected and shall qualify. If the number of directors is changed, any increase or decrease shall be apportioned among such classes so as to maintain all classes as equal in number as possible, and any additional director elected to any class shall hold office for a term which shall coincide with the terms of the other directors in such class. Any vacancy occurring on the Board of Directors caused by death, resignation, removal or otherwise, and any newly created directorship resulting from an increase in the number of directors on that Board, may be filled by the directors then in office, although such directors are less than a quorum, or by the sole remaining director. Each director chosen to fill a vacancy or newly created directorship shall hold office until the next election of the class for which such director shall have been chosen and, subject to that director's earlier death, resignation or removal in accordance with these Articles of Incorporation, the Bylaws of the Corporation and the laws of the State of Alaska, until that director's successor shall be duly elected and shall qualify.

(c) The Corporation shall have the power to issue and sell any stock, in exchange for such consideration (whether cash, services, assets or stock of or any interest in any business, or any other property, real or personal, whatsoever) as the Board of Directors, in its sole discretion, shall deem advisable. Any stock so issued or sold by the Corporation shall be deemed fully paid and non-assessable.

ARTICLE VI

The capital stock of this Corporation shall not be assessable. It shall be issued as fully paid, and the private property of the stockholders shall not be liable for the debts, obligations or liabilities of this Corporation.

ARTICLE VII

No shareholder of the Corporation shall have any preemptive right to subscribe for, purchase or receive, or to be offered the opportunity to subscribe for, purchase or receive, any part of any shares of stock of the Corporation of any class, whether now or hereafter authorized and whether unissued shares or not, at any time issued or sold by the Corporation, or any part of any options, warrants, rights, bonds, debentures or other evidences of indebtedness or any other securities of the Corporation convertible into, exchangeable or exercisable for, or otherwise entitling the holder thereof to purchase or receive, any such shares. Any and all of such shares, options, warrants, rights, bonds, debentures or other evidences of indebtedness or other securities of the Corporation convertible into, exchangeable or exercisable for, or otherwise entitling the holder thereof to purchase or receive, any such shares may be issued and disposed of by the Board of Directors on such terms and for such consideration, so far as may be permitted by applicable law, and to such person or persons, as the Board of Directors in its absolute discretion may deem advisable.

ARTICLE VIII

The Corporation shall indemnify, to the full extent permitted by, and in the manner permissible under, the laws of the State of Alaska and any other applicable laws, any person made or threatened to be made a party to an action or proceeding, whether criminal, civil, administrative or investigative, other than an action by or in the right of the Corporation, by reason of the fact that the person is or was a director, officer, employee or agent of this Corporation or is or was serving at the request of the Corporation as a director or officer, employee or agent of another corporation, partnership, joint venture, trust, or other enterprise. The foregoing provisions of this Article VIII will be deemed to be a contract between this Corporation and each director and officer who serves in such capacity at any time while this Article VIII is in effect, and any repeal or modification of this Article VIII shall not affect any rights or obligations then existing with respect to any statement of facts then or theretofore existing or any action, suit or proceeding theretofore or thereafter brought based in whole or in part upon any such statement of facts. The foregoing rights of indemnification shall not be deemed exclusive of any other rights to which any director or officer or his legal representative may be entitled apart from the provisions of this Article VIII.

ARTICLE IX

As of the date of these Restated Articles of Incorporation, the Corporation had no alien affiliates.

ARTICLE X

Only the Board of Directors is expressly authorized and empowered to adopt, alter, amend or repeal any provision or all of the Bylaws of this Corporation, to the exclusion of the outstanding shares of the Corporation.

ARTICLE XI

By the affirmative vote of at least 75% of the directors, the Board of Directors may designate an Executive Committee, all of whose members shall be directors, to manage and operate the affairs of the Corporation or particular properties or enterprises of the Corporation. Subject to limitations provided by the laws of the State of Alaska, said committee shall have the power to perform or authorize any act that could be done or accomplished by the majority action of all the directors of the Corporation. The Board of Directors may by resolution establish other committees than an Executive Committee and shall specify with particularity the powers and duties of any such committees.

ARTICLE XII

Notwithstanding the Corporation's incorporation prior to the effective date of the Alaska Corporations Code, the Corporation elects to be governed by the provisions of the Alaska Corporations Code not otherwise applicable to it because the Corporation existed at the effective date of that code and, in particular, the voting provisions of AS 10.06.504 - 10.06.506 of that code pertaining to the procedure to amend articles of incorporation and class voting on amendments to those articles.

IN WITNESS WHEREOF, the Corporation through its corporate officers hereby executes these Restated Articles of Incorporation of General Communication, Inc. on this 20th day of August, 2007.

GENERAL COMMUNICATION, INC.

By: /s/ Ronald A. Duncan
Ronald A. Duncan
President

By: /s/ John M. Lowber
John M. Lowber
Secretary

[S E A L]

Exhibit 3.1.1

ARTICLES OF AMENDMENT

TO THE

RESTATED ARTICLES OF INCORPORATION

OF

GENERAL COMMUNICATION, INC.

The following are the Articles of Amendment ("Amendments") to the Restated Articles of Incorporation ("Articles") of General Communication, Inc. and are executed by that corporation through its president and its secretary, and verified by its secretary.

ARTICLE I

NAME OF CORPORATION

The name of the corporation subject to this Amendment is General Communication, Inc. ("Corporation").

ARTICLE II

AMENDMENTS

Article IV is amended by adding a new Section (j) as follows:

(j) Notwithstanding other provisions of these Articles which might be construed to the contrary, the Corporation may, in the sole discretion of its Board of Directors, issue, reissue, or terminate issuance of its stock in certificated or uncertificated form in accordance with provisions of its Bylaws. Those Bylaw provisions shall include, but not be limited to, appropriate procedures under which a shareholder may deliver uncertificated shares of Class B common stock, if any, to the Corporation for conversion to, and delivery to that shareholder of, Class A common stock under (g) of this Article IV.

ARTICLE III

DATE OF APPROVAL OF AMENDMENTS

The dates of approval of the Amendments by the Board of Directors and the outstanding shares of the Corporation were February 19, 2007 and June 25, 2007, respectively.

ARTICLE IV

SHARES OUTSTANDING AND ENTITLED TO VOTE

The numbers of shares outstanding and the number entitled to vote on the Amendments (the outstanding shares entitled to vote are divided into Class A Common Stock (one vote per share) and Class B Common Stock (10 votes per share), both under Article IV, Section (b) of the Articles) were as follows:

Shares Outstanding:	Class A Common Stock	50,368,902
	Class B Common Stock	3,258,140
	TOTAL:	53,627,042

Shares Entitled to Vote:	Class A Common Stock	50,082,181
	Class B Common Stock	3,256,149
	TOTAL:	53,338,330

ARTICLE V

SHARES VOTED FOR AND AGAINST THE AMENDMENTS

(a) The numbers of shares voted for and against the Amendments were as follows:

Number of Shares Voted For the Amendments:	Class A Common Stock	43,020,950
	Class B Common Stock	3,242,314
	TOTAL:	46,263,264
Number of Shares Voted Against the Amendments:	Class A Common Stock	973,626
	Class B Common Stock	4,068
	TOTAL:	977,694

(b) The Amendments were adopted in their entirety by 91.3% (including 85.9% and 99.6% of the votes of Class A Common Stock outstanding and voting power of Class B Common Stock outstanding, respectively) of the outstanding voting power of the shares of the Corporation satisfying the requirements for adoption of the Amendments under AS 10.06.504 and 10.06.506 of the Alaska Corporations Code.

IN WITNESS WHEREOF, the Corporation, through its corporate officers, hereby executes these Articles of Amendment to the Restated Articles of Incorporation of General Communication, Inc. on this 24th day of July, 2007.

GENERAL COMMUNICATION, INC.

By: /s/ Ronald A. Duncan
Ronald A. Duncan
President

By: /s/ John M. Lowber
John M. Lowber
Secretary

[S E A L]

*** 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.

STRATEGIC ROAMING AGREEMENT

THIS AGREEMENT dated as of the 30th day of October 2007 ("Effective Date"), is by and between WirelessCo, L.P., a Delaware limited partnership ("Sprint"), for itself and for those license holders set forth in Section 1 of Attachment I-A (collectively, the "Sprint Group Members"), by and through its general partner and agent Sprint Spectrum L.P., a Delaware limited partnership ("Spectrum"); Spectrum, on its own behalf with respect Section 10 of this Agreement; Alaska DigiTel, LLC, an Alaska limited liability company (the "Company"), for itself and for those license holders set forth in Section 2 of Attachment I-A (collectively, the "Company Group Members"); and, for purposes of Section 9.21 and 9.24 of this Agreement only, the Company Guarantor (as hereinafter defined). Sprint and the Company are sometimes collectively referred to as the "Parties" and each, individually, as a "Party."

RECITAL

WHEREAS, the Parties desire to make arrangements to facilitate the provision of Wireless Service to Roamers in accordance with the "General Terms and Conditions for Roaming," attached hereto as Appendix I.

MUTUAL AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises herein set forth and intending to be legally bound hereby, Sprint and the Company agree as follows:

1. DEFINITIONS

1.1 "*** **Service**" means *** data services compatible with like services *** Sprint or its Affiliates.

1.2 "**Affiliate** " means, with respect to Sprint or the Company, any facilities-based CMRS operating company that (a) is Controlled by the Party, (b) is an entity in which the Party has at least a fifty percent (50%) voting interest, or (c) is a Group Member of such Party. Without limiting the generality of the foregoing, for the purposes of this Agreement, the following entities will be deemed Affiliates of Sprint: Cox Communications PCS, L.P., American PCS Communications, LLC, PhillieCo, L.P., and SprintCom, Inc.

1.3 “**After Acquired System**” has the meaning set forth in Section 1.5 of Appendix I.

1.4 “**Agreement** ” means this Strategic Roaming Agreement, including all attachments, schedules and appendices attached hereto and each Party’s Technical Data Sheet provided from time to time, and the General Terms and Conditions for Roaming which are attached hereto.

1.5 “**Assume Negative**” means the validation process by which Roamers are assumed unauthorized until a positive notification has been received by the Serving Carrier.

1.6 “**Authentication** ” means the direct exchange of *** over *** connections through a network of carriers by which the identity of the Customer is confirmed through the use of industry standard encryption algorithms.

1.7 “**Authorized Marks**” is defined in Section 10.2.

1.8 “**Authorized Receipt Point**” or “**ARP**” means the location or address of the party designated by the Home Carrier as the delivery point for its CIBER records and authorized agent for performing CIBER edits.

1.9 “**Authorized Roamer**” means a Roamer using equipment with the MBI and line number range(s) listed in accordance with Section 3.1 of Appendix I (except as specified in Section 3.2 of Appendix I) for whom the Serving Carrier has not received a negative notification in accordance with the provisions of Article 3 of Appendix I (“Exchange of Information”) hereof.

1.10 “**BID** ” or “**Billing Identification**” means a five-digit code administered by CIBERNET that may be used instead of a SID for billing purposes to indicate a specific service area within a SID.

1.11 **“Billing Period”** is the period running from the day after the Close of Billing through the Close of Billing day in the subsequent month (normally the 16th through the 15th, unless the 15th falls on a non-business day).

1.12 “**Build-out Schedule**” has the meaning set forth in Section 2.1 of the CDMA Build-Out Agreement.

1.13 “****** System***” has the meaning set forth in the CDMA Build-Out Agreement.

1.14 “**CDMA Build-Out Agreement**” means the CDMA Build-Out Agreement between Sprint and the Company dated of even date herewith.

1.15 “**Change of Control**” means a transaction or series of related transactions in which, (a) the ultimate parent entity of a Party changes, (b) ***% of the outstanding equity interests in a Party (whether by vote or value), are sold, transferred or otherwise disposed of, directly or indirectly, whether by way of merger or otherwise, to any Person or group of Persons, (c) all or substantially all of the assets of a Party are sold, transferred or otherwise disposed of by the Party, or (d) the Company Systems with respect to the entire Company SRA Market is sold, transferred or otherwise disposed of by the Party. The foregoing notwithstanding, and regardless of any FCC regulatory interpretations, a Change of Control will not occur under the Transaction Documents in the event of a GCI Company Acquisition. The ultimate parent entity is to be determined using the Hart-Scott-Rodino Antitrust Improvements Act of 1976 rules. A Change of Control does not occur if a Party changes the form of its organization without changing its ultimate ownership (e.g., converting from a limited partnership to a limited liability company).

1.16 "**CIBER** " or "**Cellular Intercarrier Billing Exchange Record**" means the industry-standard record format used to transfer roamer billing data.

1.17 "**CIBER Record**" means the publication owned, prepared and maintained by CIBERNET Corporation as a service to the wireless communications industry. Unless specifically provided otherwise in this Agreement, all words and phrases used in this Agreement are in accordance with the definitions provided in the CIBER Record.

1.18 "**CIBERNET Negative File Guidelines**" means the negative file guidelines appearing in the CIBER Record in effect from time to time.

1.19 "**Clearinghouse** " means the entity that provides for the exchange of CIBER Records and performs industry accepted CIBER edits.

1.20 "**Close of Billing**" is the 15th day of each calendar month or the next preceding business day if the 15th is not a business day.

1.21 "**CMRS** " means Commercial Mobile Radio Service.

1.22 "**Company** " has the meaning set forth in the preamble.

1.23 "**Company Customer**" means any Person, other than Sprint, purchasing Wireless Service directly from the Company or any of its Affiliates and homed to the Company SRA Market.

1.24 "**Company Group Members**" has the meaning set forth in the preamble.

1.25 "**Company Guarantor**" means General Communication, Inc., an Alaska corporation.

1.26 "**Company Restricted Transaction**" means a (a) Change of Control of the Company, or (b) the direct or indirect sale or disposition by the Company or any Company Group Member of any portion of the Company Systems (as such term is defined in the CDMA Build-Out Agreement) in the Company SRA Market (or portion thereof) constructed by the Company pursuant to the CDMA Build-Out Agreement. A GCI Company Acquisition will not constitute a Company Restricted Transaction.

1.27 "**Company SRA Market**" means the entire State of Alaska.

1.28 "**Company Systems**" has the meaning set forth in the CDMA Build-Out Agreement.

1.29 "**Control** " means, with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of management or policies of such Person, whether through the ownership of voting securities (or other ownership interests), by contract or otherwise.

1.30 "**Controlled Affiliate**" has the meaning set forth in Section 2.5(d) of the CDMA Build-Out Agreement.

1.31 "**Customer** " means a Sprint Customer or a Company Customer.

1.32 "**Dispute** " has the meaning set forth in Section 7.1.

1.33 "**Domestic** " means those Market areas that are under the North American Numbering Plan area.

1.34 "**End User**" means any Person being provided Wireless Service pursuant to any Private Label Service to the extent the Private Label Service Providers of such End Users have elected to use the Sprint primary national PRL and permit their End Users to roam on other wireless networks.

1.35 "**ESN** " means the Electronic Serial Number that is burned in the Customer's wireless telephone set by the manufacturer.

1.36 "**ESN Exhaustion**" means the situation where all potential ESNs have been issued by vendors.

1.37 "**Facilities** " means the telecommunications switching equipment, cell site transceiver equipment, connecting circuits, software and other equipment installed, maintained, expanded, modified or replaced by the Company to render PCS Service within the Company SRA Market.

1.38 "**FCC** " means the Federal Communications Commission.

1.39 **"GCI Company Acquisition"** means a transaction or transactions by or through which General Communication, Inc., or its affiliates (i) becomes the sole parent entity of the Company; or (ii) directly or indirectly acquires, through purchase, merger, or other means, all or any portion (A) of the equity interests in, or other securities of, the Company; or (B) of the assets of the Company.

1.40 "**Home Carrier**" means a Party who is providing Wireless Service to its registered Customers in a geographic area where it directly or through subsidiaries holds a license or permit for a domestic public wireless radio telecommunication system and station.

1.41 "**In-Service Date**" means the earlier of (a) the date on which Phase 1 of the Build-out Schedule has been completed and (b) *** Effective Date.

1.42 "***** Territory**" has the meaning set forth in the CDMA Build-Out Agreement.

1.43 "***** Territory**" has the meaning set forth in the CDMA Build-Out Agreement.

1.44 "**Market** " means the geographical area, identified by a SID, BID, or other like governmental identifier, in which the applicable Party has a license or permit to provide Wireless Service.

1.45 "**MBI** " means the "**MIN Block Identifier**" which is a six digit number assigned by a Home Carrier to identify a line number range of its MSIDs. *** range within an MBI is *** numbers.

1.46 "**MDN** " means the "**Mobile Dialable/Directory Number**" which either (a) is assigned by a Home Carrier to a Customer subscribing to its Wireless Service, or (b) is ported to the Home Carrier by a Customer subscribing to its Wireless Service who previously had service with another telecommunications service provider.

1.47 "**MIN** " means the "**Mobile Identification Number**" which is assigned by a Home Carrier to each of its registered Customers.

1.48 "**Mobile Originated Short Messaging Service**" or "**MOSMS**" means to send short alphanumeric messages from a Customer's or End User's handset.

1.49 "**Mobile Terminated Short Messaging Service**" or "**MTSMS**" means to receive short alphanumeric messages on a Customer's or End User's handset.

1.50 "**MSID** " means the mobile station identifier that is assigned by a Home Carrier to each MDN of its registered Customers.

1.51 "**NID** " means the five digit code assigned by a network operator that is used in conjunction with the SID to identify a coverage area.

1.52 "**North American Numbering Plan**" means for purposes of this Agreement, the format for telephone numbers in the United States, Puerto Rico, Guam, U.S. Virgin Islands and Canada that is a system of 10-digit numbers that uniquely identify every telephone connection in North America.

1.53 "**PCS Service**" means the Wireless Service provided by the Company using the Company Systems that includes voice service, MOSMS, MTSMS, Toll, and *** Service. PCS Service does not include roaming.

1.54 **"Person"** means any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization or entity or Governmental Authority (as such term is defined in the CDMA Build-Out Agreement).

1.55 "**Pre-Call Validation**" or "**PV**" means call validation that occurs between the Serving Carrier and Home Carrier switches before a call is connected, with the purpose of detecting and blocking fraudulent call attempts.

1.56 "**Private Label Service**" means the Wireless Service provided by a Person to such Person's End Users under such Person's label, brand and marks, utilizing the Wireless Service provided to such Person by Sprint.

1.57 "**Private Label Service Agreement**" means any agreement between Sprint and a Person whereby that Person provides Wireless Service supplied by Sprint under such Person's label, brand and marks.

1.58 "**Private Label Service Provider**" means any Person, other than Sprint or the Company, who provides Private Label Service to an End User.

1.59 "**PRL** " means the preferred roaming list used by a Person to establish the network preference by which its Customers obtain Wireless Services.

1.60 "**Proposed Buyer**" has the meaning set forth in Section 4.3.3.

1.61 "**Restated Agreements**" has the meaning set forth in Section 4.3.3.

1.62 "**Roamer** " means a retail or wholesale Customer who seeks Wireless Service in a geographic area outside the area served by its Home Carrier, but within the geographic area served by another Party.

1.63 **"Roaming Light On/Off"** means that the roaming indicator light on the handset of a Customer or End User is on or off, as applicable, while seeking Wireless Service in a particular area.

1.64 "**Serving Carrier**" means a Party who provides Wireless Service for registered Customers of the other Party while such Customers are out of their Home Carrier's geographic service area and in the geographic service area where the Serving Carrier directly or through subsidiaries holds a license or permit for a domestic public wireless radio telecommunication system and station.

1.65 "**SID** " means the five-digit code assigned to each Market by the FCC for each license issued to wireless carriers. SID refers to the Market, not the actual signal code transmitted in a Market.

1.66 "**Spectrum** " has the meaning set forth in the preamble.

1.67 "**Spectrum Lease**" means the Spectrum Lease Agreement dated of even date herewith between Sprint and the Company.

1.68 "**Sprint Communications Company**" has the meaning set forth in Section 10.2.

1.69 "**Sprint** " has the meaning set forth in the preamble.

1.70 "**Sprint Customer**" means any Person purchasing Wireless Service directly from Sprint or its Affiliates, under the Sprint brand name (but not including any customer of a Sprint Roaming Alliance Participant, or any customer of any other entity using the Sprint designation), from a Private Label Service Provider pursuant to a Private Label Service Agreement, or from a Sprint Network Affiliate; provided that in each case, the handset of such person is both CDMA compatible and is programmed with Sprint's national PRL.

1.71 "**Sprint Group Members**" has the meaning set forth in the preamble.

1.72 "**Sprint Network Affiliate**" means any Person (other than a Sprint Roaming Alliance Participant) that Sprint has entered into a contract with to manage portions of the Sprint System and offer Sprint products and services under a license owned either by Sprint or one of its Affiliates or under a license owned directly by that Person or one of its affiliates.

1.73 "**Sprint Nextel**" has the meaning set forth in Section 2.5(a) of the CDMA Build-Out Agreement.

1.74 "**Sprint Systems**" has the meaning set forth in the CDMA Build-Out Agreement.

1.75 “**Sprint Roaming Alliance Participant**” means any Person with whom Sprint has entered into a strategic roaming alliance on substantially similar terms to this Agreement and the CDMA Build-Out Agreement.

1.76 “**Technical Data Sheet**” means a document used by the roaming industry for Home Carriers to notify Serving Carriers, on a periodic basis, of technical information about the Home Carrier’s Markets including, but not limited to, the list of valid MBI combinations of its customers, SIDs, BIDs, market names and point codes.

1.77 “**Territory** ” means The United States of America.

1.78 “**Transaction Documents**” means this Agreement, the CDMA Build-Out Agreement and the Spectrum Lease.

1.79 “**Transfer Notice**” has the meaning set forth in Section 4.3.3.

1.80 “**Transmitted SID**” means the five-digit code transmitted by each wireless carrier in a Market. Each wireless carrier will, to the extent reasonably practicable, identify the Transmitted SID in its Technical Data Sheet. The Transmitted SID may or may not be the SID assigned to that particular Market, but must be a SID as defined and must either be owned by the carrier, or the carrier transmitting/sending the SID must have permission from the carrier that owns the Transmitted SID to transmit/send the Transmitted SID in the Market.

1.81 “***** Territory**” has the meaning set forth in the CDMA Build-Out Agreement.

1.82 “**Wireless Service**” means domestic public wireless radio telecommunications service and any other available public radio services authorized under the FCC Rules (as defined in the CDMA Build-Out Agreement), or other licensing authority in other jurisdiction(s), including but not limited to *** Services ***.

2. NOTICE

Unless otherwise specified in this Agreement, all notices required under this Agreement will be given in writing and all notices will be either personally delivered, sent via facsimile upon machine confirmation of receipt, or dispatched by certified mail return receipt requested to the persons specified below or to such other persons at such other addresses as either Sprint or the Company may designate b y written notice to the other. For purposes of notification, the following addresses and facsimile numbers will be used:

(i) If to Sprint or Spectrum:

Sprint Nextel Corporation
6200 Sprint Parkway
Overland Park, KS 66251
Attention: Vice President – Business Development and Strategy
Facsimile: (913) 762-7207

Copy to:

Sprint Nextel Corporation
2001 Edmund Halley Drive
Reston, Virginia 20191
Attention: General Counsel
Facsimile: (703) 433-4846

Copy to:

King & Spalding, LLP
1180 Peachtree Street, N.E.
Atlanta, Georgia 30309-3521
Attention: Michael J. Egan and Susan J. Kolodkin
Facsimile: (404) 572-5100

(ii) If to the Company:

Alaska DigiTel, LLC
5350 Poplar Avenue
Suite 875
Memphis, TN 38119
Attention: Stephen Roberts
Facsimile: (901) 763-3369

Copy to:

Lukas, Nace, Gutierrez & Sachs, Chartered
1650 Tysons Blvd, Suite 1500
McLean, VA 22102
Attn: Thomas Gutierrez
Facsimile: (703) 584-8696

(iii) If to the Company Guarantor:

General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, AK 99503
Attention: Corporate Counsel
Facsimile: (907) 868- 5676

Copy to:

Paul Hastings Janofsky & Walker LLP
1299 Pennsylvania Ave, NW
10th Floor

Washington, DC 20004
Attn: Carl Northrop
Facsimile: (202) 508-8570

3. REPRESENTATIONS, WARRANTIES AND COVENANTS

3.1 Representations and Warranties of Sprint

3.1.1 Sprint represents and warrants that it has been duly authorized by all necessary action to enter into the Transaction Documents to which it is a party, and that each of the Transaction Documents, when duly executed by the Parties, will constitute the legal, valid and binding obligation of Sprint, enforceable against it in accordance with its terms.

3.1.2 Sprint represents and warrants that it has obtained all consents and approvals required to be obtained from each Sprint Group Member as are necessary for Sprint to enter into this Agreement on behalf of such Sprint Group Member.

3.1.3 Sprint represents and warrants that (a) each of the Sprint Group Members is a licensee or permittee of the Domestic Public Wireless Radio Telecommunications System(s) and Station(s) shown on the attached Attachment I-A serving the area(s) referred to therein and (b) only Sprint Group Members will be authorized Home Carriers hereunder.

3.2 Representations and Warranties of the Company

3.2.1 The Company represents and warrants that (a) it has been duly authorized by all necessary action to enter into each Transaction Document to which it is a party, (b) each of the Transaction Documents to which it is a party, when duly executed by the Parties, will constitute the legal, valid and binding obligation of the Company, enforceable against it in accordance with its terms; and (c) the Company has adequate federal, state and local licenses to allow it to offer the Wireless Services, and that it will use all commercially reasonable efforts to maintain such licenses for the duration of this Agreement.

3.2.2 The Company represents and warrants that it has obtained all consents and approvals required to be obtained from each Company Group Member as are necessary for the Company to enter into this Agreement on behalf of such Company Group Member.

3.2.3 The Company represents and warrants that (a) each of the Company Group Members is a licensee or permittee of the Domestic Public Wireless Radio Telecommunications System(s) and Station(s) shown on the attached Attachment I-A serving the area(s) referred to therein and (b) only the Company Group Members will be authorized Home Carriers under this Agreement.

3.3 Representations and Warranties of the Company Guarantor

3.3.1 The Company Guarantor represents and warrants that (a) it has been duly authorized by all necessary action to enter into each Transaction Document to which it is a party, (b) each of the Transaction Documents to which it is a party, when duly executed by the Parties, will constitute the legal, valid and binding obligation of the Company Guarantor, enforceable against it in accordance with its terms; and (c) the Company has adequate federal, state and local licenses to allow it to offer the Wireless Services, and that it will use all commercially reasonable efforts to maintain such licenses for the duration of this Agreement

4. CHANGE OF CONTROL AND MODIFICATIONS TO LICENSEE OR PERMITTEE PARTIES

4.1 Non-Substantial Modifications to Attachment I-A

4.1.1 In the event of *** Domestic Public Wireless Radio Telecommunication System(s) and Stations(s) by ***, may from time to time hereafter seek to amend Attachment I-A of this Agreement to *** upon written notice to the other and with the written consent of the other Party, which consent will not be unreasonably withheld, conditioned or delayed.

4.1.2 In the event of ***, may from time to time hereafter seek to amend Attachment I-A of this Agreement *** upon written notice to the other Party and with the written consent of the other Party, which consent will not be unreasonably withheld, conditioned or delayed. Approved additions will utilize rates *** in this Agreement.

4.1.3 Approved *** between such additional party or parties and all the existing Group Members as of the date set forth in an agreed upon amended Attachment I-A provided with the notice.

4.2 Except as provided in Section 4.3, in the case of ***, and Section 4.4, in the case ***, neither Party may sell, assign, transfer, or convey its interest in this Agreement or any of its rights or obligations hereunder without the written consent of the other Party.

4.3 Restrictions and Conditions on *** Restricted Transactions

4.3.1 Notwithstanding any implication to the contrary contained herein, *** will not enter into, or commit to enter into, *** Restricted Transaction prior to the completion (to the reasonable satisfaction of ***) of its build-out obligations under the Build-out Schedule.

4.3.2 Subject to Section 4.3.1, if *** desires to enter into a transaction that would constitute a Change of Control of ***, *** will notify *** in writing (the "Interest Notice") prior to entering into any agreement with respect to the proposed transaction. The Interest Notice will include a reasonable description of the material terms and conditions of the proposed transaction in which *** is willing to engage, all of which will be commercially reasonable. *** will notify *** in writing as to whether *** intends to enter into the proposed Change of Control transaction with *** on terms and conditions that are substantially similar to the terms and conditions set forth in the Interest Notice. If *** delivers notice in accordance with the foregoing sentence, the Parties will negotiate in good faith to consummate a transaction *** notice. ***, Sprint will be deemed *** under this

Section 4.3.2, and *** may proceed with another Proposed Buyer (as hereinafter defined) on substantially similar terms to those set forth in the Interest Notice, subject to the remainder of this Section 4.3. *** change results in a value that is *** contained in the Interest Notice or non-financial terms that are materially different than those contained in the Interest Notice, *** will re-offer the transaction to *** in accordance with this Section 4.3.2 before proceeding with a Proposed Buyer.

4.3.3 *** declines *** any *** Restricted Transaction, or *** any *** Restricted Transaction that is not a Change of Control:

(1) *** will provide written notice (the "Transfer Notice") of the proposed *** Restricted Transaction, which will identify the proposed buyer, assignee or transferee (the "Proposed Buyer"), and will include, to the extent available to ***, copies of the audited financial statements of the Proposed Buyer for *** date (or unaudited financial statements for all or any portion of such period to the extent that audited financial statements are not available), ***, but *** the anticipated closing date. In addition to the foregoing, upon the written request of ***, *** will promptly deliver to *** such information with respect to such Proposed Buyer as is reasonably available to ***, and is reasonably requested by *** to evaluate the ability of the Proposed Buyer to assume the obligations of *** under the Transaction Documents.

(2) In the case of a proposed *** Restricted Transaction described in clause (c) or (d) of the definition of Change of Control (or a *** Restricted Transaction that is not a Change of Control), *** (in addition to providing the Transfer Notice) will cause the Proposed Buyer to assume all of the obligations of *** under the Transaction Documents with respect to the transferred or otherwise affected Markets. In the case of a proposed *** Restricted Transaction described in clause (a) or (b) of the definition of Change of Control where *** does not survive the transaction, the Parties intend that the Proposed Buyer will assume by operation of law all of the obligations of *** under the Transaction Documents with respect to the transferred or otherwise affected Markets. If *** does not survive the transaction, and if the Proposed Buyer is not deemed to have assumed all of the obligations of *** under the Transaction Documents, *** will take all actions necessary to cause the Proposed Buyer to assume such obligations.

(3) *** the Transfer Notice and the written agreements described in subsection (2) above, *** will have the right, by delivery of written notice to ***, to either (x) continue under the Transaction Documents with the Proposed Buyer (making whatever modifications to the Transaction Documents, if any, may be necessary to take into account the identity of the Proposed Buyer), (y) terminate the Transaction Documents either in their entirety or with respect to the transferred or otherwise affected Market(s), or (z) amend and restate the Transaction Documents, as applicable, to be effective upon the consummation of *** Restricted

Transaction, on terms substantially similar to the terms set forth in Schedule 4.3.3 hereto, and on such other terms and conditions as may otherwise be agreed upon by the Parties in good faith negotiations (the "Restated Agreements"). *** elects *** in accordance with clause (y) above (either in whole or in part), the effective date of the termination will be *** of its termination notice (or, if earlier, (I) on the date this Agreement terminates in accordance with Section 5.1, or (II) on the date *** whatever *** deems reasonably necessary in light of the termination of the Transaction Documents). During such *** (or ***) period, the Parties (and the Proposed Buyer) will operate under the Restated Agreements (which will be finalized by the Parties as soon as reasonably practicable after the delivery by *** of its termination notice, and will be assumed by the Proposed Buyer in accordance with subsection (2) above). Notwithstanding any implication to the contrary contained herein or in the CDMA Build-Out Agreement, *** to terminate the Transaction Documents, the covenant contained in the first sentence of Section 2.5(a) of the CDMA Build-Out Agreement will terminate, and will have no further force or effect, *** of its termination notice.

4.4 If *** enters into a Change of Control transaction described in clause (c) or (d) of the definition of Change of Control, *** will promptly notify ***, and will cause the proposed transferee to assume all of the obligations of *** under the Transaction Documents with respect to the transferred or otherwise affected Markets. If *** a Change of Control transaction described in clause (a) or (b) of the definition of Change of Control, and ***, the Parties intend that the transferee will assume by operation of law all of the obligations of *** under the Transaction Documents with respect to the transferred or otherwise affected Markets. If *** does not survive the transaction, and if the transferee is not deemed to have assumed all of the obligations of *** under the Transaction Documents, *** will take all actions necessary to cause such transferee to assume such obligations.

5. TERM AND TERMINATION

5.1 The initial term of this Agreement (the "Initial Term") will commence on the Effective Date and, except as otherwise provided in Sections 4.3.2, 4.3.3 and this Article 5, *** In-Service Date. At the end of the initial term of this Agreement, this Agreement will *** (each, a "Renewal Term") until such time as either Sprint or the Company terminates this Agreement, with or without cause, in accordance with the following sentence. Notwithstanding the foregoing, either Party may terminate this agreement at the end of the Initial Term or any Renewal Term by providing *** to the other Party. If a termination notice is delivered in accordance with the preceding sentence, then, notwithstanding the provisions of Section 2.5 of the CDMA Build-Out Agreement, upon delivery of such notice (a) *** will be permitted to install an Overbuild Network (as defined in the CDMA Build-Out Agreement) during the remainder of the Initial Term or the then-applicable Renewal Term and (b) for the remainder of the Initial Term or the then-applicable Renewal Term (and for a period of 12 months thereafter), the

Parties will operate under transaction documents that are substantially similar to the Restated Agreements (other than with respect to term) (which such transaction documents will be finalized by the Parties as soon as reasonably practicable after the delivery of the termination notice). If the Parties fail to enter into a Renewal Term, then at the end of the Initial Term or the then-applicable Renewal Term, as the case may be, *** into a new agreement *** Markets *** at the rates *** and on other terms and conditions that are substantially similar to the terms and conditions of ***; provided that *** will continue to meet and provide, as the case may be, during the *** performance standards and the core features and services being met and provided by *** pursuant to Sections 2.3 and 2.4 of the CDMA Build-Out Agreement at the effective date of the termination of this Agreement.

5.2 In the event of a default (as described in Section 6.1 or 6.2) under this Agreement by ***, this Agreement may be terminated by *** (a) following the expiration of the cure period provided in Section 6.1 in the case of a default under Section 6.1 and (b) immediately in the case of default under Section 6.2, in each case, upon written notice to ***.

5.3 In the event of a default (as described in Section 6.1 or 6.2) under this Agreement by ***, this Agreement may be terminated by *** (a) following the expiration of the cure period provided in Section 6.1 in the case of a default under Section 6.1, and (b) immediately in the case of default under Section 6.2, in each case, upon written notice to ***.

5.4 In the event of a change by state or federal licensing authorities banning or severely impairing the use of Roamer service by substantially all of the *** Group Members or substantially all of *** Group Members, this Agreement may be terminated by either Party upon the delivery of written notice to the other Party; provided, however, that any such notice must be delivered *** by state or federal licensing authorities, and the termination will be effective on the effective date of such change.

5.5 In the event of the early termination of the CDMA Build-Out Agreement, this Agreement may be terminated by either Party upon the delivery of written notice to the other Party; provided that such Party is not in material breach of any of the Transaction Documents at the time of such notice, and provided further that any such termination will be effective on the effective date of the termination of the CDMA Build-Out Agreement. In the event of termination under this Section 5.5, Sprint and the Company will enter into *** in their respective Markets *** at the rates set forth in this Agreement for *** and on other terms and conditions that are substantially similar to the terms and conditions of *** agreement; provided that *** will continue to meet and provide, as the case may be, *** the performance standards and the core features and services being met and provided by *** pursuant to Sections 2.3 and 2.4 of the CDMA Build-Out Agreement at the effective date of the termination of this Agreement.

5.6 In the event of a material breach by *** of its obligations under the Spectrum Lease and the early termination of the Spectrum Lease by ***, *** may terminate this Agreement upon the delivery of written notice to ***; provided that *** is not in material breach of any of the Transaction Documents at the time of such notice, and provided further any such termination will be effective on the effective date of the termination of the Spectrum Lease. In the event of termination under this Section 5.6, *** and *** will continue to provide *** services to each other in those Markets where they are licensed to provide Wireless Service on a non-preferred basis at the rates set forth in this Agreement ***, pending the negotiation, in good faith, of a new roaming agreement on a non-preferred basis.

5.7 The suspension or termination of this Agreement will not affect the rights and liabilities of the Parties and their respective Group Members under this Agreement with respect to all Authorized Roamer charges incurred prior to the effective date of such termination or suspension.

5.8 The Parties agree that irreparable damage would occur if any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties will be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof.

5.9 Termination of this Agreement for any reason will not relieve any Party of any liability that at the time of termination has already accrued to such Party or that thereafter may accrue in respect of any act or omission prior to such termination, or the survival of any right, duty or obligation of any Party which is expressly stated elsewhere in this Agreement to survive termination hereof.

6. DEFAULT

A Party will be in default under this Agreement upon the occurrence of any of the following events:

6.1 A material breach of any term of this Agreement by such Party or its Group Member, which remains uncured *** following the receipt of written notice of the breach from the non-breaching Party;

6.2 Voluntary liquidation or dissolution of either Party;

6.3 A final order by the FCC revoking or denying renewal of a Wireless Service license or permit granted to such Party which, individually or in the aggregate, are material to the performance of such Party under any of the Transaction Documents; or

6.4 Such Party or, in the case of the Company, the Company Guarantor (a) filing pursuant to a statute of the United States or of any state, a petition for bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee for all or a substantial portion of such Party's (or the Company Guarantor's) property, (b) has filed against it, pursuant to a statute of the United States or of any state, a petition for bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee for all or a portion of such Party's (or the

Company Guarantor's) property, provided that *** such Party (or the Company Guarantor) fails to obtain a discharge thereof, or (c) making an assignment for the benefit of creditors or petitioning for, or voluntarily entering into, an arrangement of similar nature, and provided that such filing, petition, or appointment is still continuing.

7. DISPUTE RESOLUTION

7.1 **Dispute Resolution Procedures.** In the event of any controversy or claim of any nature arising out of or relating to this Agreement or the breach, termination or validity thereof, whether based on contract, tort, statute, fraud, misrepresentation or any other legal or equitable theory, or any subject matter governed by this Agreement (a "Dispute") the Parties agree to comply with the dispute resolution procedure set forth in this Article 7.

7.2 **Continued Performance.** Each Party will continue performance during the pendency of any Dispute, until the effective date of any termination of this Agreement under Article 5.

7.3 **Notification and Response.** If a Party has a Dispute, that Party will provide written notification to the other Party in accordance with Article 2, in the form of a claim identifying the issue or amount disputed and including a detailed reason for the claim. The Party against whom the claim is made will respond in writing to the claim *** of the notice of claim.

7.4 **Escalation Procedure:**

7.4.1 At the written request of one of the Parties, each Party will identify a knowledgeable, responsible representative with settlement authority to meet and negotiate in good faith to resolve the Dispute. The business representatives will meet (either by phone or in person) and attempt to resolve the Dispute *** the written request.

7.4.2 If the business representatives cannot resolve the Dispute ***, then the Dispute will be resolved in accordance with the remedies available at law or at equity, subject to the remainder of this Article 7.

7.5 **Waiver of Jury Trial. Each Party waives its right to a jury trial in any court action arising among the Parties, whether under this Agreement or otherwise related to this Agreement, and whether made by claim, counterclaim, third party claim or otherwise.**

7.6 **Arbitration.** If for any reason the jury waiver set forth in Section 7.5 is held to be unenforceable, the Parties agree to binding arbitration under the applicable commercial rules of the American Arbitration Association and 9 U.S.C. § 1, et seq. Any arbitration will be subject to the Choice of Law provision set forth in Section 7.7. Discovery in the arbitration will be governed by the Federal Rules of Civil Procedure. The determination of the arbitrator will be final, binding and conclusive upon the Parties and enforceable in a court of competent jurisdiction. The agreement of each Party to waive its right to a jury trial will be binding on its successors and assignees.

7.7 **Choice of Law.** This Agreement will be construed in accordance with the substantive laws of the State of Kansas, but not its rules relating to conflicts of laws.

7.8 **Attorney's Fees.** The prevailing Party in any Dispute will be entitled to reasonable attorney's fees and costs, including reasonable expert fees and costs. This provision will not apply if the prevailing Party rejected a written settlement offer that exceeds the prevailing Party's recovery.

8. INDEMNITY

Each Party hereby agrees to indemnify the other Party and such Party's Group Members and Affiliates (including, ***), together with their partners, members and any and all of their officers, directors, employees, agents, parent companies, subsidiaries, shareholders, and/or affiliates, against, and hold them harmless from, any and all third party claims, suits, demands, losses and expenses, including attorneys' fees and disbursements, which may result in any way whatsoever from the indemnifying Party's breach of its obligations under this Agreement, including the denial or provision of Roamer or local Wireless Service to any wireless telephone in violation of the terms of this Agreement.

9. MISCELLANEOUS

9.1 **Additional Terms and Provisions.** Certain additional and supplemental terms and provisions of this Agreement, if any, are set forth in the Addendum to Strategic Roaming Agreement attached hereto and incorporated herein by reference.

9.2 **No Partnership Or Agency Relationship Created**. Nothing contained in this Agreement will constitute the Parties as partners with one another or render any Party liable for any debts or obligations of any other Party (except to the extent specifically provided in this Agreement), nor will any Party hereby be constituted the agent of any other Party.

9.3 **Compliance with Laws**. The Parties will comply with, conform to, and abide by all applicable laws, regulations, rules and orders of all governmental agencies and authorities, and agree that this Agreement is subject to such laws, regulations, rules and orders. All references in this Agreement to such laws, regulations, rules and orders include any successor provision. If any amendment to or replacement of the same materially alters the benefits, rights, and duties of the Parties hereunder, the Parties agree to negotiate in good faith an amendment to this Agreement to restore the respective positions of the Parties to substantially the same point as existed prior to such amendment or replacement.

9.4 **Good Faith Efforts to Fulfill Obligations**. The Parties agree to use their respective good faith efforts to fulfill all of their obligations under this Agreement. If additional agreements or modifications are necessary to effectuate the intent of this Agreement, Sprint and the Company will negotiate with each other in good faith. In no event, however, is either Sprint or the Company obligated to amend this Agreement or enter into other agreements if the efforts to negotiate in good faith do not result in such an amendment or other agreement that is satisfactory to both Parties.

9.5 **Unenforceability**. If any part of this Agreement is held to be invalid or unenforceable, such determination will not invalidate any other provision of this Agreement, to the greatest extent permitted by applicable law, so long as the economic and legal substance of this Agreement is not affected in any manner adverse to any Party.

9.6 **Amendment**. This Agreement, all appendices and attachments referenced herein or attached hereto and the Technical Data Sheets as they may be amended from time to time constitute the full and complete agreement of the Parties. Any prior agreements among the Parties with respect to the subject matter covered herein are hereby superseded. Except as otherwise provided in Sections 2.1(b) and 2.7 of the CDMA Build-Out Agreement, this Agreement may not be modified, except by a written document signed by a duly authorized representative of each of Sprint and the Company.

9.7 **Waiver**. Waiver of any breach of any provision of this Agreement must be in writing signed by Sprint in the case of a breach by the Company or a Company Group Member, or by the Company in the case of breach by Sprint or a Sprint Group Member, and such waiver will not be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision. The failure of a Party to insist upon strict performance of any provision of this Agreement or any obligation under this Agreement will not be a waiver of such Party's right to demand strict compliance therewith in the future.

9.8 **Fees for Sprint Services**. The Company is solely responsible for development and maintenance, and any related costs or expenses, of its own network and any necessary labor or material required to modify the Company Systems so that the Company can provide near real time billing data for voice traffic compatible with nationally standardized platforms. Subject to Sprint's availability and the Parties execution of a mutually acceptable purchase order, the Company may, at the Company's sole discretion utilize Sprint's consulting services at Sprint's then-current rates.

9.9 **Sprint Services Fee.**

9.9.1 Sprint will review and monitor the Company's compliance with the CDMA Build-Out Agreement, including the following sections: Section 2.1 "Construction"; Section 2.2 "Interoperability"; Section 2.3 "Network Performance Standards"; and Section 2.4 "Core Features and Services" along with the schedules referenced therein. The nature and extent of Sprint's review and monitoring will be as determined by Sprint in its sole discretion. Notwithstanding any implication to the contrary contained in this Section 9.9.1, any failure by the Company to comply with its obligations under the CDMA Build-Out Agreement will be the sole responsibility of the Company regardless of any act or omission of Sprint under this Section 9.9.1, and the Company waives any right it may have to assert any claim against Sprint for failure to adequately monitor or review the Company's compliance with the CDMA Build-Out Agreement.

9.9.2 The Company will make the following payments to Sprint by wire transfer of immediately available funds in consideration of the services described in Section 9.9.1 per the following schedule:

9.9.2.1 $*** upon execution of this Agreement

9.9.2.2 Payment of the following amounts not later than December 15 of the applicable year: (a) ***- $***

(b) ***- $***

(c) ***- $***

(d) ***- $***

9.10 **Headings**. The headings in this Agreement are inserted for convenience and identification only and are not intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof.

9.11 **Capitalized Terms**. Initial capitalized terms have the meaning as defined in Section 1 or as set forth in the section of this Agreement where referenced.

9.12 **Execution in Counterparts**. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same agreement.

9.13 **Force Majure**. Neither Party will be responsible for any delay or failure in performance of any part of this Agreement to the extent that such delay is caused by reason of acts of God, wars, revolution, terrorism, civil commotion, acts of public enemy, embargo, acts of government in its sovereign capacity, epidemics, pandemics, labor difficulties, including without limitation, strikes, slowdowns, picketing or boycotts, or any other circumstances beyond the reasonable control and not involving any fault or negligence of the Party affected ("Condition"). If any such Condition occurs, (a) the Party affected, upon giving prompt notice to the other Party, will be excused from such performance on a day-to-day basis during the continuance of such Condition (and the other Party will likewise be excused from performance of its obligations on a day-to-day basis during the same period), provided, however, that the Party so affected will use commercially reasonable efforts to avoid or remove such Condition and both Parties will proceed as soon as is reasonably practicable with the performance of their obligations under this Agreement whenever such causes are removed or cease (subject to the other Party's rights under clause (b) of this Section 9.13); and (b) the other Party will have the right, during the continuance of such Condition, and for a reasonable period of time following receipt of notice of the termination of such Condition, to secure alternative means (whether through an alternative provider or otherwise) to satisfy the obligations of the affected Party that are not being satisfied as a result of the Condition.

9.14 **Publicity**. Except as provided in Article 10, neither Party will (and the Company will cause the Company Guarantor not to) publicly announce the existence of any of the Transaction Documents or their terms and conditions without the prior consent of the other Party, which may be withheld in its sole discretion; provided, that the foregoing will not preclude communications or disclosures necessary to implement the provisions of this Agreement or to comply with accounting or Securities and Exchange Commission disclosure obligations or applicable FCC disclosure obligations.

9.15 **Authorized Representative**. For the purposes of this Agreement, Sprint will be the authorized representative of the Sprint Group and the Company will be the authorized representative of the Company Group.

9.16 **Confidential Information**. The provisions of Section 3.4 of the CDMA Build-Out Agreement are hereby incorporated by reference into this Agreement (without regard to whether the CDMA Build-Out Agreement has been terminated). Upon the written request of a Party, the other Party must return all Confidential Information, as defined in the CDMA Build-Out Agreement, to the requesting Party, or at the option of requesting Party, the other Party must destroy such Confidential Information and provide the requesting Party with written certification of destruction.

9.17 **Limitation of Damages**. Neither Party will be liable to the other Party (or their respective Indemnified Persons) for consequential (including without limitation loss of profits or savings), incidental, special, exemplary, punitive, or any other indirect damages, even if informed of the possibility that they may be incurred; provided, however, that this Section 9.17 will not restrict the rights of any Sprint Indemnified Person or Company Indemnified Person, as the case may be, to recover any such damages it has been required to pay to third parties.

9.18 **Agreement Non-Exclusive.** This Agreement is a non-exclusive arrangement between Sprint and the Company. Except as provided in Appendix I with respect to preferences, nothing contained in this Agreement is intended or should be construed to preclude or limit a Party from obtaining from or providing to a third party Wireless Service of a type available or required to be provided under this Agreement. This Agreement is entered into solely for the benefit of the Parties and no person other than the Parties, their respective successors, and to the extent provided herein, the persons entitled to indemnification pursuant to this Agreement, may exercise any right or enforce any obligation hereunder.

9.19 **Resale of Services.** *** will not resell *** System under this Agreement. *** may resell *** System under this Agreement; provided that the rates that the Company will charge Sprint for purposes of reselling *** System are set forth on Table *** and *** will provide *** with written notice *** such resale activities.

9.20 **No Third Party Beneficiaries.** This Agreement is entered into solely for the benefit of the Parties and no person other than the Parties, their respective successors, and (to the extent provided in Article 8) the persons entitled to indemnification pursuant to Article 8, may exercise any right or enforce any obligation hereunder.

9.21 **Company Guarantor Guaranty.** The Company Guarantor hereby irrevocably and unconditionally guarantees, for the benefit of Sprint (a) the performance by the Company of its obligations under the Transaction Documents; and (b) the accuracy and completeness of the representations and warranties made by the Company in any of the Transaction Documents. The Company and the Company Guarantor agree that Sprint will not be required to assert any claim or causes of action against the Company before asserting a claim or cause of action against the Company Guarantor. The guaranty contained in this Section 9.21 will not be affected, modified or impaired by any circumstance or event.

9.22 **Other SRAs.** The Company will negotiate in good faith to enter into roaming agreements with other Sprint Roaming Alliance Participants, on terms that are commercially reasonable, including rates that are not greater than the rates set forth in Table 3A (unless both the Company and the applicable Strategic Alliance Participants agree to higher rates).

9.23 **GCI Company Acquisition.** Sprint agrees to the consummation of a GCI Company Acquisition and no other consents or approvals by Sprint are required under the Transaction Documents for a GCI Company Acquisition.

9.24 **Long Distance Revenue.** Sprint and the Company Guarantor will execute an amendment to the Wholesale Services Data and Private Line Agreement, ***, as amended, pursuant to which Sprint will be the preferred carrier for all MultiProtocol Layer Switching (MPLS) traffic.

10. USE OF TRADEMARKS AND MARKETING

10.1 **Permission to Use Trademarks**. Sprint Spectrum grants to the Company non-exclusive permission to use and display the Sprint Rural Alliance Member Designation set forth on Appendix II, which includes the Sprint name and logo design trademarks (the "Designation"), for purposes consistent with this Agreement. The Company will not assign or sublicense the Designation without prior written consent of Sprint Spectrum, which Sprint Spectrum may withhold in its sole discretion. The Company acquires no interest in the Designation through the use. No other use of Sprint Spectrum's trademarks (or the trademark of any Affiliate of Sprint Spectrum or Sprint Nextel) is permitted.

10.2 **Restrictions on Use**. The Company's use of the Designation is restricted to advertising materials. The Company agrees to always use the Designation in its entirety and in accordance with the Sprint Rural Alliance Guidelines attached to Appendix II. The Company will not use the Designation in whole or in part in its trade name, domain name(s), website metatag or similar programming tools, "vanity" telephone numbers, phone, directory-assistance listings or on business stationery, including business cards, signage or billing statements.

10.3 **Ownership.** Sprint Spectrum, Sprint Nextel and their respective Affiliates own all right, title and interest in the Designation and the goodwill associated with it. The Company acquires no rights in the Designation except those limited rights expressly granted under this Agreement. Any goodwill derived from the Company's use of the Designation will inure to Sprint Spectrum's benefit. The Company will not, directly or indirectly, contest the validity of the Designation or Sprint Spectrum's rights in it and will not register or attempt to register the Designation in whole or in part or any confusingly similar variation.

10.4 **Enforcement and Defense**.

10.4.1 Sprint Spectrum Controls Enforcement. The Company will notify Sprint Spectrum of any infringement or unauthorized use of the Designation in any form of which the Company has knowledge. Sprint Spectrum, at its sole discretion, will determine how it will respond.

10.4.2 Sprint Spectrum Controls Defense. Sprint Spectrum will defend and settle any trademark infringement claim relating to the Designation at Sprint Spectrum's expense. Sprint Spectrum may terminate the Company's permission to use any portion of the Designation to settle any claim. The Company will not defend any claims without the prior written consent of Sprint Spectrum, which Sprint Spectrum may withhold in its sole discretion.

10.5 **Quality Control.** The Company will:

10.5.1 maintain a consistently high quality for the products and services offered in connection with the Designation;

10.5.2 adhere to the guidelines provided by *** and any other *** may from time to time communicate to ***;

10.5.3 comply with all applicable laws and regulations governing the operation of the business and the use of the Designation and trademarks that are included in it;

10.5.4 not combine the Designation in whole or in part with other marks to create a new unitary mark;

10.5.5 not alter or modify the Designation in whole or in part in any way;

10.5.6 without limiting the obligations under Section 10.6 below, at Sprint Spectrum's request, submit representative samples of the Company's use of the Designation to Sprint Spectrum; and

10.5.7 promptly notify Sprint Spectrum of any known, suspected, or potential violation of this Article 10.

10.6 **Sprint Spectrum's Prior Approval**. The Company will provide examples to Sprint Spectrum of each proposed use of the Designation prior to its use by the Company. Sprint Spectrum will have the right of prior approval, which Sprint Spectrum may withhold in its sole discretion, with respect to each form of use of the Designation.

10.7 **Identification of Company**. The Company will identify itself at all times by its own name and may not identify itself as Sprint Spectrum or as a Sprint Nextel Affiliate.

10.8 **Press releases**. The Company will not issue press releases about Sprint Nextel or its Affiliates, or any of their respective products, services, or customers, except with the prior written approval of Sprint Nextel.

10.8.1 The Company may use the Sprint Rural Alliance Member designation described in Appendix II in accordance with the terms and conditions of this Agreement. One or more Sprint Nextel trademarks are included in the designation.

10.8.2 Sprint Nextel may claim the Company SRA Market as part of its Sprint Vision® coverage territory claim in its marketing.

10.8.3 Except as provided in this Section 10 or in Appendix II, neither Sprint Nextel nor the Company has the right to use the intellectual property of the other party.

-SIGNATURES ON THE FOLLOWING PAGE-

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement as of the date first above written.

SPRINT SPECTRUM L.P. , on its own behalf for purposes of Section 10 of this Agreement only, and generally as authorized agent for WirelessCo, L.P.

By: /s/ Christopher G. Weasler
Print: Christopher G. Weasler
Title: Vice President
Date: October 30, 2007

ALASKA DIGITEL, LLC

By: /s/ Stephen M. Roberts
Print: Stephen M. Roberts
Title: President
Date: October 30, 2007

COMPANY GUARANTOR:

GENERAL COMMUNICATION, INC.

By: /s/ William C. Behnke
Print: William C. Behnke
Title: Senior Vice President
Date: October 31, 2007

APPENDIX I TO
STRATEGIC ROAMING AGREEMENT

GENERAL TERMS AND CONDITIONS FOR ROAMING

1. PROVISION OF SERVICE

1.1 Each Party will provide (and will cause its Group Members to provide), to any Authorized Roamer who so requests, Wireless Service in accordance with the rates and services set forth in Attachment I-B hereto, pursuant to the terms and conditions of this Agreement. Except as required and agreed upon in the CDMA Build-Out Agreement, the Serving Carrier will not be required by this Agreement to modify or supplement its System in any way to address any incompatibility in the technologies used by the Serving Carrier and the Home Carrier that may preclude the provision of Wireless Service to an Authorized Roamer; provided, however, that Sprint and the Company will use commercially reasonable efforts to implement modifications to permit enhanced roaming (i.e., data, push-to-talk, SMS) for the Company Customers homed to the Company SRA Market (but, for purposes of clarification, Sprint has no such obligation with respect to the Company Customers homed to markets other than the Company SRA Market).

1.2 Notwithstanding anything in this Agreement to the contrary, a Serving Carrier may suspend service to an Authorized Roamer, but such suspension will not affect the rights and obligations of the Parties for Wireless Service furnished hereunder prior to such suspension.

1.3 In connection with its Wireless Service to Roamers, no Serving Carrier will use recorded announcements or other inducements for an Authorized Roamer to discontinue the Wireless Service of its Home Carrier or, unless otherwise authorized herein, Roamer's use of a Serving Carrier's system.

1.4 If a Home Carrier provides the capability *** to allow Non-Domestic calls for individual MSID/ESN combinations and passes the appropriate feature profile to the Serving Carrier, then Non-Domestic calls will be allowed for those specific MSID/ESN combinations authorized by the Home Carrier. The Serving Carrier will indemnify and defend the Home Carrier for Non-Domestic calls placed contrary to this provision. Home Carrier will indemnify the Serving Carrier for any Non-Domestic calls permitted in compliance with such IS-41 messaging instructions.

1.5 Preference

1.5.1 Subject to Section 1.5.2, where technically feasible (as determined by Sprint in its reasonable discretion), Sprint will use commercially reasonable efforts to program the handsets of all Sprint Customers and End Users so the Sprint Customers' and End Users' handsets will automatically prefer, while roaming (i.e., no Wireless Service from Sprint or any Sprint Network Affiliate is available), the Transmitted

SIDs of the Company and the Company Group Members in the Company SRA Market that are part of the Company Systems over the Transmitted SIDs of any other Sprint roaming partner not a party to this Agreement (in each case, to the extent such roaming partner is providing Wireless Service through a *** System in the Market in question). Notwithstanding any implication to the contrary contained herein, the preference described in this Section 1.5.1 will apply only to *** Systems, and will not apply to any other System.

1.5.2 If Sprint Nextel or any of its Controlled Affiliates acquires a business or entity that is already operating, or plans to operate pursuant to Prior Committed Construction, a *** System in the Company SRA Market (an "After Acquired System"), then from and after the date of acquisition of the After Acquired System, Sprint and its Controlled Affiliates will only be required to prefer (as such term is used in Section 1.5.1) the Company System in the Company SRA Market over the After Acquired System for those Sprint Customers and End Users who are homed outside the Company SRA Market (and then, only to the extent Sprint is required to prefer a particular Market within the Company SRA Market in accordance with Section 1.5.1). Sprint will not be required to prefer (or, in the case of one of Sprint's Controlled Affiliates, to cause such Controlled Affiliate to prefer) the Company's System over the After Acquired System in the Company SRA Market for any other customers, including but not limited to the customers of the After Acquired System and Sprint Customers and End Users homed inside the Company SRA Market. Sprint will have no obligation to the Company with respect to customers of the After Acquired System who do not meet the definition of Sprint Customers.

1.5.3 Sprint will perform an Over the Air Parameter Administration ("OTAPA") push to all Sprint OTAPA capable subscriber phones of the unique Transmitted SIDs of the Company and the Company Group Members in the Company SRA Market *** the In-Service Date.

1.6 Where technically feasible (as determined by Sprint in its sole discretion), Sprint Customers and End Users will have their Roaming Lights Off in the *** Territory. Sprint Customers and End Users will have their Roaming Lights On in all other Markets within the Company SRA Market. In connection with the foregoing, the Company will use different SID/NID combinations of Transmitted SIDs in the *** Territory on the one hand, and in the *** Territory and the *** Territory (including the Satellite Sites) on the other hand. On or prior to the Effective Date, the Company has provided Sprint with a complete list of the SID/NID combinations in the Company SRA Market. The Company will notify Sprint in writing *** of any changes to the SID/NID combinations in the Company SRA Market.

1.7 Where technically feasible (as determined by the Company in its reasonable discretion), the Company will program the handsets of Company Customers and End Users so the Company Customers' and End Users' handsets will automatically prefer, while roaming (i.e., no Wireless Service from the Company is available), the Transmitted SIDs of Sprint in the Sprint Markets identified in

Attachment I-A, over the Transmitted SIDs of any other Company roaming partner not party to this Agreement.

1.8 The Company will offer Sprint *** Market. Sprint, at its sole discretion, *** the Company, may elect to accept or reject the lower roaming rates.

1.9 Each Party will have the right, on an annual basis during the term of this Agreement, to retain a third party to conduct an audit of the other Party's PRL system solely to confirm compliance with the roaming preference provisions set forth in this Appendix I.

2. DIVISION OF REVENUE

2.1 Each Home Carrier, whose Customers (including, for purposes of this Section 2.1, the customers of its resellers) receive Wireless Service from a Serving Carrier as Authorized Roamers under this Agreement, will pay that Serving Carrier ***% of that Serving Carrier's charges for the provided Wireless Service set forth in Attachment I-B ***. The rates set forth in Attachment I-B will apply to any SID/BIDs referenced on Attachment I-A. If a SID/BID is not referenced on Attachment I-B, then any "current rates" that are in place between SID/BID combinations will continue until the new SID/BIDs are added to this Agreement at an agreed upon rate. If there are no current rates in effect, then default rates per each Party's Technical Data Sheet will apply until the new SID/BIDs are added to this Agreement.

2.2 Requests to add a Market pursuant to Section 4.1 of this Agreement will be given in accordance with Section 2 of this Agreement. The rates set forth in Attachment I-B will become available to the Home Carrier's approved newly acquired Market(s) following *** after the approval in accordance with Section 4.1 of this Agreement, *** approval.

2.3 Sprint or the Company may from time to time hereafter seek to amend Attachment I-A of this Agreement to split a SID into multiple BIDs upon *** written notice to the other Party. BID additions will utilize rates previously used by the SID provided the BIDs cover the same geographic area as the prior SID.

2.4 If an incorrect roaming rate is charged by the Serving Carrier to the Home Carrier in the Markets listed in Attachment I-A, the Serving Carrier will refund all amounts in excess of the rates in Attachment I-B hereto back to the Home Carrier *** the Home Carrier. Each Serving Carrier will have *** to invoice for amounts in excess of the contract rate. There will not be any refunds for any undercharges by a Serving Carrier under any circumstances.

3. EXCHANGE OF INFORMATION

3.1 Each Party's Technical Data Sheet contains Attachment I-A's list of the valid MBIs used by the Home Carrier to identify its respective Customers. Except as specifically set forth herein, these MBIs will be accepted by the other Party. Each MBI is and will be within the entire line number range ***, or a specified portion thereof. Each Party will be responsible for all billings otherwise properly made under this Agreement to any number listed by such Party within the range or ranges specified by it in its Technical Data Sheet. Additions, deletions, or changes to MBIs and line number range(s) for their respective Customers will be sent by each Party to the other Party via Sprint and the Companyin the form of an updated Technical Data Sheet as well as a separate written update notification to the other Party with an effective date as defined in Section 4.6 of this Appendix I for amendment of operating procedures. Additions, deletions, or changes to MBIs and line number range(s) for the Home Carrier's Customers will be effective *** after written notice to the Serving Carriers.

3.2 Validation and Fraud Protection

3.2.1 In order to prevent fraud, the Parties agree to use PV and, upon request by either Party, Authentication.

3.2.2 The Parties will use PV to send an inquiry to the Home Carrier's switch to determine if the MSID/ESN combination of the Roamer's equipment is authorized for Wireless Service. If the response of the Home Carrier's switch is that the MSID/ESN combination is authorized, the Serving Carrier will consider the Roamer to be an Authorized Roamer for a fixed period of time (time period to be determined by the Serving Carrier). If the response of the Home Carrier's switch is that the MSID/ESN combination is not authorized, the Serving Carrier will deny Wireless Service. If the Home Carrier's switch does not respond to the inquiry the Serving Carrier will Assume Negative and deny Roamer Wireless Service until such time as a response is received from the Home Carrier authorizing Wireless Service. If the Serving Carrier provides any other Wireless Service, the Serving Carrier will be responsible for all such charges.

3.2.3 The Home Carrier agrees to implement negative file suppression with the appropriate Clearinghouse and the Parties agree that CIBERNET Negative File Guidelines and procedures will not apply.

3.2.4 Each Serving Carrier will use commercially reasonable efforts to provide each Home Carrier with near real-time visibility of call detail records and deliver such call detail records to the Home Carrier (or such other entity designated by Home Carrier from time to time), delivered through a network compatible with the Sprint Systems (e.g. Roamex by Fair Isaac). Each Party will make a good faith effort to deliver such information in a timely manner. The Serving Carrier will not have liability if it does not provide real time visibility or in the event of a temporary failure of the system.

3.2.5 Each Serving Carrier agrees to use best efforts to monitor its network and notify the Home Carrier of high roaming usage by Home Carrier's Roamers which the Serving Carrier suspects to be fraudulent. Under no circumstances is the Serving Carrier liable for fraudulent roaming usage on its network due to its failure to notify the Home Carrier of suspected fraudulent usage.

3.3 The Parties will cooperate and, as necessary, Sprint and the Company will negotiate in good faith to supplement this Agreement to minimize fraudulent or other unwarranted use of their respective networks by Roamers hereunder. If any Party reasonably decides that, in its sole judgment, despite due diligence and cooperation pursuant to the preceding sentence, fraudulent or other unwarranted use has reached an unacceptable level of financial loss and is not readily remediable, such Party may provide written instruction that all or a portion of its MBI and line number ranges be removed from the Serving Carrier's switch(es). The Serving Carrier will comply with this instruction *** the request. At such time as the Home Carrier seeks to have its MBI and line number ranges reinstated in the Serving Carrier's switch(es), the Home Carrier will provide the Serving Carrier a written instruction in accordance with Section 3.1 hereof.

3.4 Upon the implementation of wireless number portability and/or number pooling in any portion of a Party's system, the Parties will cooperate with each other in establishing methods for exchanging ESN, MIN, MSID, MBI and any and all other information required to permit roaming by Sprint Customers and Company Customers in their respective systems as described herein.

3.5 Upon ESN Exhaustion by handset vendor(s), the Parties will cooperate with each other in establishing a technical and commercial solution that does not negatively affect Customers operating on either Party's network.

3.6 The Parties agree that:

3.6.1 the SID/BIDs listed in Attachment I-A and referenced in Attachment I-B are used as market and billing identifiers only and may not represent Transmitted SIDs;

3.6.2 each Party uses Transmitted SIDs, and the SID/BIDs in Attachment I-A might not be the Transmitted SID;

3.6.3 each Party is responsible for the programming of the preferred roaming list in each of its handsets and has the duty to check with the other Party to determine the Transmitted SIDs the other Party is transmitting in each market;

3.6.4 neither Party has the duty to update or inform the other Party when it changes or modifies its Transmitted SIDs, however each Party will promptly provide to the other a complete list of Transmitted SIDs upon request. Any SID/BIDs that the Home Carrier owns or has legal authority to use may be used as a Transmitted SID in any market.

4. BILLING

4.1 Each Home Carrier will be responsible for billing to, and collecting from, its own Customers all charges that are incurred by such Customers as a result of Wireless Service provided to them as Authorized Roamers by the Serving Carrier. The Home Carrier will also be responsible for billing its Customers for, and remitting to, the Federal Government all federal excise tax that may be due in connection with the Wireless Service being billed by it to its Customers.

4.2 Each Serving Carrier who provides Wireless Service to an Authorized Roamer pursuant to this Agreement will process roaming call detail records and forward Roamer billing information on a daily basis in accordance with the procedures and standards set forth in the CIBER Record to the Home Carrier's Authorized Receipt Point. The Home Carrier will pay for Authorized Roamer charges based on the settlement report provided by its Clearinghouse and pursuant to the provisions of Section 4.1 of this Appendix I and Attachment I-B. If either Party is unable to bill for charges ***, the Parties agree that they will settle and adjust the difference between the billed and contractual rates on a monthly basis.

4.3 Where the Authorized Roamer billing information required to be provided by the Serving Carrier in accordance with Section 4.2 above is not in accordance with the CIBER Record, the Home Carrier may return the defective record to the Serving Carrier as provided in the CIBER Record. Returning the defective record will be in accordance with CIBER Record established procedures. The Serving Carrier may correct the defective record and return it to the Home Carrier for billing, provided that the time period from the date of the call to the receipt of the corrected record does not exceed the time period specified under Section 5.4 of this Appendix I.

4.4 No credit for insufficient data or defective records will be permitted except as provided in Section 4.3 above, unless mutually agreed upon by Sprint and the Company. Any credit that is requested by the Home Carrier must be fully documented and submitted utilizing the format set forth in Attachment I-C.

4.5 Each Home Carrier may at its discretion perform any necessary edits at its Clearinghouse on incollect or outcollect call records to ensure compliance with the terms of this Agreement.

4.6 Additions or deletions of MBIs and line number range(s) will be effective *** receipt of notification of such changes, additions or deletions by Sprint for the Company Group, or by the Company for the Sprint Group.

4.7 Billing Invoice Summary. The minimum information needed for an invoice issued with non-clearinghouse documentation includes the following:

- Billing Period (To/From Dates)
- Batch Sequence Number
- Batch Date
- Serving and Home SIDs (the five-digit numeric corresponding to the FCC designation of the carrier)
- Total Airtime Charges
- Total Intra-State Toll
- Total Inter-State Toll
- Other Charges and Credits
- Total Charges

Any information mutually agreed upon by the Parties necessary to support enhanced roaming services (i.e., data, push-to-talk, SMS)

5. SETTLEMENT/OPERATING PROCEDURES

5.1 These settlement operating procedures will be in effect until new Operating Procedures are published by the CIBERNET Corporation (“CIBERNET’), 4600 East-West Highway, Bethesda, Md. 20814, for Roamer agreements used domestically by the Cellular Telecommunications Industry Association. At such time as new Operating Procedures (“New Operating Procedures”) are published by CIBERNET, they will become effective as to the Parties on the date proposed by CIBERNET ("New Operating Procedures Effective Date") provided such date is *** by Sprint and the Company of the New Operating Procedures. The Parties agree to be individually responsible for obtaining all officially published revisions to the Operating Procedures.

5.2 Each Party will settle its accounts with the other Party on the Close of Billing. The Home Carrier will remit to the Serving Carrier's designated account by wire transfer or check such amounts as are due to the Serving Carrier as of the Close of Billing. All invoices will be billed on a current basis. The failure of a Party to submit properly formatted and documented invoices may result in a delay of payment. Neither Party will be responsible for payment for Wireless Service provided *** date. Carriers utilizing net settlement procedures set forth in the CIBER Record are not required to submit a paper invoice and will make payments in accordance with such net settlement procedures.

5.3 Payments for undisputed amounts will be provided in the form of a check or wire transfer and must be received by the payee *** ("Payment Due Date") following the receipt of the invoice. Payments received later than the Payment Due Date will be subject to a late charge of either ***% of the outstanding balance for each *** period (or portion thereof) that such payments are late or the highest percentage of the outstanding balance permitted by law, whichever is lower. The only exception to late charges are: (a) amounts that are the subject of a valid dispute by the Home Carrier and which the Home Carrier has provided prior written notice of such dispute to the Serving Carrier, or (b) payments that are delayed in forwarding through circumstances that are beyond the control of the Home Carrier and are agreed to in advance by the Serving Carrier, which agreement will not be unreasonably withheld. Disputed amounts will be paid, if owed, *** the dispute. Each Party may offset the amount owed to the other Party under this Agreement and a single payment of the balance to the Party entitled to receive such balance will be made. All amounts required to be paid under this Agreement will be payable in United States currency.

5.4 Message records are considered to have failed the CIBER Record Edit if the message is *** when it is received at the Home Carrier's Authorized Receipt Point. Message records which are rejected from the Home Carrier's ARP and returned to the Serving Carrier are considered to have failed the CIBER Record Edit if the message is ***. Determination of the age of a message record is from the date of the call.

5.5 All requests to remove and/or reinstate exchanges must be in writing and sent via e-mail to the contact person identified in the Technical Data Sheet. Such requests will be completed within one business day following receipt when possible, but not later than three business days following receipt. After the expiration of the three business days deadline, if an exchange is not removed the liability for any fraud incurred will be the responsibility of the Serving Carrier. The Home Carrier will submit all claims, in writing, for the fraudulent usage to the Serving Carrier.

ATTACHMENT I-A TO
STRATEGIC ROAMING AGREEMENT

MARKETS

SECTION 1.

SPRINT MARKETS

LICENSEE/PERMITTEE	SID/BID NUMBER	MARKET NAME	STATE
WirelessCO, L.P.	4103	BIRMINGHAM	AL
WirelessCO, L.P.	4106	BOSTON	MA
WirelessCO, L.P.	4107	BUFFALO	NY
WirelessCO, L.P.	4120	DALLAS	TX
WirelessCO, L.P.	4121	DENVER	CO
WirelessCO, L.P.	4124	DES MOINES	IA
WirelessCO, L.P.	4126	DETROIT	MI
SprintCom, Inc.	4132	HONOLULU	HI
WirelessCO, L.P.	4135	INDIANAPOLIS	IN
WirelessCO, L.P.	4139	KANSAS CITY	MO
WirelessCO, L.P.	4144	LITTLE ROCK	AR
Cox PCS License, L.L.C.	4145	SAN DIEGO	CA
WirelessCO, L.P.	4148	LOUISVILLE	KY
WirelessCO, L.P.	4151	MIAMI	FL
WirelessCO, L.P.	4153	MILWAUKEE	WI
WirelessCO, L.P.	4155	MINNEAPOLIS	MN
WirelessCO, L.P.	4157	NASHVILLE	TN
WirelessCO, L.P.	4159	NEW ORLEANS	LA
WirelessCO, L.P.	4162	NEW YORK	NY
WirelessCO, L.P.	4164	OKLAHOMA CITY	OK
WirelessCO, L.P.	4166	OMAHA	NE
PhillieCo, L.P.	4168	PHILADELPHIA	PA
WirelessCO, L.P.	4170	PHOENIX	AZ
WirelessCO, L.P.	4171	PITTSBURGH	PA
WirelessCO, L.P.	4174	PORTLAND	OR
WirelessCO, L.P.	4180	SALT LAKE CITY	UT
WirelessCO, L.P.	4181	SAN ANTONIO	TX
WirelessCO, L.P.	4183	SAN FRANCISCO	CA
WirelessCO, L.P.	4186	SEATTLE	WA
WirelessCO, L.P.	4188	SPOKANE	WA
WirelessCO, L.P.	4190	ST. LOUIS	MO
WirelessCO, L.P.	4194	TULSA	OK
APC PCS, L.L.C.	4195	WASHINGTON/BALT	DC/MD

WirelessCO, L.P.	4198	WICHITA	KS
SprintCom, Inc.	4236	ALBANY	GA
SprintCom, Inc.	4240	ALBUQUERQUE	NM
SprintCom, Inc.	4254	ANCHORAGE	AK
SprintCom, Inc.	4258	ANDERSON	SC
SprintCom, Inc.	4266	ASHEVILLE	NC
SprintCom, Inc.	4268	ASHTABULA	OH
SprintCom, Inc.	4272	ATHENS	GA
SprintCom, Inc.	4274	ATLANTA	GA
WirelessCO, L.P.	4289	BATON ROUGE	LA
SprintCom, Inc.	4294	BEAUMONT	TX
SprintCom, Inc.	4296	BENTON HARBOR	MI
WirelessCO, L.P.	4304	BATON ROUGE	LA
SprintCom, Inc.	4318	BLOOMINGTON	IL
SprintCom, Inc.	4322	BLUEFIELD	WV
SprintCom, Inc.	4324	BLYTHEVILLE	AR
SprintCom, Inc.	4344	BRYAN	TX
SprintCom, Inc.	4350	BURLINGTON	NC
SprintCom, Inc.	4356	CANTON	OH
SprintCom, Inc.	4362	CARLSBAD	NM
SprintCom, Inc.	4368	CHAMPAIGN	IL
SprintCom, Inc.	4372	CHARLESTON	SC
SprintCom, Inc.	4374	CHARLESTON	WV
SprintCom, Inc.	4376	CHARLOTTE	NC
SprintCom, Inc.	4380	CHATTANOOGA	TN
SprintCom, Inc.	4384	CHICAGO	IL
SprintCom, Inc.	4389	CHILLICOTHE	OH
SprintCom, Inc.	4390	CINCINNATI	OH
SprintCom, Inc.	4396	CLEVELAND	OH
SprintCom, Inc.	4398	CLEVELAND	TN
SprintCom, Inc.	4410	COLUMBIA	SC
SprintCom, Inc.	4416	COLUMBUS	MS
SprintCom, Inc.	4418	COLUMBUS	OH
SprintCom, Inc.	4432	DALTON	GA
SprintCom, Inc.	4434	DANVILLE	IL
SprintCom, Inc.	4436	DANVILLE	VA
SprintCom, Inc.	4440	DAYTON	OH
SprintCom, Inc.	4442	DAYTONA BEACH	FL
SprintCom, Inc.	4446	DECATUR	IL
SprintCom, Inc.	4468	DYERSBURG	TN
SprintCom, Inc.	4472	EAST LIVERPOOL	OH
SprintCom, Inc.	4480	EL PASO	TX

SprintCom, Inc.	4482	ELKHART	IN
SprintCom, Inc.	4490	ERIE	PA
SprintCom, Inc.	4500	FAIRBANKS	AK
SprintCom, Inc.	4506	FARMINGTON	NM
SprintCom, Inc.	4510	FAYETTEVILLE	NC
SprintCom, Inc.	4522	FLORENCE	SC
SprintCom, Inc.	4542	FT. WAYNE	IN
SprintCom, Inc.	4546	GAINESVILLE	FL
SprintCom, Inc.	4548	GAINESVILLE	GA
SprintCom, Inc.	4550	GALESBURG	IL
SprintCom, Inc.	4552	GALLUP	NM
SprintCom, Inc.	4558	GOLDSBORO	NC
SprintCom, Inc.	4576	GREENSBORO	NC
SprintCom, Inc.	4578	GREENSVILLE	MS
SprintCom, Inc.	4580	GREENVILLE	NC
SprintCom, Inc.	4582	GREENVILLE	SC
SprintCom, Inc.	4584	GREENWOOD	SC
SprintCom, Inc.	4608	HICKORY	NC
SprintCom, Inc.	4622	HOUSTON	TX
SprintCom, Inc.	4624	HUNTINGTON	WV
SprintCom, Inc.	4650	JACKSON	MS
SprintCom, Inc.	4652	JACKSON	TN
SprintCom, Inc.	4654	JACKSONVILLE	FL
SprintCom, Inc.	4656	JACKSONVILLE	IL
SprintCom, Inc.	4658	JACKSONVILLE	NC
SprintCom, Inc.	4672	JUNEAU	AK
SprintCom, Inc.	4680	KANKAKEE	IL
SprintCom, Inc.	4688	KINGSPORT	TN
SprintCom, Inc.	4694	KNOXVILLE	TN
SprintCom, Inc.	4706	LAKE CHARLES	LA
SprintCom, Inc.	4708	LAKELAND	FL
SprintCom, Inc.	4716	LAS CRUCES	NM
SprintCom, Inc.	4718	LAS SALLE	IL
SprintCom, Inc.	4748	LOGAN	WV
SprintCom, Inc.	4760	LUFKIN	LA
SprintCom, Inc.	4762	LYNCHBURG	VA
SprintCom, Inc.	4764	MACON	GA
SprintCom, Inc.	4778	MANSFIELD	OH
SprintCom, Inc.	4784	MARION	OH
SprintCom, Inc.	4790	MATRINSVILLE	VA
SprintCom, Inc.	4794	MATTOON	IL
SprintCom, Inc.	4796	MAYAGUEZ	PR

SprintCom, Inc.	4806	MEADVILLE	PA
SprintCom, Inc.	4810	MELBOURNE	FL
SprintCom, Inc.	4812	MEMPHIS	TN
SprintCom, Inc.	4820	MICHIGAN CITY	IN
SprintCom, Inc.	4822	MIDDLESBORO	KY
WirelessCO, L.P.	4828	MINNEAPOLIS	MN
SprintCom, Inc.	4856	MYRTLE BEACH	SC
SprintCom, Inc.	4862	NATCHEZ	MS
SprintCom, Inc.	4864	NEW BERN	NC
SprintCom, Inc.	4880	NORFOLK	VA
SprintCom, Inc.	4886	OCALA	FL
SprintCom, Inc.	4902	OPELIKA	AL
SprintCom, Inc.	4904	ORANGEBURG	SC
SprintCom, Inc.	4918	PARKERSBURG	WV
SprintCom, Inc.	4922	PEORIA	IL
WirelessCO, L.P.	4928	PHOENIX	AZ
SprintCom, Inc.	4952	PORTSMOUTH	OH
SprintCom, Inc.	4970	RALEIGH	NC
SprintCom, Inc.	4982	RICHMOND	VA
SprintCom, Inc.	4986	ROANOKE RAPIDS	NC
SprintCom, Inc.	4988	ROANOKE	VA
SprintCom, Inc.	4996	ROCKFORD	IL
SprintCom, Inc.	4998	ROCKY MOUNT	NC
SprintCom, Inc.	5002	ROME	GA
SprintCom, Inc.	5006	ROSWELL	NM
SprintCom, Inc.	5034	SAN JUAN	PR
SprintCom, Inc.	5038	SANDUSKY	OH
SprintCom, Inc.	5042	SANTA FE	NM
SprintCom, Inc.	5044	SARASOTA	FL
SprintCom, Inc.	5048	SAVANNAH	GA
SprintCom, Inc.	5060	SHARON	PA
SprintCom, Inc.	5076	SOUTH BEND	IN
SprintCom, Inc.	5080	SPRINGFIELD	IL
SprintCom, Inc.	5096	STAUNTON	VA
SprintCom, Inc.	5108	SUMTER	SC
SprintCom, Inc.	5114	TALLAHASSEE	FL
SprintCom, Inc.	5116	TAMPA	FL
SprintCom, Inc.	5134	TUPELO	MS
SprintCom, Inc.	5142	U.S. VIRGIN ISLANDS	
SprintCom, Inc.	5146	VALDOSTA	GA
SprintCom, Inc.	5148	VICKSBURG	MS
SprintCom, Inc.	5150	VICTORIA	TX

SprintCom, Inc.	5174	WAYCROSS	GA
SprintCom, Inc.	5186	WILLIAMSON	WV
SprintCom, Inc.	5194	WILMINGTON	NC
SprintCom, Inc.	5206	YOUNGSTOWN	OH
SprintCom, Inc.	5212	ZANESVILLE	OH
SprintCom, Inc.	5287	ATHENS	OH
SprintCom, Inc.	5293	AUGUSTA	GA
SprintCom, Inc.	5311	BECKLEY	WV
SprintCom, Inc.	5337	BLUEFIELD	WV
WirelessCO, L.P.	5351	BREMERTON	WA
SprintCom, Inc.	5357	BRUNSWICK	GA
SprintCom, Inc.	5387	CHARLESTON	WV
SprintCom, Inc.	5397	CHICAGO	IL
SprintCom, Inc.	5401	CHILLICOTHE	OH
WirelessCO, L.P.	5419	COLORADO SPRINGS	CO
SprintCom, Inc.	5425	COLUMBUS	GA
SprintCom, Inc.	5431	COLUMBUS	OH
SprintCom, Inc.	5447	DANVILLE	IL
WirelessCO, L.P.	5461	DENVER	CO
SprintCom, Inc.	5493	EL PASO	TX
WirelessCO, L.P.	5538	FRESNO	CA
SprintCom, Inc.	5623	HILO	HI
SprintCom, Inc.	5627	HONOLULU	HI
SprintCom, Inc.	5637	HUNTINGTON	WV
SprintCom, Inc.	5665	JACKSON	TN
SprintCom, Inc.	5687	KAHULUI	HI
SprintCom, Inc.	5693	KANKAKEE	IL
SprintCom, Inc.	5701	KINGSPORT	TN
SprintCom, Inc.	5713	LA GRANGE	GA
SprintCom, Inc.	5731	LAS SALLE	IL
SprintCom, Inc.	5751	LIHUE	HI
SprintCom, Inc.	5761	LOGAN	WV
SprintCom, Inc.	5797	MARION	OH
SprintCom, Inc.	5829	MERIDIAN	MS
SprintCom, Inc.	5835	MIDDLESBORO	KY
SprintCom, Inc.	5927	PANAMA CITY	FL
SprintCom, Inc.	5931	PARKERSBURG	WV
WirelessCO, L.P.	5963	PORTLAND	OR
SprintCom, Inc.	5965	PORTSMOUTH	OH
WirelessCO, L.P.	6037	SALT LAKE CITY	UT
SprintCom, Inc.	6199	WILLIAMSON	WV
SprintCom, Inc.	6225	ZANESVILLE	OH

WirelessCO, L.P.	26452	CASA GRANDE	AZ
Cox PCS License, L.L.C.	40085	IRVINE	CA
WirelessCO, L.P.	40092	HARTFORD	CT
WirelessCO, L.P.	40094	ALBANY	NY
Cox PCS License, L.L.C.	40109	LOS ANGELES	CA
WirelessCO, L.P.	40111	SACRAMENTO	CA
WirelessCO, L.P.	40113	SAN FRANCISCO	CA
WirelessCO, L.P.	40125	JOHNSON CTY	TN
WirelessCO, L.P.	40127	RICE LAKE	WI
WirelessCO, L.P.	40151	HUDSON	WI
WirelessCO, L.P.	40153	DAVENPORT	IA
WirelessCO, L.P.	40155	BULLHEAD CTY	AZ
WirelessCO, L.P.	40157	WEST MEMPHIS	AR
WirelessCO, L.P.	40159	ARDMORE	OK
WirelessCO, L.P.	40165	TOLEDO	OH
APC PCS, L.L.C.	40167	WASH/BALT	MD
APC PCS, L.L.C.	40171	BALTIMORE	MD
Cox PCS License, L.L.C.	40197	LAS VEGAS	NV
SprintCom, Inc.	40207	LUFKIN	TX
WirelessCO, L.P.	40209	LAFAYETTE	LA
WirelessCO, L.P.	40211	HAMMOND	LA
SprintCom, Inc.	40213	BEAUMONT	TX
WirelessCO, L.P.	40215	BATON ROUGE	LA
SprintCom, Inc.	40238	COLLINSVILLE	IL
WirelessCO, L.P.	40239	BOTHELL	WA
WirelessCO, L.P.	40241	EVERETT	WA
WirelessCO, L.P.	40243	BELLEVUE	WA
WirelessCO, L.P.	40245	BREMERTON	WA
WirelessCO, L.P.	40247	TACOMA	WA
WirelessCO, L.P.	40249	VAIL	CO
WirelessCO, L.P.	40251	LONGVIEW	WA
SprintCom, Inc.	40253	OLIVE BRANCH	MS
WirelessCO, L.P.	40255	COLLINGSWOOD	NJ
APC PCS, L.L.C.	40257	CUMBERLAND	MD
WirelessCO, L.P.	40259	SIOUX CITY	IA
WirelessCO, L.P.	40261	VERMILLION	SD
WirelessCO, L.P.	40263	BERESFORD	SD
WirelessCO, L.P.	40265	ST. GEORGE	UT
SprintCom, Inc.	40267	OPELIKA	AL
SprintCom, Inc.	40269	DURANGO	CO
WirelessCO, L.P.	40273	REDDING	CA
SprintCom, Inc.	40275	PIKEVILLE	KY

WirelessCO, L.P.	40277	PINE BLUFF	AR
WirelessCO, L.P.	40279	EL DORADO	AR
SprintCom, Inc.	40280	ORLANDO	FL
WirelessCO, L.P.	40281	EL DORADO	AR
WirelessCO, L.P.	40282	SHREVEPORT	LA
WirelessCO, L.P.	40283	PINE BLUFF	AR
WirelessCO, L.P.	40284	MONROE	LA
WirelessCO, L.P.	40285	WAUSAU	WI
SprintCom, Inc.	40286	LAKE CHARLES	LA
SprintCom, Inc.	40287	LA GRANGE	GA
WirelessCO, L.P.	40288	ALEXANDRIA	LA
WirelessCO, L.P.	40289	FREDONIA	NY
WirelessCO, L.P.	40291	DUBOIS	PA
SprintCom, Inc.	40293	ST. MARYS	GA
WirelessCO, L.P.	40295	EVANSVILLE	IN
WirelessCO, L.P.	40297	BLOOMINGTON	IN
WirelessCO, L.P.	40299	BOISE	ID
WirelessCO, L.P.	40301	CEDAR RAPIDS	IA
WirelessCO, L.P.	40303	MADISONVILLE	KY
SprintCom, Inc.	40305	ARTESIA	NM
SprintCom, Inc.	40307	NATCHEZ	MS
SprintCom, Inc.	40309	SAVANNAH	GA
WirelessCO, L.P.	40311	OWENSBORO	KY
WirelessCO, L.P.	40313	KETCHUM	ID
SprintCom, Inc.	40315	LANGDALE	AL
WirelessCO, L.P.	40316	DOTHAN	AL
WirelessCO, L.P.	40317	NEW IBERIA	LA
WirelessCO, L.P.	40318	JEFFERSON CITY	MO
WirelessCO, L.P.	40319	GONZALES	LA
WirelessCO, L.P.	40321	BILOXI	MS
WirelessCO, L.P.	40323	JACKSON HOLE	WY
WirelessCO, L.P.	40325	FRESNO	CA
Cox PCS License, L.L.C.	40327	BAKERSFIELD	CA
WirelessCO, L.P.	40328	ARDMORE	OK
WirelessCO, L.P.	40329	MODESTO	CA
WirelessCO, L.P.	40330	TUCSON	AZ
WirelessCO, L.P.	40331	ALTOONA	PA
WirelessCO, L.P.	40332	ST CLOUD	MN
WirelessCO, L.P.	40333	FREDERICKSBURG	PA
WirelessCO, L.P.	40334	ROCHESTER	MN
PhillieCo, L.P.	40335	YORK	PA
SprintCom, Inc.	40336	MACON	GA

WirelessCO, L.P.	40337	DENISON	TX
SprintCom, Inc.	40338	ALBUQUERQUE	NM
APC PCS, L.L.C.	40339	HAGARSTOWN	MD
WirelessCO, L.P.	40341	PARIS	TX
WirelessCO, L.P.	40343	HUNTSVILLE	AL
WirelessCO, L.P.	40345	ANNISTON	AL
WirelessCO, L.P.	40347	MONTGOMERY	AL
WirelessCO, L.P.	40348	LONGVIEW	TX
WirelessCO, L.P.	40349	MOBILE	AL
SprintCom, Inc.	40350	EL PASO	TX
WirelessCO, L.P.	40351	SHREVEPORT	LA
WirelessCO, L.P.	40352	FORT SMITH	AR
SprintCom, Inc.	40353	LAKE CHARLES	LA
WirelessCO, L.P.	40354	LUBBOCK	TX
WirelessCO, L.P.	40355	ALEXANDRIA	LA
SprintCom, Inc.	40356	LAS CRUCES	NM
WirelessCO, L.P.	40357	PENSACOLA	FL
WirelessCO, L.P.	40359	FT WALTON BCH	FL
WirelessCO, L.P.	40360	TYLER	TX
WirelessCO, L.P.	40361	HOUMA	LA
WirelessCO, L.P.	40362	WICHITA FALLS	TX
APC PCS, L.L.C.	40363	HARRISONBURG	VA
WirelessCO, L.P.	40364	SALINA	KS
WirelessCO, L.P.	40365	TEXARKANA	TX
SprintCom, Inc.	40366	DALTON	GA
APC PCS, L.L.C.	40367	WINCHESTER	VA
WirelessCO, L.P.	40369	LONGVIEW	TX
PhillieCo, L.P.	40373	HARRISBURG	PA
SprintCom, Inc.	40375	BEAUMONT	TX
WirelessCO, L.P.	40377	LAREDO	TX
WirelessCO, L.P.	40378	TEXARKANA	TX
SprintCom, Inc.	40380	COLUMBUS	GA
WirelessCO, L.P.	40382	MOLINE	IL
WirelessCO, L.P.	40384	MANCHESTER	NH
WirelessCO, L.P.	40386	PITTSFIELD	MA
WirelessCO, L.P.	40388	POUGHKEEPSIE	NY
WirelessCO, L.P.	40390	MIDDLETOWN	NY
WirelessCO, L.P.	40392	BINGHAMTON	NY
WirelessCO, L.P.	40411	BROOKINGS	SD
WirelessCO, L.P.	40413	WATERTOWN	SD
WirelessCO, L.P.	40415	HOUMA	LA
WirelessCO, L.P.	40419	KENOSHA	WI

WirelessCO, L.P.	40421	WHEELING	WV
SprintCom, Inc.	40423	ROCK HILL	SC
WirelessCO, L.P.	40425	PLATTSBURGH	NY
PhillieCo, L.P.	40427	DOVER	DE
WirelessCO, L.P.	40429	COVINGTON	KY
SprintCom, Inc.	40431	ROCKY MOUNT	NC
SprintCom, Inc.	40433	QUINCY	IL
SprintCom, Inc.	40434	CHARLESTON	SC
SprintCom, Inc.	40435	THOMASVILLE	GA
SprintCom, Inc.	40436	GREENVILLE	SC
SprintCom, Inc.	40437	GARY	IN
WirelessCO, L.P.	40439	SANDPOINT	ID
SprintCom, Inc.	40441	PASCAGOULA	MS
SprintCom, Inc.	40443	BILOXI	MS
SprintCom, Inc.	40445	LAWRENCEBURG	IN
WirelessCO, L.P.	40447	NEW ALBANY	IN
WirelessCO, L.P.	40449	PARK CITY	UT
WirelessCO, L.P.	40450	TUCSON	AZ
WirelessCO, L.P.	40451	OGDEN	UT
WirelessCO, L.P.	40452	FLAGSTAFF	AZ
WirelessCO, L.P.	40453	PROVO	UT
WirelessCO, L.P.	40455	ALBANY	OR
WirelessCO, L.P.	40457	BELLINGHAM	WA
WirelessCO, L.P.	40459	CHEYENNE	WY
WirelessCO, L.P.	40461	PUEBLO	CO
WirelessCO, L.P.	40463	SIOUX FALLS	SD
WirelessCO, L.P.	40465	AUSTIN	TX
WirelessCO, L.P.	40467	LAFAYETTE	LA
WirelessCO, L.P.	40469	BATON ROUGE	LA
WirelessCO, L.P.	40471	BLUE RIDGE	GA
WirelessCO, L.P.	40473	AUBURN	CA
WirelessCO, L.P.	40475	PITTSBURG	KS
WirelessCO, L.P.	40477	ANNISTON	AL
WirelessCO, L.P.	40479	MONTGOMERY	AL
WirelessCO, L.P.	40481	MOBILE	AL
WirelessCO, L.P.	40483	PENSACOLA	FL
WirelessCO, L.P.	40494	SEDONA	AZ
WirelessCO, L.P.	40496	PRESCOTT	AZ
WirelessCO, L.P.	40498	FLAGSTAFF	AZ
WirelessCO, L.P.	40500	MIAMI	OK
WirelessCO, L.P.	40505	YAKIMA	WA
WirelessCO, L.P.	40507	BOISE	ID

WirelessCO, L.P.	40509	BOZEMAN	MT
SprintCom, Inc.	40510	JACKSON	MS
WirelessCO, L.P.	40511	BUTTE	MT
SprintCom, Inc.	40512	PANAMA CITY	FL
WirelessCO, L.P.	40513	GREAT FALLS	MT
WirelessCO, L.P.	40515	HELENA	MT
WirelessCO, L.P.	40517	KENNEWICK	WA
WirelessCO, L.P.	40519	MISSOULA	MT
WirelessCO, L.P.	40521	POCATELLO	ID
WirelessCO, L.P.	40523	SPOKANE	WA
WirelessCO, L.P.	40525	TWIN FALLS	ID
WirelessCO, L.P.	40527	BILLINGS	MT
WirelessCO, L.P.	40529	ST. JOSEPH	MO
WirelessCO, L.P.	40532	SPRINGFIELD	MO
WirelessCO, L.P.	40534	COLUMBIA	MO
WirelessCO, L.P.	40536	YAKIMA	WA
WirelessCO, L.P.	40538	SYRACUSE	NY
WirelessCO, L.P.	40540	MEDFORD	OR
SprintCom, Inc.	40542	ALBANY	GA
WirelessCO, L.P.	40543	ST CLOUD	MN
WirelessCO, L.P.	40549	SELMA	AL
WirelessCO, L.P.	40551	TUSCALOOSA	AL
SprintCom, Inc.	40552	SAVANNAH	GA
WirelessCO, L.P.	40553	HUNTSVILLE	AL
SprintCom, Inc.	40554	WILMINGTON	NC
WirelessCO, L.P.	40555	FT WALTON BEACH	FL
SprintCom, Inc.	40556	ROCKY MOUNT	NC
WirelessCO, L.P.	40557	PUEBLO	CO
SprintCom, Inc.	40558	ASHEVILLE	NC
Cox PCS License, L.L.C.	40559	LAS VEGAS	NV
SprintCom, Inc.	40560	COLUMBIA	SC
WirelessCO, L.P.	40561	MANKATO	MN
SprintCom, Inc.	40562	AUGUSTA	GA
WirelessCO, L.P.	40563	ROCHESTER	MN
WirelessCO, L.P.	40565	DULUTH	MN
WirelessCO, L.P.	40567	GARDNERVILLE	NV
WirelessCO, L.P.	40569	SHEBOYGAN	WI
WirelessCO, L.P.	40571	MOOREHEAD	MN
WirelessCO, L.P.	40573	BRAINERD	MN
WirelessCO, L.P.	40575	ZIMMERMAN	MN
SprintCom, Inc.	40576	MERIDIAN	MS
WirelessCO, L.P.	40578	HOT SPRINGS	AR

SprintCom, Inc.	40580	VICKSBURG	MS
WirelessCO, L.P.	40581	ATHENS	GA
WirelessCO, L.P.	40582	SALT LAKE CITY	UT
WirelessCO, L.P.	40583	POPLARVILLE	MS
WirelessCO, L.P.	40584	DATA BID	
WirelessCO, L.P.	40585	BILOXI	MS
WirelessCO, L.P.	40586	PENDLETON	OR
WirelessCO, L.P.	40588	CAPE GIRARDEAU	MO
WirelessCO, L.P.	40590	SIKESTON	MO
SprintCom, Inc.	40591	MARION	OH
WirelessCO, L.P.	40592	HANNIBAL	MO
WirelessCO, L.P.	40593	CRIDERSVILLE	OH
SprintCom, Inc.	40595	LIMESTONE	TN
SprintCom, Inc.	40597	FORT WAYNE	IN
WirelessCO, L.P.	40599	BROOKHAVEN	MS
WirelessCO, L.P.	40601	HATTIESBURG	MS
WirelessCO, L.P.	40603	LAUREL	MS
WirelessCO, L.P.	40605	TALLADEGA	AL
SprintCom, Inc.	40606	GRENADA	MS
WirelessCO, L.P.	40607	LEWISBURG	TN
SprintCom, Inc.	40608	MARIANNA	FL
SprintCom, Inc.	40609	GULFPORT	MS
WirelessCO, L.P.	40610	PRESCOTT	AR
WirelessCO, L.P.	40611	BROOKHAVEN	MS
WirelessCO, L.P.	40612	CARBONDALE	IL
SprintCom, Inc.	40613	ERIE	PA
WirelessCO, L.P.	40615	HATTIESBURG	MS
WirelessCO, L.P.	40617	LAUREL	MS
PhillieCo, L.P.	40618	LEHIGHTON	PA
WirelessCO, L.P.	40619	DECATUR	AL
SprintCom, Inc.	40620	COLUMBUS	MS
WirelessCO, L.P.	40621	FLORENCE	AL
SprintCom, Inc.	40622	GREENWOOD	MS
WirelessCO, L.P.	40623	GADSDEN	AL
SprintCom, Inc.	40624	JACKSON	MS
SprintCom, Inc.	40626	MERIDIAN	MS
WirelessCO, L.P.	40627	CLARKSBURG	WV
SprintCom, Inc.	40628	SOUTHBEND	IN
APC PCS, L.L.C.	40629	CHARLOTTESVILLE	VA
WirelessCO, L.P.	40630	GRAND RAPIDS	MI
SprintCom, Inc.	40631	ROANOKE	VA
SprintCom, Inc.	40632	TUPELO	MS

SprintCom, Inc.	40634	VALDOSTA	GA
SprintCom, Inc.	40636	VICKSBURG	MS
SprintCom, Inc.	40638	CHILLICOTHE	OH
SprintCom, Inc.	40640	CHARLESTON	WV
WirelessCO, L.P.	40649	TOOLE	UT
WirelessCO, L.P.	40682	BISMARCK	ND
WirelessCO, L.P.	40689	CASPER	WY
WirelessCO, L.P.	40690	HOT SPRINGS	AR
WirelessCO, L.P.	40720	ALBANY	NY
SprintCom, Inc.	40721	BAY ST LOUIS	MS
SprintCom, Inc.	40722	MACON	GA
SprintCom, Inc.	40723	HAMMOND	LA
SprintCom, Inc.	43104	TUPELO	MS
WirelessCO, L.P.	43703	BREMERTON	WA
WirelessCO, L.P.	43705	COLORADO SPRINGS	CO
SprintCom, Inc.	43706	COLUMBUS	MS
WirelessCO, L.P.	43707	GREELEY	CO
SprintCom, Inc.	43708	GREENWOOD	MS
WirelessCO, L.P.	43709	SALEM	OR
WirelessCO, L.P.	43710	OMAHA	NE
WirelessCO, L.P.	43712	OMAHA	NE
SprintCom, Inc.	43714	ALBUQUERQUE	NM
WirelessCO, L.P.	43716	OMAHA	NE
SprintCom, Inc.	43718	ALBUQUERQUE	NM
SprintCom, Inc.	43720	SANTA FE	NM
WirelessCO, L.P.	43729	WALLA WALLA	WA
WirelessCO, L.P.	43731	LEWISTON	ID
WirelessCO, L.P.	43732	YUMA	AZ
WirelessCO, L.P.	43733	IDAHO FALLS	ID
WirelessCO, L.P.	43738	RAPID CITY	SD
WirelessCO, L.P.	43740	RIVERTON	WY
SprintCom, Inc.	43752	NATCHEZ	MS
SprintCom, Inc.	43754	SAN JUAN	PR
SprintCom, Inc.	43756	PONCE	PR
SprintCom, Inc.	43758	CHARLOTTE AMALI	VI
WirelessCO, L.P.	43760	NOGALES	AZ
WirelessCO, L.P.	43762	BRIGHAM CITY	UT
WirelessCO, L.P.	43764	MASON CITY	IA
WirelessCO, L.P.	43765	BID-UNI-TEST	FL
WirelessCO, L.P.	43766	FREMONT	NE
WirelessCO, L.P.	43772	BURLINGTON	VT

Currently, *** roaming service is *** in the Sprint BTAs in the ***. Once *** service is deployed in these Markets, this ***.

SECTION 2.

COMPANY MARKETS

LICENSEE/PERMITTEE	SID/BID NUMBER	MARKET NAME	STATE
Alaska DigiTel, LLC	4097	Anchorage	Alaska
Alaska DigiTel, LLC	4500	Fairbanks	Alaska
Alaska DigiTel, LLC	40161	Anchorage	Alaska
Alaska DigiTel, LLC	40725	Mat-Su Valley	Alaska
Alaska DigiTel, LLC	40727	Fairbanks	Alaska
Alaska DigiTel, LLC	40729	Juneau	Alaska
Alaska DigiTel, LLC	40749	Juneau	Alaska

ATTACHMENT I-B TO
STRATEGIC ROAMING AGREEMENT

STRATEGIC ROAMING RATES

Listed on Attachment I-A are the markets covered by the Systems of ***and *** that are subject to this Agreement. The rates to be charged by the Serving Carrier to the Customers of the Home Carrier when roaming in the Serving Carrier's System are as follows:

In the case of each of *** rates (i) all *** rates are billed in ***, and (ii) *** rates apply to *** for calls that terminate within the United States.

*Table 1A: SRA Roaming Rates on ***Systems*

Year	***	***	***	***
***	*	*	*	*
***	$***	$***	$***	$***
***	$*** **	$*** **	$*** **	$*** **

*Table 1B: SRA Roaming Rates on ***Systems*

Year	***	***	***	***
***	*	*	*	*
***	$***	$***	$***	$***
***	$*** **	$*** **	$*** **	$*** **

* *** rates ***% of *** CDMA Retail Yield, calculated as described in the following sentence; provided, however, that in no event will *** rates fall below $***. For purposes of this Agreement, *** "CDMA Retail Yield" means the *** (a) *** CDMA ARPU (average revenue per user) *** the *** component in the *** CDMA ARPU *** (b) the reported *** CDMA Customer *** for which the *** CDMA ARPU was calculated. Until such time as the CDMA Retail Yield is available for the applicable calendar year, the *** rate in effect for the immediately preceding calendar year will continue to be used by the Parties, subject to adjustment as described below. New *** rates are *** of each year. *** will notify *** of the new *** rate, and provide data supporting the new *** rate, *** of the year in which the new *** rate becomes effective. The Parties will settle any differences between the old *** rate and the new *** rate for payments made *** of the new *** rate, and make whatever payments are necessary to adjust for such differences, *** notification of the new *** rate.

** *** rates will equal *** of the *** rates set in Tables 1A and 1B or ***% of *** CDMA Retail Yield, calculated as described in the following sentence; provided, however, that in no event will *** rates fall below $***. For purposes of this Agreement, *** "CDMA Retail Yield" means the *** (a) *** CDMA *** ARPU (average revenue per user) *** (b) the reported *** Customer for the calendar year for which the *** CDMA ARPU was calculated. Until such time as the CDMA Retail Yield is available for the applicable calendar year, the *** rate in effect for the immediately preceding calendar year will continue to be used by the Parties, subject to adjustment as described below. New *** rates are *** of each year. *** will notify *** of the new *** rate, and provide *** supporting the new *** rate, *** of the year in which the new *** rate becomes effective. The Parties will settle any differences between the old *** rate and the new *** rate for payments made *** of the new *** rate, and make whatever payments are necessary to adjust for such differences, *** notification of the new *** rate.

*Table 2A: ***Resell Rates for ***Systems*

Year	***	***	***	***
***	*	*	*	*
***	$***	$***	$***	$***
***	$***	$***	$***	$***
***	**	**	**	**

* *** rates ***% of *** CDMA Retail Yield, calculated as described in the following sentence; provided, however, that in no event will *** rates fall below $***. For purposes of this Agreement, *** “CDMA Retail Yield” means the *** (a) *** CDMA ARPU (average revenue per user) *** the *** component in the *** CDMA ARPU *** (b) the reported *** CDMA Customer *** for which the *** CDMA ARPU was calculated. Until such time as the CDMA Retail Yield is available for the applicable calendar year, the *** rate in effect for the immediately preceding calendar year will continue to be used by the Parties, subject to adjustment as described below. New *** rates are *** of each year. *** will notify *** of the new *** rate, and provide data supporting the new *** rate, *** of the year in which the new air rate becomes effective. The Parties will settle any differences between the old *** rate and the new *** rate for payments made *** of the new *** rate, and make whatever payments are necessary to adjust for such differences, *** notification of the new *** rate.

** *** rates for *** will equal the lesser of the data rates set in Tables 2A for data cards or ***% of *** CDMA Retail Yield, calculated as described above for Table 1A and 1B; provided, however, that in no event will *** rates fall below $***. Until such time as the CDMA Retail Yield is available for the applicable calendar year, the *** rate for *** in effect for the immediately preceding calendar year will continue to be used by the Parties, subject to adjustment as described below. New *** rates for *** are *** of each year. *** will notify *** of the new *** rate for ***, and provide data supporting the new *** rate, *** of the year in which the new *** rate for *** becomes effective. The Parties will settle any differences between the old *** rate and the new *** rate for *** for payments made *** of the new *** rate, and make whatever payments are necessary to adjust for such differences, *** notification of the new *** rate for ***.

*Table 3A: Other SRA Roaming Rates on ***Systems*

Year	***	***	***	***
***	$***	$***	$***	$***
***	$***	$***	$***	$***
***	$***	$***	$***	$***

Operator Services

***% pass through, plus *** rates.

Short Message Service (SMS)

*** charge. *** Party *** other Party for *** Authorized Roamers.

International Calls

International long distance rate	***% pass through at retail rates except for the following countries: *** - $***; *** $***.

Emergency Calls

*** charge, ***, however denominated, required by law

Directory Assistance

*** ***% pass through, plus *** rates.
*** ***% pass through, plus *** rates, plus *** charges.

Taxes

***% pass through of ***

Incomplete Calls

*** Party ***

Daily Access Fees and Surcharges

*** Party *** or *** except those required to be applied by law in the state where service is provided.

ATTACHMENT I-C TO
STRATEGIC ROAMING AGREEMENT

REQUEST TO ISSUE CREDIT

Home Carrier: ____________________
Serving Carrier: ____________________
Date of Invoice:____________________
Date of Rated Usage:________________
Record Data: ____________________
Batch # and Date: ____________________
Number of Records: ____________________
Amount of Invoice Not Justified: $ ____________________
(Airtime & Toll Charges, Other Charges & Taxes)

_______ Payment Withheld ______Charge Back

Reasons for Withholding Payment or Charge Back:

_____ 1. Invoice is inconsistent with the Rated Usage Record Data with respect to:

_____ a. Taxes;
_____ b. Other pass-through charges;
_____ c. Wireless Service charges;
_____ d. Percentage of Wireless Service;
_____ e. Other (see attached reports)

_____ 2. Rated Usage Record Data is incomplete for the charges on the attached sheet:

_____ 3. MBI combination is not on the list authorized by the Home Carrier:
Mobile ID Number
Electronic Serial Number

_____ 4. Charges for Roamer usage specified on the attached sheet that are not authorized by the Home Carrier;

_____ 5. Batch totals and detail charges do not balance or batch is out of sequence.

_____ 6. CIBER rejects

_____ 7. Other (specify below)

Home Carrier
By:______________________
Title:_____________________
Date: ____________________

APPENDIX II TO
STRATEGIC ROAMING AGREEMENT

USE OF APPROVED DESIGNATION

Subject to the terms of Article 10, the Company is permitted to use and display the Designation. The Company will adhere to the attached Sprint Rural Alliance Member Guidelines regarding use and placement of the phrase. No other use of Sprint Spectrum's trademarks (or the trademark of any Affiliate of Sprint Spectrum or Sprint Nextel) is permitted.

Sprint

Rural Alliance Member

SCHEDULE 4.3.3
TO
STRATEGIC ROAMING AGREEMENT

AMENDED AND RESTATED STRATEGIC ROAMING AGREEMENT

If Sprint elects to exercise its right to (i) terminate the Transaction Documents or (ii) amend and restate the Transaction Documents, in each case pursuant to Section 4.3.3 of this Agreement, the Transaction Documents will be amended as follows:

1. By adding the following provisions (all capitalized terms not otherwise defined in this Agreement will have the meanings set forth in the CDMA Build-Out Agreement):

Section 1.1. Interoperability

(a) The Company will at all times cause the Company Systems in the *** Territory to be technologically compatible with the Sprint Systems (including with respect to facilitating roaming and handoff between Systems). Without limiting the generality of the foregoing, the Company will at all times cause the Company Systems in the *** Territory to provide for Sprint Customers the same User Interface used in the Sprint Systems, so that the User Interface of the Company Systems in the *** Territory for Sprint Customers does not differ, in a manner that would be materially adverse to those Customers, from the User Interface of the Sprint Systems.

(b) Subject to the Company's obligations in Section 1.3, the Company will at all times cause the Company Systems located in the *** Territory to be technologically compatible with the Sprint Systems (including with respect to facilitating roaming and handoffs between Systems), and to otherwise comply with the provisions of Section 1.1(a). To the extent (but only to the extent) compliance with Section 1.1(a) requires the Company to implement Core Features that are not required in the *** Territory under Section 1.3(b), the Company will not be required to comply with subsection (a) above.

(c) The Company will have no obligations under this Section 1.1 with respect to the *** Territory.

Section 1.2. Network Performance Standards

(a) The Company will at all times cause the Company Systems in the *** Territory to comply with the network performance standards met by the Sprint Systems (including, without limitation, voice standards for comprehensive digital accessibility, comprehensive retainability, digital voice quality, and data standards for CDMA availability, successful data transfer ratio and throughput). The initial network performance standards for *** service provided by the Company Systems are set forth on Schedule 2.3 of the CDMA Build-Out Agreement.

(b) Subject to the Company's obligations in Section 1.3, the Company will at all times cause the Company Systems located in the *** Territory to comply with the network performance standards met by the Sprint Systems (including, without limitation, voice standards for comprehensive digital accessibility, comprehensive retainability, digital voice quality, and data standards for CDMA availability, successful data transfer ratio and throughput), and to otherwise comply with the provisions of Section 1.2(a). To the extent (but only to the extent) compliance with Section 1.2(a) requires the Company to implement Core Features that are not required in the *** Territory under Section 1.3(b), the Company will not be required to comply with subsection (a) above.

(c) The Company will have no obligations under this Section 1.2 with respect to the *** Territory.

Section 1.3. Core Features and Services

(a) The Company will at all times cause the Company Systems in the *** Territory to continue to provide the core features and services provided by the Sprint Systems as of the date hereof. The core features and services for the Company Systems as of the date hereof are set forth on Schedule 2.4 to the CDMA Build-Out Agreement.

(b) The Company will at all times during the term of this Agreement cause the Company Systems located in the *** Territory to provide the core features and services described in Schedule 2.4, but only the extent that such Updated Core Features and Services do not require the Company to implement technology beyond the Rev. A Technology.

(c) The Company will have no obligations under this Section 1.3 with respect to the *** Territory.

Section 1.4. Maintenance Fees and Labor Costs

Except as otherwise expressly provided in this Agreement, the Company is solely responsible for development and maintenance costs for its own Systems and any necessary labor or material required so that the Company is capable of providing near real time billing data in standardized formats and capable of providing other records compatible with nationally standardized platforms.

2. By deleting and/or restating the following provisions:

Section 1.1 of Appendix I will be amended by deleting the portion of the second sentence starting with the word "provided", and by putting a period after the words "an Authorized Roamer".

Sections 1.5, 1.6, 1.7, and 1.9 of Appendix I will be deleted in their entirety.

3. Except as otherwise provided herein, or as otherwise agreed upon by the Parties as provided in Section 4.3.2, the Transaction Documents will remain in full force and effect.

*** 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.

CDMA BUILD-OUT AGREEMENT

CDMA BUILD-OUT AGREEMENT, dated as of October 30, 2007, between WirelessCo, L.P., a Delaware limited partnership ("Sprint"), Alaska DigiTel, LLC, an Alaska limited liability company (the "Company") and, solely for purposes of guaranteeing the obligations of the Company under this Agreement in accordance with Section 9.22 of the Strategic Roaming Agreement, General Communication, Inc., an Alaska corporation (the "Company Guarantor"). Sprint and the Company are sometimes individually referred to in this Agreement as a "Party" and collectively as the " Parties."

WHEREAS, in connection with the Strategic Roaming Agreement, the Company has agreed to construct and operate *** Systems in the Company SRA Market to provide *** roaming services to customers of Sprint in the Company SRA Market.

NOW, THEREFORE, in consideration of the mutual promises, covenants and other agreements contained herein, the Parties hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Strategic Roaming Agreement . Capitalized terms used herein and not defined herein have the meanings ascribed to such terms in the Strategic Roaming Agreement

Section 1.2 General. As used herein, the following terms have the following meanings:

(a) "***" means the form of *** technology designed to support data transmission speeds up to ***, and evolutions of that technology, including without limitation *** and ***, utilizing the *** or ***.

(b) "*** Agreement" is defined in Section 3.5.

(c) "Agreement" means this CDMA Build-Out Agreement including all exhibits and schedules attached hereto, as the same may be amended, modified, supplemented or restated from time to time.

(d) "Build-out Schedule" is defined in Section 2.1.

(e) "***" means *** technology that combines *** and ***, and evolutions of that technology, including without limitation *** and ***, utilizing the *** or ***.

(f) "*** SystemError! Bookmark not defined." means a System that uses ***.

(g) "Company Indemnified Persons" is defined in Section 5.2.

(h) "Company Systems" means *** Systems owned, operated or managed by the Company or its Affiliates.

(i) "Confidential Information" means any information exchanged in connection with any of the Transaction Documents or the transactions contemplated thereby, concerning the business of either Party or its Affiliates whether received directly or indirectly from the other Party, its Affiliates or from a Party's Customers, including, tangible, intangible, visual, electronic, written, or oral information, such as: (v) trade secrets, (w) financial information and pricing, (x) technical information, such as research, development, procedures, algorithms, data, designs, and know-how, and (y) business information, such as operations, planning, marketing interests, and products, and (z) all information collected or developed by a Party regarding Customers (but only in their capacity as a Party's Customers), including location-based information, all phone or other identification numbers issued to Customers, all electronic serial numbers, all Customers personalization information and all automatic number identification information and all information described in the FCC's definition of "Customer Proprietary Network Information" as set forth in 47 USC Section 222(h)(1) (as amended and interpreted from time to time).

(j) "Continued Systems Breach" is defined in Section 2.7.

(k) "Controlled Affiliates" is defined in Section 2.5(e).

(l) "Covered Population" means and includes the population that resides within a particular region in the Company SRA Market where there is available signal transmitting at a level of ***dBm or greater.

(m) "Covered Square Miles" means and includes the area within a particular region of the Company SRA Market where there is available signal transmitting at a level of ***dBm or greater.

(n) "Dispute" is defined in Section 6.1.

(o) "FCC Rules" means the Communications Act of 1934, as amended, 47 USC 151, et seq., and the rules and regulations established by the FCC pursuant thereto, as codified in Title 47 of the Code of Federal Regulations, as the same may be modified or amended from time to time hereafter, together with all orders and public notices of the FCC.

(p) "Governmental Authority" means a national, state, provincial, county, city, local or other governmental or regulatory body or authority, whether domestic or foreign.

(q) "Indemnified Party" is defined in Section 5.3.

(r) "Indemnifying Party" is defined in Section 5.3.

(s) "Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest, right of first refusal or right of others therein, or encumbrance of any nature whatsoever in respect of such asset.

(t) "*** Territory" means the *** Market identified in Schedule 1.2.

(u) "*** Territory" means the *** Market identified in Schedule 1.2.

(v) "Losses" is defined in Section 5.1.

(w) "Overbuild Network" is defined in Section 2.5(a).

(x) "Prior Committed Construction" is defined in Section 2.5(a).

(y) "*** Technology" means *** technology designed ***, and evolutions of that technology ***, ***.

(z) "Sprint" is defined in the preamble.

(aa) "Sprint Indemnified Persons" is defined in Section 5.1.

(bb) "Sprint Nextel" is defined in Section 2.5(a).

(cc) "Sprint Systems" means *** Systems owned, operated or managed by Sprint, a Sprint Group Member, or the Sprint Network Affiliates.

(dd) "Strategic Roaming Agreement" means the Strategic Roaming Agreement, dated as of the date of this Agreement, between Sprint and the Company, as amended, modified, supplemented or restated from time to time.

(ee) "System" means a mobile wireless communications system.

(ff) "*** Territory" means the *** Market identified in Schedule 1.2.

(gg) "Updated Interface" is defined in 2.2(a)(i).

(hh) "User Interface" means the process, functional commands, and look and feel by which a mobile wireless telecommunications service subscriber operates and utilizes the mobile wireless telecommunications services and service features provided by a System, including the sequence and detail of specific commands or service codes, the detailed operation and response of subscriber equipment to the sequence of keys pressed to effect subscriber equipment function, the response of subscriber equipment to the activation of these keys or signals or data from the System, the manner in which information is displayed on the screen of subscriber equipment, and the use of announcement tones and messages. The User Interface is described in Schedules 2.3 and 2.4 to this Agreement.

ARTICLE II
*** SYSTEMS

Section 2.1 Construction.

(a) *** will construct, test and operate *** Systems in *** Market in accordance with the construction plans attached as Schedule 2.1(a) and the coverage map attached as Schedule 2.1(b) (together, the "*** Schedule"). *** will report to Sprint its performance regarding the critical milestones included in the *** Schedule on a monthly basis. *** will be deemed to have met the milestones in the *** Schedule and to have satisfied its obligations under this Section 2.1 if, and only if, *** Systems pass operational acceptance testing by *** in accordance with the standards and procedures set forth in Schedules 2.3 and 2.4 to this Agreement. All of these operational acceptance tests will be conducted at *** sole expense.

(b) At any time during the term of this Agreement, *** may notify *** in writing of any area *** Market, ***, where *** desires *** a System or ***. Such notice will include a *** and whether *** Territory, *** Territory or *** Territory (the "*** Notice"). If *** such System in the designated territory and as otherwise described in the *** Notice, *** will notify

*** in writing *** receipt of the *** Notice. *** notice will include a *** and a proposed *** with respect to such *** territory (the "***"). *** receipt of *** Response, *** will notify *** whether the terms of *** Response are acceptable or unacceptable to *** in its sole discretion. If such terms are accepted by ***, the *** Schedule will be revised to include such additional build-out obligation in accordance with *** Response. If, however, *** notifies *** that it does not accept the proposal set forth in *** Response, the Parties will negotiate in good faith to agree upon *** territory and *** schedule; provided that if the Parties have not reached an agreement *** notifies *** that it does not intend to accept the proposal set forth in *** Response, *** will be deemed to have *** Response, and neither Party will have any obligation to the other with respect to the System in such territory or *** Response. If (i) *** Response is *** in accordance with the immediately preceding sentence, (ii) *** notifies *** that it does not desire to proceed with ***, or (iii) *** Response, either *** may proceed with such *** area, provided that *** Response both in terms of timing and coverage. *** with any *** will notify *** of the area ***, and *** Market will be automatically amended to ***.

(c) At any time prior to the completion of construction of *** Systems in accordance with *** Schedule, *** may request that *** Schedule be amended to modify the terms of any phase of *** Schedule; provided that (i) no such modification materially alters the terms of such phase (including without limitation the Covered Square Miles or Covered Population in such phase; provided that, for the avoidance of doubt and without limiting the concept of "material modification", the Parties agree that a change in the Covered Square Miles or Covered Population ***% *** will be considered a "material modification" for purposes of this Agreement), and (ii) *** submits a description of the proposed amendment *** for such phase. Such description will include *** (including the Covered Square Miles), *** Covered Population, and ***. *** will notify *** in writing *** whether it accepts such amendment (which acceptance will be granted *** sole discretion). If the amendment ***, *** Schedule will be so amended, and *** will proceed with the construction of *** Systems as so modified. If *** the proposed amendment, *** Schedule will remain unchanged, and *** will proceed with its construction of *** Systems as originally set forth in *** Schedule.

At any time during the term of this Agreement, *** may notify *** in writing of any area within the *** Market, but not included in the *** Schedule, where *** desires ***. Such notice will include detailed plans for the ***, including a description of the affected sites, and an indication of whether *** proposes that such territory be included in the *** Territory, the *** Territory or the *** Territory (including the Covered Square Miles of each), the Covered Population, and proposed dates of completion (the "*** Notice"). *** Notice, *** will notify *** in writing whether the proposed build as described in *** Notice (the "Additional ***") is acceptable to *** in its sole discretion. If the Additional *** is acceptable to ***, the *** Schedule will be amended to include the Additional ***, and *** will proceed with the Additional ***. Thereafter, the additional sites covered by the Additional *** will be subject to the terms and conditions of this Agreement and the Strategic Roaming Agreement, and the System constructed in connection therewith will become part of *** Systems.

(d) At any time during the term of this Agreement, *** may notify *** in writing of any Markets within the *** Territory or the *** Territory where ***, a System that would improve the overall coverage or System features in such Market(s) over what is then being provided by *** Systems in such Markets. Such notice will include *** System ***, and the *** (the "*** Notice"). If the Company desires to upgrade the relevant portion of the ***

Territory or *** Territory described in the *** Notice in accordance with the terms and conditions described in the *** Notice, *** in writing *** Notice. *** will include *** and *** (which will not differ in any material respect from *** described in *** Notice) with respect to such *** territory (the "*** Response"). If *** delivers *** Notice that complies with the terms of this Section 2.1(e), *** Schedule will be revised to include *** in *** Response. Thereafter, the additional Markets covered by *** Response will be subject to the terms and conditions of this Agreement and the Strategic Roaming Agreement applicable to the *** Territory or *** Territory, as applicable ***. If, however, *** response in compliance with this Section 2.1(e), the definition of *** Market will be automatically amended to remove the Markets in question, and neither Party will have any further obligation to the other with respect to the System in such Markets (including without limitation the roaming preference in those Markets). *** the right *** Markets in accordance with this Section 2.1(e).

(e) At any time during the term of this Agreement, *** in writing of any Markets within *** Schedule, but not included in the *** Territory, where *** System so that the *** System in such Market(s) meets all the terms and conditions required to be met by a *** System. Such notice will include detailed plans for the proposed upgrade, including a description of the affected sites (including the Covered Square Miles), the Covered Population, and proposed dates of completion (the "*** Notice"). *** Notice, *** in writing whether *** Notice (***) is acceptable to *** in its sole discretion. If *** is acceptable ***, the *** Schedule will be amended to reflect that *** Market is included in the *** Territory, and *** will proceed with ***. Thereafter, the additional sites covered by *** will be subject to the terms and conditions of this Agreement and the Strategic Roaming Agreement applicable to *** Territory.

(f) If, at any time during the term of this Agreement, *** System in a Market included in *** Territory so that *** System in that Market meets all the terms and conditions required to be met in *** Territory, *** in writing ***.

Section 2.2 Interoperability.

*** will meet the following standards for interoperability:

(a) *** will at all times during the term of this Agreement cause the *** Systems located in *** Territory to be technologically compatible with the *** Systems (including with respect to facilitating roaming and handoffs between Systems). Without limiting the generality of the foregoing, *** will at all times during the term of this Agreement cause *** Systems in *** Territory to provide for *** Customers the same User Interface used in *** Systems, so that the User Interface of *** Systems for *** Customers will not differ, in a manner that would be adverse to those Customers, from the User Interface of *** Systems. *** will from time to time provide reasonable prior notice to *** of changes to the User Interface or other elements of all or any portion of *** Systems (***), and *** Systems in *** Territory within a commercially reasonable time period selected by *** in its reasonable discretion. For purposes of the immediately preceding sentence, the "commercially reasonable time period" selected *** will not obligate *** to implement such *** with respect to *** Systems in *** Territory prior to the date such *** is implemented *** with respect to the applicable portion of *** Systems. *** will order and be the customer of record for all circuits between *** Systems and *** Systems that are required to support *** Customers.

(b) Subject to *** obligations in Section 2.4, *** will at all times during the term of this Agreement cause *** Systems located in the *** Territory to be technologically compatible with *** Systems (including with respect to facilitating roaming and handoffs between Systems), and to otherwise comply with the provisions of Section 2.2(a). To the extent (but only to the extent) implementation of *** requires *** to implement Updated Core Features that are not required in *** Territory under Section 2.4(a)(ii), *** will not be required to implement ***.

(c) *** will have no obligations under this Section 2.2 with respect to *** Territory.

Section 2.3 Network Performance Standards.

*** will meet the following network performance standards:

(a) *** will at all times during the term of this Agreement cause *** Systems located in *** Territory to comply with the network performance standards described in this Section 2.3 (including, without limitation, voice standards for comprehensive digital accessibility, comprehensive retainability, digital voice quality, and data standards for *** availability, successful data transfer ratio and throughput). The initial network performance standards for *** service provided by *** Systems in *** Territory are set forth on Schedule 2.3. Sprint may from time to time notify *** of new or modified network performance standards ("Updated Standards") met or to be met by all or any portion of *** Systems, and *** will cause *** Systems located in *** Territory to comply with the Updated Standards within the later of (a) a commercially reasonable time period selected ***, provided that such period *** delivery of any such written notice, or (b) the implementation of such Updated Standards in all or any portion of *** Systems. Schedule 2.3 will automatically be amended and restated to include any such Updated Standards.

(b) Subject to *** obligations in Section 2.4, *** will at all times during the term of this Agreement cause *** Systems located in *** Territory to comply with the network performance standards described in Schedule 2.3, and to implement any Updated Standards. To the extent (but only to the extent) implementation of an Updated Standard requires *** to implement Updated Core Features that are not required in *** Territory under Section 2.4(a)(ii), *** will not be required to implement the Updated Standard.

(c) *** will have no obligations under this Section 2.3 with respect to the *** Territory.

Section 2.4 Core Features and Services.

(a) *** will provide the following core features and services:

(i) *** will at all times during the term of this Agreement cause *** Systems in *** Territory to provide the core features and services as described in this Section 2.4. The initial core features and services for *** Systems in *** Territory are set forth on Schedule 2.4. *** may from time to time notify *** of new or modified core features or services ("Updated Core Features") to be provided to *** Customers in all or any portion of *** Systems, and *** will cause the Updated Core Features to be provided to *** Systems in *** Territory.

(ii) *** will at all times during the term of this Agreement cause *** Systems located in *** Territory to provide the core features and services described in Schedule 2.4, and to implement any Updated Core Features and Services, but only the extent that such Updated Core Features and Services do not require *** to implement technology beyond the *** Technology. To the extent Updated Core Features and Services require *** technology evolved up to but not beyond *** Technology, *** will implement the Updated Core Features and

Services in *** Territory in accordance with Section 2.4(a)(i). To the extent implementation of Updated Core Features and Services requires technology more advanced than *** Technology, *** will not be obligated to implement such Updated Core Features and Services in *** Territory beyond implementing *** Technology.

(iii) *** will have no obligations under this Section 2.4(a) with respect to *** Territory.

(b) Subject to Sections 2.4(a)(ii) and (iii), Updated Core Features will be provided by *** within a commercially reasonable time period selected *** in its reasonable discretion. For purposes of the immediately preceding sentence, the "commercially reasonable time period" selected *** will not obligate *** to implement such Updated Core Features with respect to *** Systems prior to the date such Updated Core Features are implemented *** (as set forth *** notice of such Updated Core Features). Schedule 2.4 will automatically be amended and restated to include any such new or modified core features and services; provided that certain new or modified core features and services will only be available for use *** Customers.

(c) *** acknowledges that ***, in its sole discretion, may cause *** Systems to provide such other features and services *** Customers as *** may determine from time to time, and that *** has sole and exclusive control over the rates *** charge for all features and services. Notwithstanding the foregoing, if *** provides a feature or service *** Customers that differs from the features or services being provided *** Customers, *** will be responsible for remedying, at its sole cost and expense, any interference or other network performance issues affecting any *** Customers that may arise with respect to, or as a result of, the feature or service being provided *** Customers.

Section 2.5 *** Covenant Not To Overbuild.

(a) Subject to Sections 4.3.3(3) and 5.1 of the Strategic Roaming Agreement and Sections 2.1 and 2.7 of this Agreement, *** to, install or operate a *** System in *** Territory (an "Overbuild Network") during the term of this Agreement. Nothing in this Agreement or the other Transaction Documents will preclude *** from (i) acquiring, being acquired by, merging with or otherwise combining with a business or entity that is already operating, or in the future may operate, an Overbuild Network, and (ii) continuing to operate such Overbuild Network thereafter; provided that, after the consummation of any such acquisition, merger or other combination, *** will cause the After Acquired System not to expand its *** network in *** Territory except to the extent of existing operations and any Prior Committed Construction (as hereinafter defined). For purposes of this Agreement, "Prior Committed Construction" means construction activities related to expansion of an After Acquired System's *** network in the relevant Markets for which permits allowing initial construction to begin have been issued as of the closing date of the acquisition, merger or other combination of or with the After Acquired System.

(b) For the avoidance of doubt, the first sentence of Section 2.5(a) does not apply to any entity that acquires Control of ***.

(c) The parties acknowledge that any transaction involving an acquisition, merger or other combination to which *** is a party will not constitute a breach of any of the Transaction Documents and, notwithstanding Section 7.7 of this Agreement, under no circumstance will *** be entitled to any relief at or in equity in connection with any such acquisition, merger or other combination, including, without limitation, any injunction to prevent any of these transactions.

(d) Notwithstanding the provisions of this Section 2.5, if the Spectrum Lease terminates for any reason, or if *** is materially breaching its obligations under the Spectrum Lease, *** will be permitted to build a *** System in *** Territory to the extent necessary to maintain any of the Licenses (as such term is defined in the Spectrum Lease).

(e) For purposes of this Section 2.5, "Controlled Affiliates" of a person will mean entities that are Controlled by or under common Control with such person.

Section 2.6 Development and Maintenance Costs.

*** is solely responsible for development and maintenance costs for *** Systems and any necessary labor or material required for *** to comply with its obligations under this Agreement, including without limitation the obligation to provide near real time billing data in standardized formats and other records compatible with nationally standardized platforms in accordance with the requirements set forth in Schedule 2.3, as the same may be amended from time to time ***.

Section 2.7 Failure to Meet Obligations.

(a) Without limiting the rights of *** under this Agreement, and notwithstanding any provision to the contrary contained herein or in any of the Transaction Documents, if *** fails to satisfy, and *** delivers notice to *** (a "Default Notice") of its failure to satisfy, any of its obligations under Sections 2.1, 2.2 or 2.4 with respect to all or any portion of *** Market (a "Systems Breach") (provided, however, that a Systems Breach will not be declared by Sprint as to Section 2.1 based on noncompliance by *** with *** Schedule unless such noncompliance results in a failure by *** to achieve ***% of the target Covered Population set forth in *** Schedule for any annual build phase period), then, *** of a Default Notice, *** a reasonably detailed plan, including a schedule for completion of such plan (the "Proposed Plan") to cure such Systems Breach. *** of the Proposed Plan, *** whether the terms of the Proposed Plan are accepted *** in its sole discretion. *** the Proposed Plan, the parties will negotiate in good faith to agree upon a plan and schedule (the "Revised Plan") to cure the Systems Breach; provided that if the parties have not reached an agreement *** that it does not accept the Proposed Plan, *** of the Proposed Plan (a "Proposed Plan Rejection"). *** Proposed Plan or a Revised Plan, *** Proposed Plan or Revised Plan, as applicable, in accordance with its terms.

(b) If (i) *** Proposed Plan Rejection in accordance with this Section 2.7, (ii) *** the Proposed Plan or a Revised Plan and *** to meet its obligations under such Proposed Plan or Revised Plan, as applicable, or (iii) *** (each of the foregoing, a "Continued Systems Breach"), *** may unilaterally amend the Strategic Roaming Agreement to change the definition of *** Market to exclude either (x) all or any portion of the boroughs or partial boroughs within *** Market where such Continued Systems Breach has occurred, (y) all or any portion of *** Region in which the Continued Systems Breach has occurred.

(c) *** Market and exclude all or any portion of the *** Market in accordance with Section 2.7(b), (i) *** will so notify ***, and thereafter will create and deliver to *** a revised Strategic Roaming Agreement (including a revised definition of *** Market); and (ii) *** System in all or any portion of the area that has been excluded from the definition of *** Market pursuant to such amendment; provided that the failure to deliver a revised Strategic Roaming Agreement, or the failure to install a *** System in all or any portion of such area will not affect the effectiveness of the above-described amendment of *** Market and the Strategic Roaming Agreement.

ARTICLE III
OTHER AGREEMENTS

Section 3.1 *** Data Roaming.

(a) *** will establish, in accordance with the timelines set forth in Schedule 2.1, *** data roaming capabilities in *** Systems located in *** Territory compatible with *** Systems and compliant with the network performance standards set forth in Schedule 2.3 and as amended from time-to-time ***; provided, that *** will direct back ***, in accordance with a mutually acceptable protocol, all *** data traffic generated *** subscribers roaming in *** Territory.

(b) *** will establish, in accordance with the timelines set forth in Schedule 2.1, *** data roaming capabilities in *** Systems located in *** Territory compatible with *** Systems and compliant with the network performance standards set forth in Schedule 2.3 and as amended from time-to-time ***; provided that, (i) nothing in this Section 3.1(b) will obligate *** to implement technology evolved beyond *** Technology in *** Territory and (ii) *** will direct back ***, in accordance with a mutually acceptable protocol, all *** data traffic generated *** subscribers roaming in *** Territory.

(c) *** will have no obligation regarding compatibility with *** Territory; provided, that *** will direct back ***, in accordance with a mutually acceptable protocol, *** data traffic generated *** subscribers roaming in *** Territory.

Section 3.2 Funding.

*** is solely responsible for financing all costs and expenses relating to the performance of its obligations under this Agreement. *** to provide any financing or to assist *** in obtaining any financing. *** represents that it has, or has access to, funds sufficient to perform its obligations under this Agreement, including the construction and operation of *** Systems.

Section 3.3 Confidentiality.

(a) General. Each Party acknowledges (for itself and its Affiliates) that while performing its obligations under this Agreement it may have access to Confidential Information of the other Party and its Affiliates. Each Party's Affiliates will be treated as either a "receiving Party" or a "disclosing Party", as applicable, under the terms of this Section 3.3, and each Party will cause its Affiliates to comply with the provisions of this Section 3.3.

(b) Use of Confidential Information.

(i) The receiving Party may use the Confidential Information only to perform its obligations under this Agreement and the other Transaction Documents. The receiving Party must use the same care to avoid unauthorized use, including disclosure, loss or alteration, of the disclosing Party's Confidential Information, as it provides to protect its own similar confidential information, but in no event will the receiving Party fail to use reasonable care under the circumstances to avoid unauthorized use, including disclosure, loss or alteration, of the disclosing Party's Confidential Information.

(ii) ***, as well as its agents, contractors and legal representatives. *** if they have a need to know and obligation to protect the Confidential Information that is at least as restrictive as this Agreement.

(iii) Upon written request, or upon the termination of this Agreement in accordance with its terms, the receiving Party will return or destroy, at its option, all Confidential Information of the disclosing Party. At the reasonable request of the disclosing Party, the receiving Party will furnish an officer's certificate certifying that any Confidential Information of the disclosing Party's Confidential Information not returned has been destroyed.

(c) Exceptions. Confidential Information does not include information that is:

(i) rightfully known to the receiving Party before negotiations leading up to this Agreement;

(ii) independently developed by the receiving Party without any reliance on the disclosing Party's Confidential Information;

(iii) part of the public domain or is lawfully obtained by the receiving Party from a third party not under an obligation of confidentiality;

(iv) required to be disclosed by law or legal process, so long as the receiving Party uses reasonable efforts to cooperate with the disclosing Party in limiting disclosure;

(v) the disclosing Party agrees is free of confidentiality restrictions; or

(vi) is governed by different non-disclosure provisions than this Agreement.

(d) Third Party Confidential Information. Neither Party will disclose to the other any Confidential Information of a third party without the consent of such third party.

(e) Information Security.

(i) To protect both Parties Confidential Information from unauthorized use, including disclosure, loss or alteration, each Party will: (A) meet the Security Standards attached hereto as Schedule 3.3 and (B) inventory and test Security Standards before accepting the other Party's Confidential Information.

(ii) Upon a Party's reasonable request, the other Party will provide information to the requesting Party to enable it to determine compliance with Section 3.3(e)(i) above.

(iii) Each Party will promptly inform the other Party of any known or suspected compromises of the other Party's Confidential Information as a result of the first Party's failure to comply with the Security Standards.

(iv) On a periodic basis, but in no event more than twice in ***, either Party may, ***, perform a vulnerability assessment to determine the other Party's compliance with the Security Standards. If the requesting Party has a reasonable basis to believe that the Party on whom the testing is being done has breached or is likely to breach the Security Standards, the requesting Party may, ***, perform a vulnerability assessment, which assessment will be in addition to any assessment in the ordinary course.

(v) At either Party's reasonable request, the other Party will promptly cooperate with the requesting Party to develop a plan to protect *** Confidential Information from failures or attacks on the Security Standards, which plan will include prioritization of recovery efforts, identification of and implementation plans for alternative data centers or other storage sites and backup capabilities.

(vi) If either party fails to meet the obligations in this Section 3.3(e), the other Party will provide written notice of such failure. The receiving Party *** to correct the cause for such failure. If the receiving Party fails to remedy its failure ***, the other Party will have the right to terminate this Agreement as provided in Section 4.2(d).

(f) Injunctive Relief. Each Party agrees that the wrongful disclosure of Confidential Information may cause irreparable injury that is inadequately compensable in monetary damages. Accordingly, either Party may seek injunctive relief in any court of competent jurisdiction for the breach or threatened breach of this Section 3.3 in addition to any other remedies in law or equity.

Section 3.4 Compliance with Law.

The Company is solely responsible for complying with all applicable FCC Rules and all other applicable laws, rules and regulations in performing its obligations under this Agreement and the other Transaction Documents. The Company will promptly notify Sprint of any facts or circumstances involving the Company's spectrum or network assets in the Company SRA Market that constitute a violation of the FCC Rules of which either (a) the Company intends to advise the FCC or (b) the FCC has notified or sent an inquiry to the Company. The Company will consult with Sprint in resolving any such violation.

Section 3.5 *** Service. If *** enters into an agreement *** Service for purposes of providing *** Agreement"), then, *** will enter into a services agreement on commercially reasonable terms *** (the "*** Agreement"), whereby *** will provide support services reasonably requested *** to satisfy *** under the *** Agreement in *** Market.

Section 3.6 Further Assurances.

Each Party will execute and deliver such further documents and take such further actions as the other Party may reasonably request consistent with the provisions hereof in order to give effect to the intent and purposes of this Agreement.

ARTICLE IV
TERM AND TERMINATION

Section 4.1 Term.

The initial term of this Agreement will be ***, and *** for the ***.

Section 4.2 Termination.

This Agreement may be terminated:

(a) By either Party upon a material breach of any provision of this Agreement (other than Sections 2.1, 2.2 or 2.4) by the other Party that *** the other Party of such breach (except that no cure period will be provided for a breach that by its nature cannot be cured);

(b) By either Party upon the termination of the Strategic Roaming Agreement (provided that the Party electing to terminate is not in material breach of any of the Transaction Documents) by delivery of written notice to the other Party;

(c) By *** upon a Continued Systems Breach by ***; or

(d) By *** if *** materially breaches the *** Agreement.

Section 4.3 Effect of Termination.

(a) If this Agreement is terminated *** pursuant to 4.2(c), *** will promptly pay *** an amount equal to $***, and the receipt *** of such amount will ***, with respect to *** breach of Section 2.1; provided, however, that such payment will be made only if the default causing the Continued Systems Breach by *** involves a failure by ***% of ***.

(b) Termination of this Agreement for any reason will not relieve any Party of any liability that at the time of termination has already accrued to such Party or that thereafter may accrue in respect of any act or omission prior to such termination or the survival of any right, duty or obligation of any Party that is expressly stated elsewhere in this Agreement to survive termination hereof. The provisions of Section *** of this Agreement for any reason, but, for purposes of clarification, *** this Agreement (or, in the case of the elimination of a particular region from the definition of *** Market ***, with respect to such region). The termination of this Agreement will not prejudice or preclude either Party from exercising any and all available remedies at law or equity for breach, including seeking specific performance pursuant to Section 7.7.

ARTICLE V
INDEMNIFICATION

Section 5.1 Indemnification by the Company.

The Company will indemnify and defend Sprint, its Affiliates, the Sprint Network Affiliates, and their respective successors and assigns, and the partners, shareholders, directors, officers, employees and agents of any and all of the foregoing (the "Sprint Indemnified Persons"), from and against any and all demands, claims, losses, liabilities, actions or causes of action, assessments, damages, fines, taxes, penalties, and reasonable costs and expenses (whether such losses, costs and expenses relate to claims asserted by Persons indemnified under this Agreement or third parties), including without limitation, interest, reasonable expenses of investigation, and reasonable fees and disbursements of counsel, accountants and other experts (collectively, "Losses"), incurred or suffered by any Sprint Indemnified Person arising out of, in connection with, or relating to (a) any breach of or failure to comply with any provision of this Agreement by the Company (including without limitation any failure by the Company to satisfy its obligations under the *** Agreement), or (b) the ownership or operation of the Company Systems, including claims asserted by third parties that any products, software or services furnished by the Company hereunder infringes any United States patent, copyright, trade secret, or other intellectual property right; provided, however, that the Company will have no duty to indemnify a Sprint Indemnified Person to the extent that losses arise from the Sprint Indemnified Person's fraud, gross negligence or intentional misconduct.

Section 5.2 Indemnification by Sprint.

Sprint will indemnify and hold harmless the Company, its Affiliates, and their respective successors, assigns, shareholders, directors, officers, employees and agents (the "Company Indemnified Persons"), from and against any and all Losses incurred or suffered by any Company Indemnified Person arising out of, in connection with, or relating to (a) any breach of or failure to comply with any provision of this Agreement by Sprint, or (b) the ownership or operation of the Sprint Systems, including claims asserted by third parties that any products, software or services furnished by Sprint hereunder infringes any United States patent, copyright, trade secret, or other intellectual property right; provided, however, that Sprint will have no duty to indemnify a Company Indemnified Person to the extent that losses arise from the Company Indemnified Person's fraud, gross negligence or intentional misconduct.

Section 5.3 Procedures.

In the case of any claim, action or proceeding with respect to which the Company or Sprint (as the case may be, the "Indemnifying Party") is obligated hereunder to indemnify any Sprint Indemnified Person or Company Indemnified Person (as the case may be, the "Indemnified Party"), the Indemnified Party will give prompt written notice thereof to the Indemnifying Party, which may assume the defense thereof by employment of counsel reasonably satisfactory to the Indemnified Party, no later than ten days after the date of such notice; provided that in no event will any delay or failure to notify the Indemnifying Party relieve the Indemnifying Party of its obligations under this Article 5, except to the extent such delay has a material adverse impact on the Indemnifying Party's ability to defend against such Losses. If the Indemnifying Party does not so assume the defense, the Indemnified Party may do so, with all costs and expenses thereof being borne by the Indemnifying Party, and if the Indemnifying Party does assume the defense, the Indemnified Party may, if it so desires, employ counsel at its own expense to assist in the handling of such claim, action or proceeding. The Indemnifying Party may, without the Indemnified Party's consent, settle or compromise any claim, action or proceeding or consent to the entry of any judgment if such settlement, compromise or judgment involves only the payment of money by the Indemnifying Party (which payment is made or adequately provided for at the time of such settlement, compromise or judgment), or provides for unconditional release by the claimant or plaintiff of the Indemnified Party (and all of its Affiliates and Group Members, and in the case of Sprint, all Sprint Network Affiliates) from all liability with respect to such claim, action or proceeding and does not impose injunctive relief or operating restrictions against any of them. If such settlement, compromise or judgment would impose injunctive relief or operating restrictions on any Indemnified Party, such settlement, compromise or consent to judgment will be made only with the Indemnified Party's prior written consent, not to be unreasonably withheld, conditioned or delayed. The Indemnified Party will provide reasonable assistance to the Indemnifying Party in the defense of the claim, action or proceeding.

ARTICLE VI
DISPUTE RESOLUTION

Section 6.1 Dispute Resolution Procedures.

In the event of any controversy or claim of any nature arising out of or relating to this Agreement or the breach, termination or validity thereof, whether based on contract, tort, statute, fraud, misrepresentation or any other legal or equitable theory, or any subject matter governed by this Agreement (a "Dispute") the Parties agree to comply with the dispute resolution procedure set forth in this Article.

Section 6.2 Continued Performance.

Each Party will continue performance during the pendency of any Dispute, until the effective date of any termination of this Agreement under Article 4.

Section 6.3 Notification and Response.

If a Party has a Dispute, that Party will provide written notification to the other Party in accordance with Section 7.6, in the form of a claim identifying the issue or amount disputed and including a detailed reason for the claim. The Party against whom the claim is made will respond in writing to the claim within 15 days from the date of receipt of the claim document.

Section 6.4 Escalation Procedure.

(a) At the written request of one of the Parties, each Party will identify a knowledgeable, responsible representative with settlement authority to meet and negotiate in good faith to resolve the Dispute. The business representatives will meet (either by phone or in person) and attempt to resolve the Dispute *** request.

(b) If the business representatives cannot resolve the Dispute ***, then the Dispute will be resolved pursuant to the remainder of this Article 6.

Section 6.5 Waiver of Jury Trial.

Each Party waives its right to a jury trial in any court action arising among the Parties, whether under this Agreement or otherwise related to this Agreement, and whether made by claim, counterclaim, third party claim or otherwise.

Section 6.6 Arbitration.

If for any reason the jury waiver is held to be unenforceable, the Parties agree to binding arbitration under the applicable commercial rules of the American Arbitration Association and 9 U.S.C. § 1, et seq. Any arbitration will be subject to the Choice of Law provision set forth in Section 6.7. Discovery in the arbitration will be governed by the Federal Rules of Civil Procedure. The determination of the arbitrator will be final, binding and conclusive upon the Parties and enforceable in a court of competent jurisdiction. The agreement of each Party to waive its right to a jury trial will be binding on its successors and assignees.

Section 6.7 Choice of Law.

This Agreement will be construed in accordance with the substantive laws of the State of Kansas, but not its rules relating to conflicts of laws.

Section 6.8 Attorney's Fees.

The prevailing Party in any Dispute will be entitled to reasonable attorney's fees and costs, including reasonable expert fees and costs. This provision will not apply if the prevailing Party rejected a written settlement offer that exceeds the prevailing Party's recovery.

ARTICLE VII
MISCELLANEOUS

Section 7.1 Entire Agreement.

This Agreement and the other Transaction Documents, together with any schedules and exhibits hereto and thereto, contain the entire agreement and understanding of the Parties relating to the subject matter hereof and supersede all prior negotiations, proposals, offers, agreements and understandings (written or oral) relating to such subject matter.

Section 7.2 Amendment; Waiver.

Except as otherwise provided in Sections 2.1(b) and 2.7, neither this Agreement nor any provision hereof may be amended or modified except in a writing signed by both Parties. No failure or delay of any Party in exercising any power or right hereunder will operate as a waiver thereof, nor will any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce any such right or power, preclude any other further exercise thereof or the exercise of any other right or power. No waiver by any Party of any departure by the other Party from any provision of this Agreement will be effective unless the same will be in a writing signed by the Party against which enforcement of such waiver or consent is sought, and then such waiver or consent will be effective only in the specific instance and for the specific purpose for which it was given.

Section 7.3 Successors; Agreement Not Assignable.

This Agreement will inure to the benefit of the Parties and their respective successors, but will not be assignable under any circumstances without the prior written consent of the other Party, such consent not to be unreasonably withheld, except that Sprint may assign its rights and obligations under this Agreement to any other Affiliate of Sprint at its sole discretion upon written notice to the Company. This Agreement will be binding upon and inure to the benefit of any successor to any or all portions of the Systems owned by Sprint or the Company or their Controlled Affiliates.

Section 7.4 No Third Party Beneficiaries.

This Agreement is entered into solely for the benefit of the Parties and no person other than the Parties, their respective successors, and (to the extent provided in Article 5) the persons entitled to indemnification pursuant to Article 5, may exercise any right or enforce any obligation hereunder.

Section 7.5 Independent Contractors.

The Parties are independent contractors, and this Agreement does not create a partnership or agency relationship between the Parties, or any other relationship between the Parties except as expressly set forth herein. No Party will have any right or authority to assume, create or incur any liability or obligation, express or implied, in the name or on behalf of the other Party.

Section 7.6 Notices.

All notices or other communications hereunder will be in writing and will be deemed to have been duly given or made (a) upon delivery if delivered personally (by courier service or otherwise) or (b) upon confirmation of dispatch if sent by facsimile transmission (which confirmation will be sufficient if shown on the journal produced by the facsimile machine used for such transmission), in each case to the addresses set forth below (or such other address as the recipient may specify pursuant to this Section):

If to Sprint:

Sprint Nextel Corporation
6200 Sprint Parkway
Overland Park, KS 66251
Attention: Vice President – Business Development and Strategy
Facsimile: (913) 762-7207

with a copy (which alone will not constitute notice) to:

Sprint Nextel Corporation
2001 Edmund Halley Drive
Reston, Virginia 20191
Attention: General Counsel
Facsimile: (703) 433-4846

And to:

King & Spalding, LLP
1180 Peachtree Street
Atlanta, Georgia 30309-3521
Attention: Michael J. Egan and Susan J. Kolodkin
Facsimile: (404) 572-5100

If to the Company:

Alaska DigiTel, LLC
5350 Poplar Avenue
Suite 875
Memphis, TN 38119
Attention: Stephen Roberts
Facsimile: (901) 763-3369

with a copy (which alone will not constitute notice) to:

Lukas, Nace, Gutierrez & Sachs, Chartered
1650 Tysons Blvd, Suite 1500
McLean, VA 22102
Attn: Thomas Gutierrez
Facsimile: (703) 584-8696

If to the Company Guarantor:

General Communication, Inc.
2550 Denali Street, Suite 1000

Anchorage, AK 99503
Attention: Corporate Counsel
Facsimile: (907) 868- 5676

with a copy (which alone will not constitute notice) to:

Paul Hastings Janofsky & Walker LLP
1299 Pennsylvania Ave, NW
10th Floor
Washington, DC 20004
Attn: Carl Northrop
Facsimile: (202) 508-8570

Section 7.7 ***.

The Parties acknowledge *** this Agreement and that either Party may, in its sole discretion, in an arbitration or a court of competent jurisdiction, to the extent permitted hereunder, ***, each Party waives any objection ***.

Section 7.8 Remedies Cumulative.

All rights, powers and remedies provided under this Agreement or otherwise available in respect hereof at law or in equity will be cumulative and not alternative, and the exercise or beginning of the exercise of any right, power or remedy thereof by a Party will not preclude the simultaneous or later exercise of any other such right, power or remedy by such Party.

Section 7.9 Limitation of Liability.

Neither Party will be liable to the other Party (or their respective Indemnified Persons) for consequential (including without limitation loss of profits or savings), incidental, special, exemplary, punitive, or any other indirect damages, even if informed of the possibility that they may be incurred; provided, however, that this Section 7.9 will not restrict the rights of any Sprint Indemnified Party or any Company Indemnified Party, as the case may be, to recover any such damages it has been required to pay to third parties.

Section 7.10 Severability.

If any provision of this Agreement will be held invalid or unenforceable, the remainder of this Agreement will not be affected thereby and will be enforced to the greatest extent permitted by applicable law, so long as the economic and legal substance of this Agreement is not affected in any manner adverse to any Party.

Section 7.11 Counterparts.

This Agreement may be executed in two or more counterparts, each of which will be an original, but all of which together will constitute one instrument.

Section 7.12 Construction.

Each of the Parties hereto acknowledges that it has reviewed this Agreement and that the rule of construction to the effect that any ambiguities are to be resolved against the drafting Party will not be used in the interpretation of this Agreement or any amendments hereto. The captions used herein are for convenience of reference only and will not affect the interpretation or construction hereof. All pronouns and any variations thereof will be deemed to refer to the masculine, feminine, neuter, singular or plural as the context may require. Unless otherwise specified, (a) the terms “hereof,” “herein” and similar terms refer to this Agreement as a whole, (b) references herein to Articles or Sections refer to Articles or Sections of this Agreement and (c) the word “including” means “including without limitation” unless the context requires otherwise.

Section 7.13 Force Majure.

Neither Party will be responsible for any delay or failure in performance of any part of this Agreement to the extent that such delay is caused by reason of acts of God, wars, revolution, terrorism, civil commotion, acts of public enemy, embargo, acts of government in its sovereign capacity, epidemics, pandemics, labor difficulties, including without limitation, strikes, slowdowns, picketing or boycotts, or any other circumstances beyond the reasonable control and not involving any fault or negligence of the Party affected (“Condition”). If any such Condition occurs, (a) the Party affected, upon giving prompt notice to the other Party, will be excused from such performance on a day-to-day basis during the continuance of such Condition (and the other Party will likewise be excused from performance of its obligations on a day-to-day basis during the same period); provided, however, that the Party so affected will use commercially reasonable efforts to avoid or remove such Condition and both Parties will proceed as soon as is reasonably practicable with the performance of their obligations under this Agreement whenever such causes are removed or cease (subject to the other Party’s rights under clause (b) of this Section 7.13; and (b) the other Party will have the right, during the continuance of such Condition, and for a reasonable period of time following receipt of notice of the termination of such Condition, to secure alternative means (whether through an alternative provider or otherwise) to satisfy the obligations of the affected Party that are not being satisfied as a result of the Condition.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

WIRELESSCO, L.P.

By /s/ Kathryn A. Walker
Name: Kathryn A. Walker
Title: Chief Network Officer

ALASKA DIGITEL, LLC

By /s/ Stephen M. Roberts
Name: Stephen M. Roberts
Title: President

GENERAL COMMUNICATION, INC.

By /s/ William C. Behnke
Name: William C. Behnke
Title: Senior Vice President

SCHEDULES

Schedule 1.2 – Breakdown of Company SRA Market

[This schedule includes a map of portions of Alaska showing locations of selected communities, is not considered by the Company as material to investment decisions by investors or prospective investors in the Company, and therefore is not included in this filing with the Securities Exchange Commission.]

AKD – Company SRA Market Boundary Info

REGION	STATE	Reference Point	DLAT	DLON	Radius
***	AK	***	***	***	***
***	AK	***	***	***	***
***	AK	***	***	***	***
***	AK	***	***	***	***
***	AK	***	***	***	***
***	AK	***	***	***	***
***	AK	***	***	***	***
***	AK	***	***	***	***
***	AK	***	***	***	***
***	AK	***	***	***	***
***	AK	***	***	***	***
***	AK	***	***	***	***

Schedule 2.1(a)

	Q3 ***	Q4 ***	Q1 ***	Q2 ***	Q3 ***	Q4 ***	Q1 ***	Q2 ***	Q3 ***	Q4 ***
*** Territory	***	***	***	***	***	***	***	***	***	***
*** Territory	***	***	***	***	***	***	***	***	***	***
*** Territory and Other ***	***	***	***	***	***	***	***	***	***	***
Total ***	***	***	***	***	***	***	***	***	***	***

	Q1 ***	Q2 ***	Q3 ***	Q4 ***	Q1 ***	Q2 ***	Q3 ***	Q4 ***	Q1 ***	Q2 ***	Q3 ***
*** Territory	***	***	***	***	***	***	***	***	***	***	***
*** Territory	***	***	***	***	***	***	***	***	***	***	***
*** Territory and Other ***	***	***	***	***	***	***	***	***	***	***	***
Total ***	***	***	***	***	***	***	***	***	***	***	***

Schedule 2.1(b) Coverage Map for AKD Systems

[This schedule consists of a map of Alaska showing extent of coverage by AKD Systems, is not considered by the Company as material to investment decisions by investors or prospective investors with the Company, and therefore is not included in this filing with the Securities Exchange Commission.]

Schedule 2.3 *** Network Performance Standards

[This schedule is considered proprietary and confidential by Sprint, is not considered by the Company as material to investment decisions by investors or prospective investors in the Company, and therefore is not included in this filing with the Securities and Exchange Commission.]

Schedule 2.4 *** Core Features and Services

[This schedule is considered proprietary and confidential by Sprint, is not considered by the Company as material to investment decisions by investors or prospective investors in the Company, and therefore is not included in this filing with the Securities and Exchange Commission.]

Schedule 2.6 SRA Billing Requirements

[This schedule is considered proprietary and confidential by Sprint, is not considered by the Company as material to investment decisions by investors or prospective investors in the Company, and therefore is not included in this filing with the Securities and Exchange Commission.]

Schedule 3.3 Security Standards

[This schedule is considered proprietary and confidential by Sprint, is not considered by the Company as material to investment decisions by investors or prospective investors in the Company, and therefore is not included in this filing with the Securities and Exchange Commission.]

x

Exhibit 10.146

*** **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.**

LONG-TERM DE FACTO TRANSFER
SPECTRUM LEASING AGREEMENT

THIS long-term de facto transfer leasing agreement (this "Agreement") is made and entered into as of this 31st day of October, 2007 (the "Effective Date"), by and between **SprintCom, Inc.,** a Kansas corporation ("Licensee"), and **Alaska DigiTel, LLC**, an Alaska limited liability company ("Lessee"). Lessee and Licensee may be referred to herein individually as "Party" and collectively as "Parties."

WHEREAS, Licensee is the licensee under the Federal Communications Commission ("FCC") licenses ("Licenses") for the frequencies ("Frequencies") listed on Schedule A; and

WHEREAS, Lessee is a for-profit wireless communications service provider; and

WHEREAS, the Parties have agreed to enter into this Agreement, transferring to Lessee *de facto* control over the licenses for the Frequencies for exclusive use in its communications network in exchange for a fee ("Leasing Arrangement"), in accordance with the terms and conditions listed below and subject to FCC approval. For purposes of this Agreement, transferring to Lessee *de facto* control over the licenses for the Frequencies shall mean providing Lessee with operational control over the Frequencies, as allowed by the FCC and further described in the terms below.

NOW THEREFORE, in consideration of the premises and covenants hereinafter set forth, and for good and valuable consideration the sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Effective Date, Term and Renewal.

(a) Effective Date and Term: Unless terminated pursuant to the provisions of Paragraph 13 below, this Agreement shall take effect on the Effective Date and shall have an initial term for each of the Licenses of the shorter of the remaining license term of the FCC authorization under each of the Licenses or a ten (10) year term ("Term"). In the event the FCC authorization under any of the Licenses is scheduled to expire before ten years following the Effective Date ("Ten-Year Period"), the Term will automatically be extended (provided the License is renewed by the FCC and subject to FCC approval of the extension) until the expiration of the Ten-Year Period ("Extension")

(b) Renewal: The Term shall be renewable by Licensee not less than three (3) months prior to the Expiration of the Term ("Renewal Term"). The Renewal Term shall be under the same terms as is the Term, and shall have a duration of the lesser of ten (10) years or the date of expiration of the Licenses. In the event of a Renewal Term, all references to Term under the Agreement shall apply to the Renewal Term (except for those references in Paragraph 1(a) above).

2. Transfer Applications and Regulatory Fees.

(a) Transfer Applications: The Parties shall cooperate, and cause the necessary application or applications to be filed with the FCC, seeking consent to the *de facto* transfer of the licenses for the Frequencies ("Application"), *** both Parties of this Agreement. The Parties shall further cooperate to produce and submit to the FCC all certifications and documents necessary to complete filings hereunder.

(b) Application and Regulatory Fees: Licensee shall pay the FCC application(s) fees for the Application(s) and any modification. During the Term, Licensee shall also pay the annual regulatory fees associated with the units operating on the Frequencies and the FCC fees for the renewal of the Licenses.

3. Frequencies Management. Upon consent by the FCC to the Application with respect to a particular frequency or license, Lessee shall have exclusive rights to use, deploy and operate such frequency in its communications network until the expiration of the Term pertaining to such frequency, or until the earlier termination of this Agreement with respect to such frequency (pursuant to Paragraph 13 below). Lessee shall operate the Frequencies at its own expense, providing: (i) all equipment as may be necessary or appropriate for the operation of the Frequencies; and (ii) operational, engineering, maintenance, repair and such other technical services as may be necessary to the operation of the Frequencies. Lessee shall retain all ownership of all assets it utilizes to operate on the Frequencies, including, but not limited to, all equipment and rights to customers. Lessee shall further have the exclusive right to collect and receive all revenue from the operation of Lessee's communications system.

4 . Assumption of Liabilities. Licensee is not assuming nor shall Licensee be responsible for any of Lessee's liabilities or obligations (including but not limited to site leases and customer obligations) except as required by the FCC to enable the Parties to engage in the Leasing Arrangement. Licensee and Lessee shall each bear their own legal, accounting and brokerage expenses in connection with this Agreement.

5 . Compensation. As compensation for the right to use the Frequencies in accordance with the terms of this Agreement, Lessee shall, ***, pay Licensee a fee for all Frequencies of ***("Leasing Fee"). The Leasing Fee payment *** the Application. In the event the FCC consents to the Leasing Arrangement with respect to one of the Licenses but not all, the Leasing Fee shall reduced by the fee for such Licenses, in the amount of *** per License.

6 . Revenues and Expenses. During the Term, Lessee shall pay for all expenses and costs of the deployment and operation of the Frequencies on its communications system, including, but not limited to, any and all federal, state and local taxes related to the equipment it uses to operate the Frequencies, any sales taxes associated with providing service on the Frequencies, site rental, maintenance, utilities, and all

other recurring and nonrecurring costs and expenses. In return, Lessee shall be entitled to all revenue derived from the operation of the Frequencies.

7 . Regulatory Compliance and FCC Mandated Provisions. The Parties agree to comply with all applicable FCC rules and regulations governing the Frequencies and the Licenses, and specifically represent and agree to the following:

(a) Licensee and Lessee are familiar with the rules of the FCC regarding a wireless service licensee's responsibility under the Communications Act of 1934, as amended from time to time ("Communications Act"), the FCC's rules relating to spectrum leasing, and all other applicable FCC rules, regulations and policies, and agree to comply with all such laws and regulations;

(b) Neither Lessee nor Licensee shall represent itself as the legal representative of the other before the FCC or any party, but will cooperate with each other with respect to FCC matters concerning the Licenses or the Frequencies;

(c) Lessee has primary responsibility for complying and shall comply at all times with the rules set forth in 47 CFR § 1.901 et. seq., the Communications Act and any FCC policies and rules that apply to the Frequencies and the Licenses, and the Leasing Arrangement set forth in this Agreement may be revoked, cancelled, or terminated by Licensee (subject to the terms of Paragraph 13) or the FCC if Lessee fails to comply with the applicable laws and regulations;

(d) Lessee shall interact with the FCC on matters regarding the Licenses and Frequencies, and cause the preparation and submission to the FCC or any other relevant authority all reports, applications (except for applications for renewal of the Licenses, which must be filed by Licensee), filings or other documents requested from Lessee by the FCC or are otherwise required of a spectrum lessee;

(e) Lessee shall maintain on file all information relating to the Licenses and Frequencies that must be maintained by Lessee under FCC rules;

(f) Lessee shall ensure compliance with all E911 obligations applicable to the Frequencies;

(g) Lessee shall be subject to the same license use and frequency operation restrictions and rules under the Licenses as Licensee would be, including, but not limited to restrictions and rules pertaining to operation, interference, and safety;

(h) If any of the Licenses is revoked or cancelled, terminated, or otherwise ceases to be in effect, Lessee shall have no continuing authority or right to use and shall vacate the leased spectrum unless otherwise authorized by the FCC;

(i) This Agreement and the Leasing Arrangement are not an assignment, sale, or transfer of the Licenses;

(j) To the extent it is assignable under Paragraph 19 below, the Leasing Arrangement and this Agreement shall not be assigned to any entity that is ineligible or unqualified to enter into a spectrum leasing arrangement under the rules set forth in 47 CFR § 1.901, et. seq.;

(k) Licensee shall be responsible for filing applications for renewal of the Licenses and for reporting to the FCC the completion of any construction or build out requirements with respect to the Licenses.

8. Restrictive Covenants of Licensee: During the Term, Licensee shall take no action, or fail to take any action, that would materially impair the rights of Lessee under this Agreement.

9. Representations and Warranties of Licensee. Licensee hereby represents and warrants as follows: (i) this Agreement constitutes the valid and binding obligation of Licensee entered into freely and in accordance with Licensee's business judgment as the result of arm's-length bargaining and is enforceable in accordance with its terms; (ii) neither the execution nor the delivery of this Agreement, nor the completion of the transactions contemplated hereby will conflict with or result in any material violation of or constitute a material default under any term of the articles of incorporation or by-laws of Lessee or any agreement, mortgage, indenture, license, permit, lease or other instrument, judgment, decree, order, law or regulation by which Lessee is bound; (iii) Licensee is the lawful, beneficial and exclusive licensee of the Licenses; (iv) neither the Licenses nor the Frequencies are subject to any agreement or understanding whatsoever with any third party that would materially impair Licensee's ability to enter into this Agreement or to comply with Licensee's obligations hereunder; (v) the Licenses are valid and in good standing with the FCC: and (vi) there is no pending or, to the best of Licensee's knowledge, threatened action by the FCC or any other governmental agency or third party to suspend, revoke, terminate or challenge any of the Licenses. Each of Licensee's representations and warranties shall survive the expiration of the Term for a period of one (1) year.

10. Representations and Warranties of Lessee. Lessee hereby represents and warrants to Licensee as follows: (i) this Agreement constitutes the valid and binding obligation of Lessee entered into freely and in accordance with Lessee's business judgment as the result of arm's-length bargaining and enforceable in accordance with its terms,; (ii) neither the execution nor the delivery of this Agreement, nor the completion of the transactions contemplated hereby will conflict with or result in any material violation of or constitute a material default under any term of the articles of incorporation or by-laws of Lessee or any agreement, mortgage, indenture, license, permit, lease or other instrument, judgment, decree, order, law or regulation by which Lessee is bound; (iii) Lessee has the requisite financial resources to accomplish the obligations set forth in this Agreement; and (iv) there is no pending or, to the best of Lessee's knowledge, threatened action by the FCC or any other governmental agency or third party that would materially impair Lessee's ability to enter into this Agreement or to comply with Lessee's obligations hereunder. Each of Lessee's representations and warranties shall survive the expiration of the Term for a period of one (1) year.

11. Confidentiality and Non-Disclosure.

(a) Confidentiality of the Terms of this Agreement. The terms of this Agreement that are not otherwise required to be disclosed to the FCC in support of the lease applications shall be kept strictly confidential by the Parties and their agents, which confidentiality shall survive the termination or expiration of this Agreement for a period of ***. The Parties may make disclosures as required by law and to employees, shareholders, agents, attorneys and accountants (collectively, "Agents") as required to perform obligations hereunder, provided, however, that the Parties shall cause all Agents to honor the provisions of this Section. The Parties shall cooperate to submit a confidentiality request with the FCC in the event the FCC seeks from the Parties a copy this Agreement or any information regarding the terms thereof.

(b) Non-Disclosure of Shared Information. It is contemplated that, during the Term, the Parties may be supplying and/or disclosing to each other information ("Information"). The Information will, during the Term of this Agreement and for a period of *** subsequent to the termination or expiration of the Agreement, be kept confidential by the Parties hereto, not be used by the receiving Party in any way detrimental to the disclosing Party and not used for any purpose other than implementing the terms of this Agreement. The receiving Party shall be responsible for any improper use of the Information by it or any of its employees, representatives or agents. Without the prior written consent of the disclosing Party, the receiving Party shall not disclose to any entity or person, the Information, that the Information has been made available to it, or any other facts with respect to any conversations and/or discussions between Parties hereto. Each person to whom such Information is properly disclosed must be advised of its confidential nature and must agree to abide by such terms of this Paragraph.

(i) Exclusions. The Information shall not include any Information which becomes published or is in the public domain by other than an unauthorized disclosure by the Parties hereto, their employees, representatives or agents or other than an unauthorized disclosure by a third party.

(ii) Remedy for Breach. As a violation by the receiving Party of the provisions of this Section could cause irreparable injury to disclosing Party and there may be no adequate remedy at law for such violation, the disclosing Party shall have the right, in addition to any other remedies available to it at law or in equity, to enjoin the receiving Party in a court of equity from further violating such provisions.

12. Indemnification

(a) Licensee Indemnification: Licensee shall indemnify, defend and hold Lessee, its officers, directors, employees and agents harmless from and against all demands, claims, actions, losses, damages, liabilities, costs and expenses, including, without limitation, reasonable attorneys' fees and expenses, asserted against, imposed upon or incurred by Lessee resulting from: (i) any material breach of any covenant, agreement, representation or warranty of Licensee contained in this Agreement; and (ii) any and all reasonable out-of-pocket costs and expenses incident to any of the foregoing or incurred in investigating or attempting to avoid the same or to oppose the imposition thereof. Licensee's obligations under this Paragraph shall survive the Term for a period of ***.

(b) Lessee Indemnification: Lessee shall indemnify, defend and hold Licensee, its affiliates and respective officers, directors, employees and agents harmless from and against all demands, claims, actions, losses, damages, liabilities, costs and expenses, including, without limitation, reasonable attorneys' fees and expenses, asserted against, imposed upon or incurred by Licensee, resulting from: (i) any material breach of any covenant, agreement, representation or warranty of Lessee contained in, or made pursuant to, this Agreement; and (ii) any and all reasonable out-of-pocket costs and expenses incident to any of the foregoing or incurred in investigating or attempting to avoid the same or to oppose the imposition thereof.

13. Termination.

(a) This Agreement shall automatically terminate with respect to an affected license or frequency (of the Licenses or Frequencies) upon the earlier of (i) an FCC Final Order (as defined below) denying any Application; (ii) an FCC Final Order prohibiting the Leasing Arrangement or otherwise requiring either Party or both Parties to terminate this Agreement; (iii) the loss or expiration without renewal of such license; (iv) upon FCC Final Order revoking, terminating or canceling such license; or (v) the completion of the Term (without renewal). For purposes of this Paragraph, "Final Order" means an order that can no longer be appealed.

(b) This Agreement may be terminated by either party upon material breach of the other party, *** for cure by the breaching party following written notice of the breach, provided, however, that termination of the Agreement shall not occur until the earlier of the expiration of the Term, or six (6) months following notice to the breaching party of the breach

(c) This Agreement may be terminated by Licensee at any time, *** notice to Lessee.

(d) The Parties shall notify the FCC of the termination of this Agreement with respect to any of the Licenses or the Frequencies *** following such termination.

14. Effect of Termination.

(a) General. Upon the termination of this Agreement, each Party shall pay all of its own fees and expenses related to this Agreement and the transactions contemplated herein, and the Parties shall have no further liability hereunder except by reason of any breach of this Agreement or of any representation, warranty or covenant contained herein occurring prior to the date of such termination; provided that the provisions of Sections 11 will survive the termination as provided therein. Immediately upon termination of this Agreement, Lessee shall promptly deliver to Licensee all of the base station units and radios that Licensee used to operate on the Frequencies and were removed and stored by Lessee's authorized dealer. Any termination of this Agreement, however effected, shall not release either Licensee or Lessee from any liability or other consequences arising from any breach or violation by any such Party of the terms of this Agreement prior to the effective time of such termination, and such other general or procedural provisions, which may be relevant to any attempt to enforce such obligations or duties, shall survive any such termination of this Agreement until such obligations or duties shall have been performed or discharged in full.

15. Attorney's Fees and Costs: Should either Party be required to retain the services of an attorney to file an action to enforce any of its rights hereunder, or under any other document executed and delivered pursuant to this agreement, the Party prevailing in such action shall be entitled to recover reasonable

attorney's fees and court costs in connection therewith in an amount to be fixed by the court hearing the action.

16. Notices. All notices and other communications hereunder shall be in writing and shall be deemed given the same day if delivered personally or sent by facsimile or the next business day if sent by express mail (overnight delivery), or five (5) business days if sent by registered or certified mail, return receipt requested, postage prepaid, to the Parties at the following addresses (or at such other address for a Party as shall be specified by like notice provided that notice of change of address shall be effective only upon receipt thereof).

(a) If to Lessee, to:

SprintCom, Inc.
c/o Sprint Nextel Corporation
2001 Edmund Halley Drive
Reston, VA 20191
Attn: Heather P Brown, Legal Dept.
Phone: (703) 433-4000 Fax: (703) 433-4483

(b) If to Licensee, to:

Alaska Digitel, LLC
5350 Poplar Avenue
Suite 875
Memphis, TN 38119
Attn: Stephen Robers
Phone: (901) 763-3333 Fax: (901) 763-3369

17. Waivers. Licensee and Lessee, by written notice to the other, may (a) extend the time for performance of any of the obligations or other actions of the other under this Agreement, (b) waive any inaccuracies in the representations or warranties of the other contained in this Agreement or in any document delivered pursuant to this Agreement, (c) waive compliance with any of the conditions or covenants of the other contained in this Agreement, or (d) waive or modify performance of any of the obligations of the other under this Agreement; provided that neither party may without the prior written consent of the other make or grant such extension of time, waiver of inaccuracies or compliance, or waiver or modification of performance, with respect to its own obligations, representations, warranties, conditions or covenants hereunder. Except as otherwise expressly provided herein, no action taken pursuant to this Agreement shall be deemed to constitute a waiver by the Party taking such action of compliance with any representation, warranty, covenant or agreement made by the Parties hereto. No delay or omission to exercise any right, power or remedy accruing to any Party hereunder shall be construed to be a waiver of any such breach or default, or any acquiescence therein, or a waiver of any similar breach or default.

18. Amendment. This Agreement, together with the Schedules hereto, constitutes the entire understanding and agreement between the Parties concerning the subject matter hereof and the use by

Lessee of the Frequencies, superseding in their entirety all prior oral or written agreements or understandings. This Agreement may not be changed, modified or altered except by written agreement of the Parties.

19. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties hereto, and their respective heirs, representatives, successors and permissible assigns. Lessee may not assign its rights or delegate its duties under this Agreement without the prior written consent of the Licensee, which may be granted or withheld in Licensee's sole discretion. Licensee may, upon written notice to Lessee and the receipt of any required consent from the FCC, assign the licenses for the Frequencies and its obligations under this Agreement.

20. Governing Law; Severability. This Agreement shall be governed by the laws of the State of Kansas without giving effect to conflict of laws provisions thereof. In the event that any covenant, condition or other provision contained in this Agreement is held to be invalid, void or unlawful by any administrative agency or court of competent jurisdiction, that provision shall be deemed severable from the remainder of this Agreement and shall in no way affect, impair or invalidate any other covenant, condition or other provision contained herein, provided the original intent of the Parties is preserved, and the Parties shall use their reasonable best efforts to make the covenant, condition or other provision valid and lawful if possible so as to preserve original intent of the Parties insofar as practical.

21. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Original signatures transmitted by facsimile shall be effective to create such counterparts. Each of the Parties shall maintain a fully executed original of the Agreement, a copy of which shall be made available to the FCC upon request.

22. Interpretation. All headings used in this Agreement are for convenience of reference only and shall not be deemed to have any substantive effect. This Agreement has been prepared and negotiations in connection herewith have been carried on by the joint efforts of the Parties hereto. Notwithstanding any law or rule of contract interpretation to the contrary, this Agreement shall not be interpreted strictly for or against any party hereto. Each of the Parties certifies to the other that it has reviewed this Agreement with, and is relying solely upon the advice of, its independent counsel and tax advisor, as to the negotiation, preparation, execution and delivery of this Agreement and as to the legal and tax implications hereunder.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

LICENSEE		LESSEE	
SprintCom, Inc.		**Alaska DigiTel, LLC**	
By:	/s/ Robert Finch	By:	/s/ Stephen M. Roberts
Name:	Robert Finch	Name:	Stephen M. Roberts
Title:	Authorized Signatory	Title:	President

SCHEDULE A
LICENSES AND FREQUENCIES

Licensee	Call Sign	BTA #	Location	Channel Block	Frequencies	License Expiration Date	Channel
SprintCom, Inc.	KNLH465	014	Anchorage, AK	D	1865.00 - 1870.00 1945.00 - 1950.00	4/28/2007	325
SprintCom, Inc.	KNLH518	136	Fairbanks, AK	D	1865.00 – 1870.00 1945.00 – 1950.00	4/28/2007	325
SprintCom, Inc.	KNLH545	221	Juneau-Ketchikan, AK	D	1865.00 – 1870.00 1945.00 – 1950.00	4/28/2007	325

*** 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.**

TWELFTH AMENDMENT TO CONTRACT FOR ALASKA ACCESS SERVICES

This TWELFTH AMENDMENT TO THE CONTRACT FOR ALASKA ACCESS SERVICES ("Twelfth Amendment") is entered into and effective as of the 13th day of December, 2007 ("Effective Date"), by and between **GENERAL COMMUNICATION, INC.** and its indirectly, 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 COMMUNICATIONS SERVICES, INC., d/b/a Verizon Business Services (successor-in-interest to MCI Network Services, Inc., which was formerly known as MCI WORLDCOM Network Services ("Verizon")**, with offices located at 1133 19th Street, N.W., Washington, D.C. 20036 (GCI with Verizon, collectively, the "Parties," and individually, a "Party").

RECITALS

WHEREAS, GCI and Verizon 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, (viii) the Eighth Amendment to the Contract for Alaska Access Services dated as of July 1, 2003, (ix) the Ninth Amendment to the Contract for Alaska Access Services dated as of January 23, 2005, (x) the Tenth Amendment to the Contract for Alaska Access Services dated as of May 1, 2006, and (xi) the Eleventh Amendment to the Contract for Alaska Access Services dated as of January 1, 2007 (collectively, "Agreement") which set forth the general terms and conditions under which GCI provides certain telecommunications services to Verizon; and

WHEREAS, the General Services Administration ("GSA" or "Customer") issued Networx Universal and Enterprise Solicitations for Telecommunication Services ("the Project"); and

WHEREAS, the Parties have agreed to incorporate into this Agreement the terms and conditions of the Teaming Agreement dated as of July 14, 2006, as amended by Amendment No. 1 dated as of March 23, 2007, both between GCI Communication Corp. and Verizon Services Corp., (collectively, the "Teaming Agreement"), wherein the Parties provide complementary talents, experience and capabilities to respond to the solicitations for and to perform telecommunications services for the Project, as described below.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

The above recitals are incorporated into the Agreement.

I. Section 4.A.(2) of the Agreement is hereby revised to read as follows: "The Party shall have failed to perform its obligations under the Agreement, coupled with a failure to remedy nonperformance within thirty days after receipt of written notice thereof from the other Party."

II. Section 4.C. of the Agreement, as previously amended, is hereby deleted in its entirety and replaced with the following:

"**C. DISPUTE RESOLUTION.**

Any dispute, controversy or claim (collectively a "Dispute") arising out of or relating to this Agreement will ***. Should resolution not occur ***, the Dispute will ***. If the Dispute cannot be resolved in good faith ***, the Parties may exercise any and all available remedies at law or equity (including injunctive relief) or may request that the Dispute be settled by binding arbitration. In the event the Parties agree to binding arbitration, which agreement shall be at their sole and absolute discretion, the costs of arbitration, including fees and expenses of the arbitrator, shall be shared equally by the Parties and each Party shall bear the cost of preparing its case."

III. Section 5 **MISCELLANEOUS** of the Agreement shall be hereby re-numbered to be Section 15**MISCELLANEOUS**.

IV. As of the Effective Date of this Twelfth Amendment, new Sections 5, 6, 7, 8, 9, 10, 11, 12, 13 and 14 of the Agreement shall be added as follows:

"5. **TEAMING ACTIVITIES.**

A. With the assistance ***, and subject to any necessary management approvals, *** proposal to the Customer for the Project. *** in the proposal as the prime contractor for the Project. *** proposal as a proposed subcontractor *** with the Project as generally described in the Exhibit As, attached to this Agreement and incorporated herein by this reference, and for the price(s) and/or fee(s) asset forth in Exhibit F hereto. *** acknowledges *** pre-award OSS Testing, Product Testing and Certification and Acceptance Testing as required by the Customer. *** and at no additional cost to ***.

B. *** with all reasonable assistance in the development and preparation of any proposal(s) that may be required, including any best and final offer(s). The *** content of any *** the Customer ***. *** will include *** in its proposal(s) *** furnished ***. In its sole discretion, *** the provisions of the proposal.

C. Both Parties will make available their respective management and technical personnel as may be appropriate during the conduct of any discussions and negotiations with the Customer concerning the award of a prime contract for the Project to ***.

D. Each Party hereby authorizes the other Party to use any information, data or drawings provided hereunder consistent with Section 10, PROPRIETARY INFORMATION, solely for the express purpose of developing and presenting the Project proposal and obtaining a prime contract award to *** for the Project (the "Purpose").

6. **ALLOCATION OF COSTS.**

Each Party will be responsible for and bear the cost of its own efforts in the preparation and support of its portion of the proposal requirements and other responsibilities set forth in this Agreement.

7. **INDEPENDENT CONTRACTORS.**

This Agreement is not intended to constitute, create, give effect or otherwise recognize a joint venture, partnership, principal-agent or formal business organization of any kind, and the rights and obligations of the Parties shall be only those expressly set forth herein. At all times Verizon and GCI shall remain independent contractors, each responsible for its own employees. Neither Party assumes responsibility to the other for costs, expenses, risks and liabilities arising out of the efforts of the other Party under this Agreement.

8. **TEAMING AGREEMENT**.

A. Nothing contained in this Agreement shall be deemed to restrict either Party from quoting, offering to sell or selling to others any items or services that it may regularly offer for sale or license, even though such items or services may be included in the Project proposal contemplated by this Agreement. Notwithstanding the nature of the Parties' relationship under this Agreement, the Parties do not intend to prejudice the Customer in any way with respect to any action that it may take in procuring goods or services on the basis of competitive proposals or the awarding of contracts on a split or other type basis.

B. The Parties will continue to follow procedures established by and known to the Parties for the ordering, provisioning and inventory of Services until such time that the Parties further amend the Agreement with regard thereto by adding Exhibits H and I to the Agreement.

9. **SUBCONTRACT.**

In the event *** is awarded a prime contract for the Project as a result of the proposal contemplated by this Agreement, and this Agreement or the provisions hereof relating to the Project have not been previously terminated pursuant to the applicable provisions hereof, *** negotiations with *** intended to culminate in a further amendment hereto consistent with this Agreement and the Exhibits hereto, to the extent the same is required in the prime contract, and

further subject to: (a) any necessary approvals by the Customer; (b) the inclusion of any additional necessary or appropriate "flow-down" clauses and other provisions from the prime contract between *** and Customer as *** deems necessary in its sole discretion to enable it to comply with its prime contract obligations and to provide *** with the required control over *** of the Project; and (c) the negotiation of other mutually acceptable terms and conditions. *** acknowledges that it has read and understands the Solicitation and all amendments thereto issued prior to the Effective Date hereof.

10. Section 15 D, as renumbered herein, is hereby deleted in its entirety and replaced with the following:

15. D. **PROPRIETARY INFORMATION**.

If in the course of performing this Agreement, either Party discloses any proprietary or confidential information to the other Party, such disclosure shall be governed by the following provisions:

A. For purposes of this Agreement, the term "Proprietary Information" means all information (i) related to the Agreement or the Project that the Parties may exchange under this Agreement or otherwise for the Purpose stated in Section 5 of the Agreement or (ii) that, although not related to the Agreement or such Purpose, is nevertheless disclosed by a Party ("Owner") to the other Party ("Recipient") as a result of the Parties' discussions in that regard, and is identified to be proprietary and confidential to the Owner, an Affiliate of the Owner or to a third party. The term "Affiliate" means any person or entity directly or indirectly controlling, controlled by, or under common control with a Party. Proprietary Information disclosed in written or other tangible form (including on magnetic media) shall be marked with legends that identify the information as confidential or proprietary. Proprietary Information disclosed by oral, visual or other non-tangible means shall be reasonably identified as such by Owner at the time of disclosure. Notwithstanding the foregoing, and except as provided in subsection (d) below, the following categories of information shall be deemed to be Proprietary Information in all cases, regardless of the form of disclosure or identification or lack of identification by a Party: proprietary network engineering designs; software; pricing and financial information; names of clients; and/or future product offerings.

B. Proprietary Information shall be used by the Recipient only in the performance contemplated by this Agreement and shall not be disclosed to any other person, firm, corporation or partnership or used for any other purpose than the Purpose contemplated by this Agreement without the prior written consent of the Owner.

C. To protect the Owner's Proprietary Information from unauthorized use or disclosure, Recipient shall use the same degree of care that it uses to prevent unauthorized use or disclosure of its own proprietary or confidential information, data or drawings of like importance, but in no event shall the Recipient use less than a reasonable degree of care.

D. The obligation to protect Proprietary Information as set forth in this Agreement, shall not apply to any of the following:

(1) Information that is known to the Recipient without restriction when received, or thereafter is developed independently by the Recipient; or

(2) Information that was obtained by Recipient from a source other than the Owner through no breach of confidence by the Recipient; or

(3) Information that was in the public domain when received, or thereafter enters the public domain through no fault of the Recipient; or

(4) Information that was disclosed by the Owner to a third party without restriction.

E. GCI hereby grants its consent for Verizon to disclose GCI's Proprietary Information to the Customer, provided that Verizon shall identify any GCI Proprietary Information disclosed to the Customer as proprietary and shall request that Customer's use of any such GCI Proprietary Information be restricted to use in reviewing and evaluating Verizon's Project proposal as contemplated by this Agreement.

F. Each Party's obligations hereunder concerning Proprietary Information received from the other Party shall ***, notwithstanding any earlier expiration or termination of this Agreement. Upon expiration or termination of this Agreement, each Party shall cease use of Proprietary Information received from the other Party, and shall destroy all such Proprietary Information, including copies thereof, then in its possession or control, promptly furnishing the Owner with written certification of such destruction. Alternatively, at the request of the Owner, the Recipient shall return all such Proprietary Information and copies to the Owner. The rights and obligations of the Parties under this Section 15 shall survive any such return or destruction of Proprietary Information.

G. The Parties agree that, in the event of a breach or threatened breach of the terms of this Section 15, the Owner shall be entitled to seek an injunction or other equitable relief prohibiting any such breach, without the necessity of posting a bond. Any such relief shall be in addition to and not in lieu of any appropriate relief in the way of money damages. The Parties acknowledge that Proprietary Information is valuable and unique and that unauthorized use or disclosure in breach of this Section 15 could result in irreparable injury to the Owner.

H. All Proprietary Information received hereunder (including information in computer software or held in electronic storage media) shall remain the property of the Owner. Nothing contained in this Agreement, nor any disclosure hereunder, shall be construed as a grant of any right or license, express or implied, under any patent, copyright or other intellectual property right of the Owner.

11. **LIABILITY.**

A. Each Party will be solely responsible for liability arising out of its own acts or omissions occurring during the performance of its work under this Agreement. The performing

Party further agrees to indemnify, hold harmless and defend the other from all costs of any nature whatsoever arising out of any third party claim or action against the other Party resulting from the acts or omissions of the performing Party. The indemnified Party shall: (i) provide written notice of the claim or action to the indemnifying Party promptly after becoming aware of the same, (ii) relinquish control of the defense and/or settlement of such action or claim to the indemnifying Party, and (iii) at the indemnifying Party's request, provide reasonable assistance and cooperation to the indemnifying Party, at the indemnifying Party's sole expense. The indemnified Party's failure to comply with any of the foregoing shall not modify any of indemnifying Party's obligations under this section except to the extent that the indemnifying Party's ability to fulfill any of such obligations is materially prejudiced by such failure. This provision shall not be construed to mean that the Parties are precluded from resolving a claim against each other.

B. In the event of an alleged breach of this Agreement, or any claim whether in tort (including negligence and strict liability), contract, equity or otherwise, arising out of or in connection with this Agreement, or the acts or omissions of either Party, its agents, representatives or employees in the performance of this Agreement, the Parties agree that the sole remedy available shall be limited to the recovery of direct costs and applicable overhead reasonably expended in performance of the services related to the Project.

C. In no event shall either Party be liable to the other Party for any special, indirect, incidental, punitive or consequential damages, including but not limited to lost profits or revenue, or lost business opportunities, even if advised of the possibility of such damages.

12. **INSURANCE.**

GCI shall maintain for the Term of the Agreement the following insurance:

A. Commercial General Liability Insurance, on an occurrence basis, including but not limited to, premises-operations, broad form property damage, products/completed operations, contractual liability, independent contractors, and personal injury, with limits of at least $*** combined single limit for each occurrence.

B. Commercial Automobile Liability, with limits of at least $*** combined single limit for each occurrence.

C. Excess Liability, in the umbrella form, with limits of at least $*** combined single limit for each occurrence.

D. Workers' Compensation Insurance as required by Applicable Law and Employer's Liability Insurance with limits of not less than $***.

E. All risk property insurance policy to cover GCI's property, furnishings, & equipment.

F. The above limits may be satisfied by a combination of underlying/primary and excess/umbrella insurance. All policies provided by GCI shall be ***. GCI shall waive its right

of subrogation for all insurance claims. The Commercial General Liability and Commercial Auto Liability policies must name Verizon, its subsidiaries and affiliates as additional insureds. GCI's insurance companies must be licensed to do business in the applicable state(s) and must meet or exceed an A.M. Best rating of A-X or its equivalent.

G. All insurance must be in effect ***. For all insurance, GCI must deliver an industry-recognized certificate of insurance evidencing the amount and nature of the coverage, the expiration date of the policy and the waiver of subrogation and stating that the policy of insurance issued to GCI ***. Also, where applicable, such certificate of insurance shall evidence the name of Verizon as an additional insured. GCI shall submit such certificates of insurance annually to Verizon as evidence that it has maintained all required insurance. GCI is responsible for determining whether the above minimum insurance coverages are adequate to protect its interests. The above minimum coverages shall not constitute limitations upon GCI's liability.

13. **TERMINATION OF TEAMING ACTIVITIES.**

Only Sections 5, 6, 8 and 9 of this Agreement, and all rights and obligations of each Party thereunder, shall automatically terminate upon the happening of any of the following:

A. *** the Project or the *** the Customer, or *** the Customer of *** under the Project allocated to *** under Exhibit A hereto;

B. The Customer's *** for the Project to a contractor other than ***;

C. The Parties' execution *** to perform the work allocated *** in Exhibit A hereto;

D. The Customer's refusal *** for the portion of the Project *** in the Exhibit As hereto, despite *** reasonable efforts to secure such approvals;

E. Upon notice from *** to *** if, as a result of judicial action or ruling, *** or the Customer is prohibited from utilizing *** to perform the work allocated *** in Exhibit A hereto, or is required to utilize a different subcontractor to perform the work allocated to *** in the Exhibit As hereto;

F. Lapse of ***, unless such term is extended by mutual agreement;

G. Mutual agreement of the Parties to terminate Sections 5, 6, 8 and 9 of this Agreement; or

H. A material, uncured breach by either Party of any of the provisions contained herein, as described in Section 4 hereof.

14. **PUBLICITY.**

Any news release (including communication of any sort with the press whether direct or indirect, written or oral), public announcement or advertisement to be released in connection with this Agreement and the subject matter hereunder shall have the written concurrence of both Parties prior to release. The provisions of this Section 14 shall survive the termination or expiration of this Agreement."

V. NOTICES.

Section 15.C. of the Agreement is hereby deleted in its entirety and replaced with the following:

"All notices required or permitted to be given hereunder shall be in writing and be deemed effective (a) upon personal delivery, (b) on the calendar day following the date of confirmed transmission of telex, telegram, or electronic mail, or (c) upon receipt if sent by registered, certified or express mail to the Parties addressed as follows:

If to Verizon:	**Verizon** 1945 Old Gallows Rd. Vienna, VA. 22182-3931 Attn: ______________________
With a contemporaneous copy to:	**Verizon Purchasing LLC. (MCI)** 1945 Old Gallows Rd. Vienna, VA 22181-3931 Attn: ______________________
If to GCI:	**GCI Communication Corp.** 2550 Denali Street, Suite 1000 Anchorage, AK 99503 Attn: Richard Westlund, Senior Vice President & General Manager, Network Access Services
With a contemporaneous copy to:	**GCI Communication Corp.** 2550 Denali Street, Suite 1000 Anchorage, AK 99503 Attn: Corporate Counsel

Either Party may change the address or addressee set forth above at any time or times, by written notice to the other Party in accordance with this provision."

VI. As of the Effective Date of this Twelfth Amendment, Section 15.F. shall be deleted and replaced in its entirety with the following:

"F. Binding Effect and Assignment. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective permitted successor and assigns. Neither

Party may assign, delegate, or transfer any part of this Agreement without the other Party's prior written consent, which shall not be unreasonably withheld, except that either Party may assign this Agreement in part or whole to an Affiliate. An affiliate for this purpose in an entity controlling, controlled by or under common control with the assigning party. Any attempted assignment not conforming with this provision shall be void."

VII. New Attachments. All of the following are hereby incorporated into the Agreement:

Exhibit A – Scope of Work
Exhibit B – Performance and Maintenance
Exhibit C – Networx Prime Contract "Flow Down", provisions for Subcontractor
Exhibit D – FAR Provisions
Exhibit E – Technical Specification
Exhibit F – Pricing
Exhibit G – ICD – Billing Feed
Exhibit H – ICD – Order and Inventory (Reserved)
Exhibit I – ICD – Manual ASR (Reserved)

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

IX. 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 Twelfth Amendment.

X. Severability If any provision of this Agreement or any Service Order is found to be invalid or unenforceable, it shall not affect the validity and enforceability of any other provision of the Agreement, and the invalid or unenforceable provision shall be curtailed or limited only to the extent necessary to permit compliance with the minimum legal requirements, in a manner as consistent as possible with the intentions of the Parties and the economic position contemplated in the Agreement.

XI. Entire Agreement. This Twelfth Amendment, together with the Agreement, including exhibits hereto and other documents incorporated herein by reference, contains the complete agreement of the Parties with regard to the subject matter herein and supersedes and replaces all other prior contracts and representations concerning its subject matter. In the event of a conflict between the terms of this Twelfth Amendment and the Agreement, the terms of this Twelfth Amendment shall control. Any further amendments to the Agreement must be in writing and signed by authorized representatives of both Parties.

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

MCI COMMUNICATIONS SERVICES, INC.

By: /s/ Peter H. Reynolds

Printed Name: Peter H. Reynolds

Title: Director

GCI COMMUNICATION CORP.

By: /s/ Richard Westlund
Printed Name: Richard Westlund
Title: Senior Vice President & General Manager, Network Access Services

GENERAL COMMUNICATION, INC.

By: /s/ Richard Westlund
Printed Name: Richard Westlund
Title: Senior Vice President & General Manager, Network Access Services

Exhibit A

SCOPE OF WORK

COMBINED SERVICES

(1 OF 14)

STATEMENT OF WORK

GCI Combined Services (CS)
Networx Universal Contract Volume I, Section 4.1.6

1.0 Objective

Verizon has selected GCI to meet the requirements for Combined Services, limited to Alaska, (CS). GCI will comply with all requirements for C.2.6.1 as outlined on the following pages.

Combined Services (CS) is a collection of separate telecommunications services packaged into a single service offering from a contractor. Agencies may utilize a Combined Services package to provide a core telecommunications service that suits their fundamental business needs.

2.0 Background

GCI shall offer a technical solution which meets the requirements of GSA's Networx Universal and Enterprise RFPs (heretofore referred to as Networx RFPs) Section C.2.6.1, Networx Combined Services, as well as provide pricing in the structure provided for in Section B.2.6.2 of the Networx RFPs, limited to Alaska. If GCI does not provide any of the services described in Section C.2.6.1, then it will be GCI's responsibility to identify a teaming partner or solution to meet all of the requirements in Section C.2.6.1 as it relates to Networx Combined Services, as it pertains to Alaska coverage.

3.0 Project Scope

GCI is only providing the local and Alaska LD for this service. VZB is providing the long distance portion of the service.

Technical Requirements
Section C.2.6.1.1.4 of Networx Universal RFP

GCI shall offer a technical solution which meets the requirements of GSA's Networx Universal and Enterprise RFPs (heretofore referred to as Networx RFPs) Section C.2.6.1, Networx Combined Services, as well as provide pricing in the structure provided for in Section B.2.6.2 of the Networx RFPs, limited to Alaska. If GCI does not provide any of the services described in Section C.2.6.1, then it will be GCI's responsibility to identify a teaming partner or solution to meet all of the requirements in Section C.2.6.1 as it relates to Networx Combined Services, as it pertains to Alaska coverage. This includes:

- Providing CS Service transport between the subscribing Networx Agency's Service Delivery Point (SDP) and the GCI trunking interface point to Verizon's POP in Seattle.

- Installing and maintaining Service Enabling Device(s) that may be ordered for the subscribing Agency's SDP.
- Responding to Verizon trouble tickets reported to Verizon's Help Desk.
- Providing SLA and KPI performance data shown in RFP Sections J.13.3.4 and C.2.6.1.4.1 respectively.

GCI shall work with Verizon on how it will provide Management and Operations (MOPS) data to support Verizon's ability to deliver a MOPS solution and MOPS deliverables under the Networx contract(s), as defined by the requirements on Section C.3 of the Networx RFPs. This will include developing a data interchange interface with Verizon to support the MOPS requirements. Data interchange between Verizon and GCI will be defined prior to contract award and must support the requirement for Networx vendors to provide an Operational Capabilities Demonstration prior to contract award.

Verizon will provide all network connectivity for these services unless otherwise specified.

Service Overview

Verizon has selected GCI to meet the requirements for Combined Services, limited to Alaska, (CS). GCI will comply with all requirements for C.2.6.1 as outlined on the following pages.

Description of Approach to Service Delivery

Volume I, Section 4.1.6.1.1 of Networx Universal Contract

Verizon's Combined Services (CS) solution meets all the requirements outlined in the Networx RFP. Verizon's CS solution is designed to provide local, regional toll, and domestic (CONUS and OCONUS) long distance service to customers as a single, bundled package. For Agencies within the local footprint, our CS solution alleviates the burden of having to provision and manage both local and long distance dedicated access facilities for traffic processing. Verizon's CS solution integrates long distance with our facilities-based Verizon® Local Service product. This is a comprehensive, feature-rich suite that uses combined access arrangements ranging from Business Lines to digital offerings such as ISDN PRI and full service digital T1s. Our CS extends beyond traditional dial tone, as calls are transported end-to-end over our wholly owned network.

Proven Performance = Lowered Risk. Verizon has successfully provided CS to large municipalities and state governments. Just as Verizon successfully migrated users to the FTS2001 services using a transition strategy designed to maintain service continuity while minimizing the effect on the user community, Verizon will migrate current FTS2001 users to the Networx CS offering, as well as any new Agency locations not currently using Verizon's services. Agencies already using Verizon's Voice Services will typically experience a transition similar to the original FTS2001 cutover to the

Verizon Network. The experience and capability gained in providing long distance services for FTS2001 customers, and CS for both municipality and state wide customers, gives Verizon a unique insight into—and an ability to meet or exceed—the needs of Networx customers. This level of expertise means that existing FTS2001 customers will continue to receive the quality voice service they rely on for both local and long distance service, while new Networx customers can procure CS quickly, easily, and with minimal risk, from a single source. Verizon's network provides a virtually non-blocking, P.001 grade of service POP-to-POP and a P.01 grade of service end-to-end for switched access originations to switched PSTN terminations. The network backbone availability is typically 99.9974%, 24x7x365. Verizon routinely provides service levels greater than any competitor, and offers:

- **A Seamless Network.** Local-to-global-to-local communications that eliminates geographic barriers to conducting business
- **Customer-Focused Administration.** A single point-of-contact for all service-related questions, issues, and requests
- **Extensive Product Integration.** Extensive product integration simplifies and streamlines communications.
- **Cost Savings.** Verizon's Combined Services strategy helps reduce Networx customers' overall communications costs by merging local and long distance maintenance and administrative costs into a single, total telecommunications solution that includes design, maintenance, and network management.
- **Comprehensive Services.** Verizon Facilities Based Local Service provides all the features and functionality the Government has come to expect from a world-class provider of local and long distance services. Be it local circuits to connect to Agency PBX or hybrid systems, or ISDN-PRI trunks to facilitate delivery of videoconferencing and Internet service, Verizon Local provides the last and most critical mile of network connection: local dial tone service. Verizon's CS will provide facilities-based digital service to many areas of 39 states, including Washington, DC. The local service delivery method for each Agency site will depend on its location relative to the Verizon SONET Ring as determined by Verizon. Provisioning options include on-ring/lit building or off-ring/non-lit building configurations.

  Verizon's proposed CS solution is fully compliant with all requirements for all services provided, and is not intended to imply that we are imposing conditions on compliance with CS requirements and hereby confirm that we do not in any way limit full compliance with the CS requirements in Section C.2.6.1.1.2 of the RFP.
- **Reliable Local Service.** Verizon's CS will carry calls that begin and end within an SDP's local calling area. Verizon understands that no communications solution is complete without reliable local service—an

essential part of our CS solution. With over a decade of Local Service expertise, Verizon offers all the features and functionality our customers have come to expect from a premier service provider.

Architecture. Our SONET ring network, used for facilities-based local service, offers self-healing redundancy—in effect, the network will create an alternate path around any disruptions. As a result, this architecture offers Networx users consistent, reliable service. Our CS solution is based upon our facilities-based Verizon Local Service product domestically, the GCI local service product in Alaska, and other appropriate providers throughout the remaining CONUS and OCONUS regions. Both are comprehensive, feature-rich suites of local and long distance capabilities using combined access arrangements ranging from Business Lines to digital offerings, such as ISDN PRI and full service digital T1s. Our CS solution extends beyond traditional dial tone, as calls are transported end-to-end over our wholly owned network within a local calling area. Verizon is a proven alternative to other providers. We offer the service reliability that comes with over a decade in the local service business. In addition to our stature as one of the nation's largest Competitive Local Exchange Carriers (CLECs), we own and operate our own fiber optic networks and local service switching systems. Verizon Local Service includes the following three offerings engineered for a digital generation:

Local Integrated Services Digital Network Primary Rate Interface (ISDN-PRI). This product provides a high-speed, intelligent connection to the Verizon network. Local ISDN-PRI supports voice, data, and video. It also provides Internet and remote LAN access, as well as simultaneous voice and digital data calls over an industry-standard primary rate interface T1.

Local Digital Trunk Service. Our Local Digital Trunk Service provides analog trunks and digital trunks. Local digital trunks are communication circuits between our Local End Office (Class 5) and the subscribing Networx Agency's PBX or key system. Verizon offers basic trunks and trunks with direct inward dialing (DID) functionality. Local digital trunks can carry On-Net long distance traffic.

Full-Service Digital T1s. Our full-service digital T1s offer the ability to send and receive voice and data traffic over a single dedicated line. With a full-service digital T1, Agencies can integrate dedicated long distance and data frame relay, and/or dedicated Internet. Verizon also has an impressive array of local features that define and enhance our business line offering, including Call Forward, Call Transfer or Three-Way Conference Calling, Call Forward Busy, Call Forward No Answer, Speed Dial, Call Waiting/Cancel Call Waiting, Caller ID with Name, Caller ID Blocking and voicemail. Verizon Facilities Based Local Service provides all the features and functionality the Government has come to expect from a world-class provider of local service. From local circuits to connect to Agency PBX or hybrid systems, to ISDN-PRI trunks to facilitate delivery of videoconferencing and Internet service, Verizon

Local provides the last and most critical mile of network connection: local dial tone service.

- Verizon was one of the first providers to offer a full service solution for all of our customers' communications needs. As a full-service pioneer, we have a proven track record of meeting business customers' needs.
- As a full-service communications provider, Verizon is well-positioned to provide the Government with the integrated communications solutions that today's businesses demand.
- Verizon provides facilities-based local, long distance, and Internet services over state-of-the-art fiber optic facilities that we own and operate. This is indicative of our consistent initiative to be at the forefront of the communications industry. Many other competitors offering integrated access solutions must lease their network from other service providers.
- Verizon is well-positioned to provide true one-stop shopping for Agencies.
- Our SONET ring network, used for Facilities Based Local Service, offers "self healing" redundancy, which means that the network will create an alternate path around any disruptions. This architecture is today's finest and will provide Networx users with consistent, reliable service.

Verizon's CS will carry calls that begin and end within an SDP's local calling area. Verizon understands that no communications solution is complete without reliable local service. Local service is an essential part of our total integration package, as well as a key first step to providing all of the price, service, and technological benefits offered through Verizon. With over a decade of Local Service expertise, Verizon offers all the features and functionality our customers have come to expect from a premier Local Service Provider. Our Local Service offering includes:

- Standard Local Service Components
- Business Lines with features (including Voice Mail)
- Local Trunks
- Full Service T1 Integrated Solution
- Local ISDN/PRI

Business Lines. Business Lines are often referred to as "plain old telephone service" (POTS) Lines. Business Lines offer basic analog communication circuits between the Verizon local end office and the subscribing Agency's telephone, key system, fax or modem. Business Lines are a reliable solution for routine business telecommunications applications and enable subscribers to make and receive calls, transmit and receive faxes, and access the Internet Standard business line components, including:

- Touch Tone (DTMF) capability
- Hunting (Serial or Circular)

- Signaling (Loop Start or Ground Start)
- CNAM (Caller Name) Display
- Classes of Service (Toll Restrictions)
- Calling Party Number Delivery (Outbound) with Caller ID Blocking Selective Or Caller ID Blocking Complete
- Call Forward Variable
- Call Transfer
- Three-way Conference Calling
- Call Forward Busy
- Call Forward No Answer
- Speed Dial

Local Trunks. Verizon offers a full range of advanced services, including state of the art Local Trunk Service. For Agencies with a PBX or hybrid system, our Local Trunk Service provides both digital and analog capabilities to meet their mission needs today and tomorrow. Local Trunks are basic communication circuits between the local Verizon end office and the subscribing Agency's SDP equipment. Local Trunks are available via two service options:

- **Basic Local Trunk.** Available for digital or analog trunks – provides a single connection that can carry two-way traffic. Basic Digital Local Trunks can carry inbound, outbound, or two-way traffic.
- **Direct Inward Dialing (DID) Trunks.** Available for digital trunks only–provide a digital connection that carries inbound traffic only. This option is configured to out-pulse from two to seven digits to the Agency's CPE, enabling flexibility for the Agency's internal extension plan. The digits received enable the Agency's CPE to route an incoming call directly to an individual station without the intervention of a live or automated attendant.

· **Two-way Direct Inward Dialing (DID) Trunks.** Available for digital trunks only – provides DID capability with the added function of enabling the placement of outbound calls on the same trunks.

Analog and Digital Trunks. Analog Trunks provide non-digital connectivity from the Verizon Local end office to the subscribing Agency's PBX. Although digital systems are dominant in today's PBX market, Verizon realizes there is still a very large embedded base of analog PBXs and Key systems. Digital trunks provide digital connectivity from the local end office to the subscribing Agency's PBX. Digital Trunks are provided via a T1 (1.544 mbps) link. Digital Systems are dominant in today's PBX market. If a subscribing Agency has a digital PBX system, it is important to remember that such phone systems will require a digital DTI card to terminate a digital trunk. Digital trunks can be provisioned as one-way in, one-way out, or two-way; a 12 Digital Trunk

Minimum applies. Verizon's offering is comprised of standard local trunk product components include:

· **Signaling.** Touch tone (DTMF) (default) or Dial Pulse signaling.

· **Hunting.** Automatically forwards incoming calls from busy to available trunks according to a pre-programmed sequence or hunt group. Hunting Options are:

  · **Serial**. Calls start with the number of the trunk dialed and hunts up to the end of the trunk or hunt group. For a 10-line hunt group, if the fifth line is dialed, the switch attempts to place the call on the fifth line. If that line is busy, it hunts through lines 6-10, stopping at line 10 and sending back a busy signal if no lines are available.

  · **Circular.** Calls start with the number of the trunk dialed. It hunts up to the end of the trunk or hunt group; then starts at the beginning of the trunk group, and hunts back to the line that was dialed. For a 10-line hunt group, if the fifth line is dialed, the switch attempts to place the call on the fifth line. If that line is busy it hunts through lines 6-10, then hunts lines 1-4 and sends back a busy signal if no lines are available.

· **DLH (Distributed Line Hunting).** Calls are distributed evenly among a trunk group or hunt group by number of calls. For example, the first call goes to the first member of the group, the second call to the second member, until each member has received a call, at which point the next call goes to the first member.

· **MIDL / LIDL (Most Idle/Least Idle).** Incoming calls are sent to the trunk that has been idle the longest (MIDL) or shortest (LIDL) amount of time.

· **CNAM (Caller Name) Display.** This term refers to Verizon's responsibility to our Local Service Customers to take all reasonable measures within our means to ensure that the Called Party's Local Service Provider can accurately retrieve and display the Calling Party's Name (CNAM) information on the Called Party's Caller ID Display Box. CNAM Display is only available if CPN (Calling Party Number) Delivery is enabled. When the calling party number is NOT delivered to the called party, the called party's local service provider is unable to retrieve and display the calling party's name. Retrieving and displaying the Calling Party Name is always the responsibility of the called party's local service provider.

· **Calling Party Number (CPN) Delivery (Outbound).** This is Inherent - Sending of customer's originating Telephone Number on outgoing calls. For Trunks, this number is the associated BTN or Billing Telephone Number. This feature enables for the display/capture of the calling party's telephone number at the destination they are calling.

· **Caller ID Blocking (Complete).** This feature blocks the calling party telephone number from being transmitted on ALL calls and is optional via Special Assembly for Digital Trunks (CPN Delivery and Caller ID Blocking are Mutually exclusive).

Full Service T-1 Integrated Solution. With Verizon Full Service T-1 Integrated Solution, your T-1 becomes the single interface for all of your telecommunications needs. A FST-1 Integrated Solution delivers 24 multi-use channels, which can be used for:

· Local – Digital trunks, Basic and/or DID

· Long Distance – Outbound / Inbound

· Data – (Frame Relay, Private Line, Internet, ATM)

· All of the above

Local ISDN PRI. Verizon Local Integrated Services Digital Network / Primary Rate Interface (ISDN-PRI) provides a high-speed, intelligent connection to the Verizon network. Local ISDN-PRI supports voice, data, video, and applications such as Internet access, remote LAN access, call centers, disaster recovery and file transfer. This service supports simultaneous voice and digital data calls over an industry standard primary rate interface T-1 (1.544 Mbps).

Table 3.1.1-1. Standard Features and Capabilities of ISDN PRI

Feature	Description
Non-Facilities Associated Signaling	NFAS is the ability to have one channel, known as the D-channel, on the PRI to control communications traffic. A single D channel can control four PRI circuits. This enables the other three PRIs to utilize all 24 of their channels for traffic.
Caller ID w/Number Only	Provides the Verizon Local Customer the ability to identify the telephone number associated with the calling party.
Caller ID w/Name	Provides the Verizon Local Customer the ability to identify the name and the telephone number associated with the calling party. If no Calling Name is found, the State associated with the Calling Party's area code will be displayed. Available via Special Assembly only.
Caller ID Blocking/Privacy	Completely blocks the caller's number from the destination's display on every call.
Calling Party Number (CPN) Delivery	Allows the display of the caller's telephone number at the destination they are calling.

CNAM (Caller Name) Display	Displays the caller's name following the phone number on the Called Party's caller ID display box. CNAM Display is only available if Calling Party Number (CPN) Delivery is enabled. Allows called party's provider to display the caller's name as well as number. The called party must have the Caller ID w/Name feature. Note: If Caller ID Blocking/Privacy is enabled, CPN will not be delivered and, therefore, Calling Party Name (CNAM) will not display.
Call-by-Call Service Selection	The ability, on a per-call basis, to indicate the type of call desired, without the need to dedicate specific channels for specific call types. (Public inbound and outbound, voice, and data are the call types supported.)
Virtual Facility Groups (VFGs)	VFGs enable for the allocation of circuit capacity for a given service type (inbound and outbound calls).

Figure 3.1.1-1 below illustrates Verizon's CS architecture for business lines, including Agency telephones or key sets that are directly connected to a Verizon Local Class 5 switch. A single line is used to transport all telephone calls, including local, long distance, international long distance, private network, toll free, 900 calls, emergency calls (e.g., 911), and information calls (i.e., 411). The Verizon Class 5 switch routes calls as follows:

- All dialed numbers are screened by Verizon's Vnet database in our Network Control System to separate Networx virtual private network numbers from PSTN numbers.
- Dialed numbers matching private network numbers are routed to Verizon dedicated facilities using Verizon's "Forced On-Net" capability, which provides savings over the use of switched PSTN terminating facilities.
- Local calls are completed via Verizon's Local facilities where possible (e.g., to other Verizon Combined Services subscribers) or to other LEC PSTN facilities.
- Long distance PSTN calls are routed over Verizon's domestic network to appropriate PSTN facilities. This is identical to routing for Verizon's Voice Services offering.
- International calls are directed at either Verizon's international gateway switches for call completion or at Agency discretion, IDDD calls may be pre-subscribed to an alternate carrier of the Agency's choice. As a CLEC, Verizon Local facilities include FG-D switched access facilities with most major inter-exchange carriers.
- Toll free calls result in the Verizon Class 5 switch performing an SMS database "lookup" to determine the carrier associated with the toll free number. The call is then routed to that carrier over existing FG-D switched access facilities. If Verizon is the designated carrier, the call is directed to Verizon's Long Distance network and routed appropriately. This processing is identical to the Networx Toll Free Services offering.
- If authorized by the Agency, 900 calls are processed, but the Agency has the discretion to block outbound 900 calls.
- The Verizon Local switch routes 911 emergency calls to the appropriate E911 center for the area, where the caller's ANI is matched to a database showing the physical location of the calling station to facilitate dispatch of responders. Non-emergency calls are directed per local area arrangements.
- Directory assistance and informational calls are answered by Verizon Local operators and provided with the appropriate treatment.

Figure 3.1.1-1. Verizon Combined Services Architecture for Business Lines

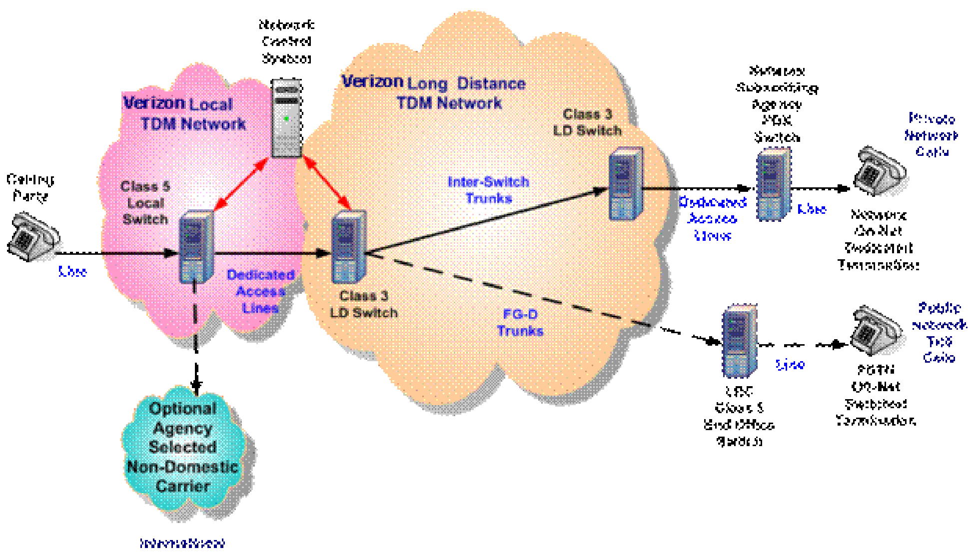
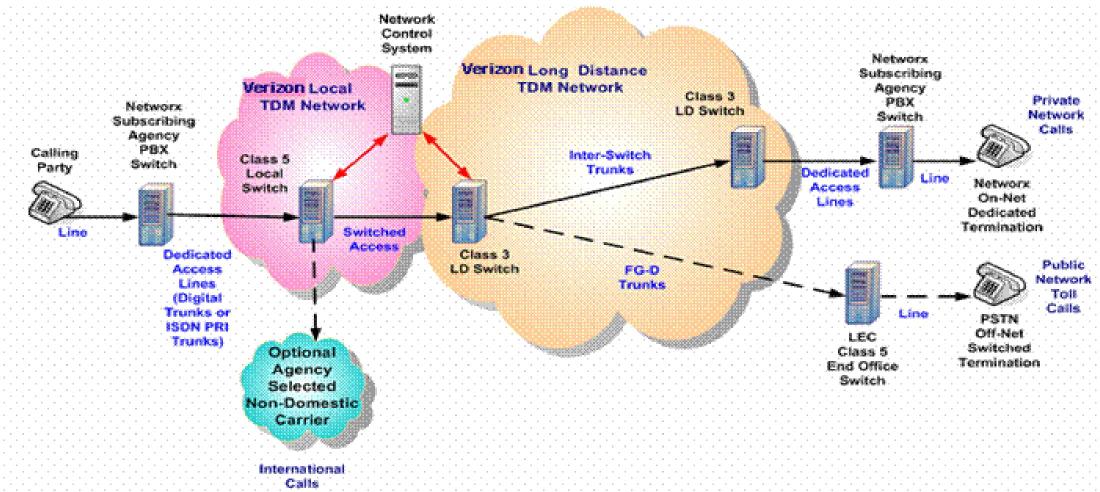


Figure 3.1.1-2 below illustrates the Verizon CS architecture using analog or digital trunks or ISDN PRI trunks from subscribing Agency PBXs. Agency PBXs are directly connected to a Verizon Local Class 5 switch. A single trunk group is used to transport all telephone calls including local, long distance, international long distance, private network, toll free, 900 calls, emergency calls (i.e., 911), and information calls (i.e., 411). The Verizon Class 5 switch call processing is identical to the steps described above.

Figure 3.1.1-2. Verizon Combined Services Architecture for PBX Trunks



Technical Capabilities

Volume I, Section 4.1.6.3.1.1 of Networx Universal Contract

GCI will comply with all technical requirements for C.2.6.1.1.4 as follows.

1 The Verizon CS core package offers unlimited usage of a bundled solution designed to assist subscribing Agencies with controlling calling patterns, tracking expenses, establishing a local presence, and reaching critical departments faster, by integrating local, regional toll, and domestic (CONUS and OCONUS) long distance into a single combined service package.

2 The Verizon CS core pacakge offers unlimited usage for Call Forwarding, Call Transfer, Call Waiting, Caller ID, Caller ID Block, Remote Access to Call Forwarding, Speed Dial, Three-Way Calling, and Voice Mail. The package supports the following capabilities:

- Directory Assistance
- Operator Services
- 911 Support
- Accounting Codes
- Invoice Options
- Access Options

- Calling Range Privileges
- Private Dialing Plans
- Toll Free Remote Access
- Optional Features

Directory Assistance. Verizon provides Directory Assistance at 1-NPA-555-1212 (NPA is the Numbering Plan Area or area code). Callers are routed directly to Verizon Operators, or in some cases to the terminating local Regional Bell Operating Company’s live operators.

Operator Services. Verizon operators are always available to help customers with general information or calling problems, either directly or by connecting the customer to Verizon Customer Service. Assistance can range from dialing instructions to providing the time of day. Operators can also offer personal service by helping Government employees complete different types of calls, ranging from third party billed to person-to-person collect. We offer operator assistance in a diverse range of languages ranging from Arabic to Spanish.

911 Support. In almost all instances, Verizon provides Enhanced (11 (E-911) service as the standard 911 emergency service offering. E- 911 is an advanced form of 911 service that does provide ALI (Automatic Location Information) and ANI (Automatic Number Identification Information) to the 911 operator. With
E-911, the telephone number of the caller is transmitted to the PSAP where it is cross-referenced with an address database to determine the caller’s location. The information is displayed on a video monitor for the dispatcher to direct public safety personnel responding to the emergency. This enables them to find callers who cannot orally provide their precise location.

Accounting Codes. Accounting Codes make cost management simple and encourage employees to make fewer and shorter non-business calls because calls can be tracked on a management report by individual, department, and project. This helps reduce costs and improve employee productivity. Users are prompted for a code before the call can be completed. Accounting Codes (1-11 digits) can be used from specified Dedicated Access line groups, Dial “1” ANIs, or Toll Free Remote Access numbers. While the code itself is not verified, the number of digits entered must match the pre-selected number.

Invoice Options. Verizon Long Distance offers Agencies a choice of customized invoice options: Centralized billing (billed to GSA), or direct billing (billed directly to Agencies). For both types of billing, Verizon can provide consolidated or location-level billing.

Consolidated billing provides centralized invoicing for all locations and location-level billing provides separate invoicing for multiple locations.

Access Options. As part of our On-Net voice offering, Verizon's Long Distance offers a choice of two access/egress types:

- **Switched Access.** Originates and/or terminates on independent Local Exchange Carrier (other than Verizon) owned and operated facilities. This is also referred to in the FTS2001 contract as Virtual On-Net or VON.

- **Dedicated Access.** Originates and/or terminates on dedicated access facilities provisioned to the Government organization's site by Verizon or by the Local Exchange Carrier on Verizon's behalf. This also includes government-provided access.

Calling Range Privileges. Provide control over long distance costs and deter employee call misuse by restricting calling to specific geographic areas. This "tailored" approach reduces or eliminates non-work related calls that can reduce overall telecommunications costs while increasing productivity. There are three types of Calling Range Privileges available:

- **Universal Calling Range Privileges.** Available in five ranges, and can be assigned to locations with switched access, dedicated access, and the network Verizon Calling Card. By offering up to 256 combinations of Range Privileges, Verizon exceeds the Government's requirements for a minimum of 128 combinations.

- **Customized Calling Range Privileges.** Offers an even greater level of control. Ranges for each Dedicated Access Line (DAL) group, ANI, Verified Accounting/ID Code, or Calling Card can be defined, as well as ranges based on states, NPA, NPA/NXX, and country codes. Up to 256 custom ranges can be defined and assigned as needed.

- **10/15 Digit Restrictions.** Helps control non-work-related calls by enabling Government Agencies to block calls to specific 10/15-digit numbers, or ranges of 10/15-digit numbers, such as: Single Number: 212-555-1212 or NPA-NNXs: 212-555-0000 through 9999. This restriction is not location-specific and callers from outbound locations will be unable to reach blocked numbers, regardless of Calling Range Privileges. This restriction is also capable of blocking a particular international direct-dialed number.

Private Dialing Plans. Verizon offers flexible private dialing plans to suit individual customer needs. This includes:

- **10-Digit Private Dialing Plans.** If an Agency does not want to change phone directories or re-train employees on a new dialing pattern, or if it no longer requires vanity numbers, 10-digit private dialing plans are the right choice. This option can preserve normal

dialing patterns, and it emulates all of the organization's direct dial phone numbers by emulating the (NANP) North America Numbering Plan.

- **Variable-Length Private Dialing Plans.** Variable-Length Private Dialing Plans are currently available through DAL (Dedicated Access Line) access and Toll Free Remote Access only, and enable Agencies to define dial plans of variable lengths. Dialing plans of between 1-15 digits are available to provide greater flexibility in defining dial plans that meet specific Agency needs. For example, this feature enables Agencies to define dial plan formats that line up with a particular country (e.g., an 8-digit private dial plan for Japan locations, a 15-digit plan for Germany, and a 10-digit plan for the U.S).

Toll Free Remote Access. Reduces the potential for fraud or abuse by limiting callers to placing private dialing plan calls only. It also eliminates the need for employees to carry change for pay phones or to place collect calls. Toll Free Remote Access enables users to dial Private Dialing Plan numbers from anywhere in the U.S., Canada, Puerto Rico, and the U.S. Virgin Islands. Access numbers are specific to each organization and can be used with Verified Accounting/ID Codes or Accounting Codes for easy charge-back and tracking. Toll Free Remote Access is especially useful for employees such as field technicians, remote employees and telecommuters, and cellular phone users, who travel and need to call the office.

Optional Features. Optional features are available for customers that need specific solutions for their unique communication needs, including:

- **Automatic Number Identification (ANI).** Verizon will include ANI digits in the signaling message for all outbound calls. For subscriber lines, this corresponds with the station DDD number. This feature enables for the display/capture of the calling party's telephone number at the destination they are calling. For trunks, the ANI transported is typically the associated Billing Telephone Number. If out-of-band signaling is used (e.g. ISDN or SS7), the Calling Line ID will also be included in the signaling message if provided by the subscribing Agency's premise equipment (typically a PBX switch).

- **Instant Virtual Ringdown.** Provides nearly immediate ring on the distant end of a call without dialing. When the caller goes "off-hook" (the handset is off-hook, the keyset has seized the line, or, from behind the PBX, the appropriate digits have been dialed to seize the line), the network dials a pre-stored number and the call is routed to its correct location. This service tracks usage based on pricing for the long haul instead of a fixed, monthly expense. It also

offers the flexibility of a virtual network-based transport instead of the single point of failure of traditional foreign exchange circuits.

- **Remote Exchange/Virtual FX.** Enables Agency employees to establish a local phone number and access their agency or department outside of their office location. Combines the capability of a fixed-cost private line with virtual network usage-sensitive rates without the need to locate in a distant area or use special equipment. Includes a local circuit in the distant city where Long Distance calls originate and at the terminating city where the Agency is located. Customers can select dedicated or switched terminations.

- **Multiple Network IDs.** Enables Networx customers to establish up to 98 independent Private Dialing Plan sub-networks under the umbrella of one corporate ID. With Multiple Network IDs, Agencies can have their own Private Dialing Plan, yet share the benefit of combining all traffic volumes into a total Long Distance invoice.

- **Point of Origin Routing.** Enables Agencies to override the DAL specified in the dialing plan based on the originating switch and the intended terminating switch. For example, if a customer has two established Human Resources (HR) departments and then opened a third, Point of Origin Routing could be used to route certain calls typically intended for one of the two centers to the third HR center. This would give the third center a chance to become established. The Point of Origin Routing settings could be modified once the new HR department became stabilized.

· **Virtual Network Connection (VNC).** Enables calls from Verizon's network in the U.S. to terminate on VPNs in foreign countries. VNC provides a powerful "bridge" between the overseas carrier and Verizon On-Net Voice Services that results in competitive rates relative to International Direct Distance Dialing (IDDD) and the overseas telecommunications company's VPN. Although interconnections like VNC do not have inherent features in and of themselves, calls going abroad can benefit from features offered by the foreign carrier. Inbound calls can benefit from Verizon features such as Network Call Redirect.

· **Customized Message Announcements (CMAs).** There are two types of CMA features:

  · **Intercept CMA.** Intercept CMA will enable Networx customers to record a 30-second customized message. The message is stored in Verizon's network and delivered when specific numbers are dialed during intercept conditions (e.g., "The ID Code you have dialed is invalid.").

  · **Route to CMA.** Route to CMA provides up to three minutes of recorded message, which is stored in our network and accessed via a private dialing plan number. These messages can play agency announcements such as news lines or changed number notifications (e.g., "Due to last night's snow storm, our office is closed today" or "The number you have dialed has been changed; the new number is... ").

· **Verified Accounting/ID Codes.** Enables customers to define calling areas at the level of the individual user. Verified Accounting/ID Codes offer the same management reporting benefits as Accounting Codes, but are verified in our intelligent network database to determine whether the caller has authorization to place the call. Like Accounting Codes, employees enter Verified Accounting/ID Codes digits after they dial the phone number.

· **Network Call Redirect.** Routes calls to other locations to ensure call completion, regardless of whether there is an outage, overflow/busy condition, or when employees are not present to respond to the calls. Customers can configure Network Call Redirect to route calls to a pre-defined alternate location, such as network announcements and other domestic or international Agency locations. Agencies will have choices for how to route calls based on trunk group, type of service (both inbound and outbound), or individual toll-free/On-Net number. Network Call Redirect works with both Verizon and LEC access facilities and can overflow to a domestic or international location.

3 Verizon's CS service will support the requested optional non-domestic calling package. However, Verizon respectfully declines to offer optional wireless, toll free and Internet. Verizon will support wireless, toll free, and Internet services within their respective service offerings.

4 The Verizon CS package offers government organizations a choice of customized invoice options: Centralized Billing (billed to GSA), or Direct Billing (billed directly to agencies). For both types of billing, Verizon can provide Consolidated or Location Level Billing. Consolidated Billing provides centralized invoicing for all locations and Local Level Billing provides separate invoicing for multiple locations.

5 Verizon's CS offering complies with all applicable local and FCC regulatory requirements, including Local Number Portability (LNP) and emergency services (911 or E911) requirements to identify the location of an originating station and route them to the appropriate Public Safety Answering Point (PSAP).

6 The Verizon CS package includes non-domestic calling as a required service feature for government users, with an option for subscribing Agencies to place complete or selective IDDD blocking restrictions on

usage by ANI, trunk group or authorization code. Verizon will support Agency selection of an alternate provider of non-domestic calling services if directed. Verizon will use pre-subscription capabilities to segregate non-domestic calls from CS flat rated local, regional toll and long distance calls. The non-domestic calls will be transported to the alternate provider via PSTN or direct trunking arrangements as directed by the Agency.

Other Contract Requirements

Volume FLAG Section FLAG of Networx Universal Contract

In preparation of the proposal response, GCI shall describe how it will support Verizon in responding to the Price Management Mechanism as defined in Section H.7 of the Networx Universal RFPs.

Interfaces

Section C.2.2.1.3 of Networx Universal RFP

GCI shall describe how it will provide all of the interfaces identified in Section C.2.2.1.3.1 (Voice Service) of the Networx RFPs that were bid by Verizon (note: support for the optional OC-1 interface was not proposed and the E1 and E3 interfaces are not applicable to GCI).

Voice Service Interfaces

The contractor shall support the User-to-Network Interfaces (UNIs) at the SDP for each individual service offered under CS as described in this section. The contractor shall refer to Section C.2.2.1 Voice Services, for the interface requirements associated with the core CS service package. Refer to the following sections for the appropriate network interface requirements for CS optional services:

1. C.2.2.3 Toll-Free Service (TFS)

2. C.2.4.1 Internet Protocol Services (IPS)

3. C.2.14.1 Cellular / Personal Communications Services (CPCS):

Table 6.1-1. Voice Service Interfaces

UNI Type	Interface Type and Standard	Payload Data Rate or Bandwidth	Signaling Type
1	Analog Line: Two-Wire (Std: Telcordia SR-TSV-002275)	4 kHz Bandwidth	Line-Loop Signaling

2	Analog Line: Four-Wire (Std: Telcordia SR-TSV-002275)	4 kHz Bandwidth	Line-Loop Signaling
3	Analog Trunk: Two-Wire (Std: Telcordia SR-TSV-002275)	4 kHz Bandwidth	Trunk-Loop Signaling (loop and ground start)

UNI Type	Interface Type and Standard	Payload Data Rate or Bandwidth	Signaling Type
4	Analog Trunk: Four-Wire (Std: Telcordia SR-TSV-002275)	4 kHz Bandwidth	Trunk–Wink Start Signaling
5	Analog Trunk: Four-Wire (Std: Telcordia SR-TSV-002275)	4 kHz Bandwidth	Trunk-E&M Signaling
6	Digital Trunk: T1 (Std: Telcordia SR-TSV-002275 and ANSI T1.102/107/403)	Up to 1.536 Mbps	T1 Robbed-Bit Signaling
7	Digital Trunk: ISDN PRI T Reference Point (Std: ANSI T1.607 and 610)	Up to 1.536 Mbps	ITU-TSS Q.931
8	Digital: T3 Channelized (Std: Telcordia GR-499-CORE)	Up to 43.008 Mbps	SS7, T1 Robbed-Bit Signaling
9 (Non-US)	Digital Trunk: E1 Channelized (Std: ITU-TSS G.702)	Up to 1.92 Mbps	SS7, E1 Signaling
10 (Optional)	Optical: SONET OC-1 (Std: ANSI T1.105 and 106)	49.536 Mbps	SS7
11 (Optional)	Electrical: SONET STS-1 (Std: ANSI T1.105 and 106)	49.536 Mbps	SS7
12 (Non-US)	Digital: E3 Channelized (Std: ITU-TSS G.702)	Up to 30.72 Mbps	SS7, E1 Signaling
13	Digital Line: ISDN BRI S and T Reference Point (Std: ANSI T1.607 and 610)	Up to 128 kbps (2x64 kbps)	ITU-TSS Q.931

Features

Section 2.6.1.2 of Networx Universal RFP

GCI shall describe how it will provide all of the features identified in section C.2.6.1.2.1 of the Networx RFPs (note: support for the optional calling card, Internet, toll free service, and wireless service features were not proposed).

CS Features

Volume I, Section 4.1.6.3.1.2 of Networx Universal Contract

GCI will comply with all feature requirements for C.2.6.1.2.1 as follows.

1 The Verizon core CS package includes a Call Forwarding feature that enables station users to choose to reroute incoming calls to another specified telephone number as follows:

1a Call Forwarding enables the user to forward calls on a busy, no answer, or all calls basis.

1b Call Forwarding enables the participating Agency to have the option to limit call forwarding to local and/or long distance numbers.

1c Call Forwarding enables outgoing calling when call forwarding is activated.

1d Call Forwarding enables the participating Station user to have the option of activating or canceling the Calling Forwarding feature.

1e Management of the Verizon Call Forwarding feature is flexible, and can be administered on a station by station basis, as determined by customer needs.

2 The Verizon core CS package includes a Call Transfer feature that:

- Enables a station user to transfer any call in progress to another telephone number unassisted.
- Management of the Verizon Call Transfer feature is flexible, and can be administered on a station by station basis as determined by customer needs.

3 The Verizon core CS package includes a Call Waiting feature that:

- Enables a call to a busy station line to be held waiting while a tone signal is directed towards the busy station user. (Only the called station user will hear this tone).

· Enables the subscriber to disable the service temporarily, on a per call basis.

The Management of the Verizon Call Waiting feature is flexible, and can be administered on a station by station basis.

4 The Verizon core CS package includes a Caller ID feature that provides the capability to transmit the Automatic Number Identification (ANI) full ten digit number or non-domestic equivalent, when available, to the terminating station.

5 The Verizon core CS package includes a Caller ID Block feature for outgoing calls that provides the participating Agency with the option to activate or deactivate the Caller ID transmission from an originating station on a permanent or per call basis.

6 The Verizon core CS package includes a Remote Access to Call Forwarding feature that:

· Provides participating subscribers with the option to remotely activate or deactivate the Call Forwarding feature.

· Offers flexible Management of the Verizon Remote Access to Call Forwarding feature, and administration on a station by station basis.

7 The Verizon core CS package includes a Speed Dial feature offering that enables abbreviated single digit dialing capability on a per station basis.

7a Speed Dial enables a station user to reach any of a pre-selected group of stations by dialing single-digit codes.

7b Speed Dial makes available a minimum of eight programmable speed dial codes.

7c Speed Dial can be administered on a station by station basis.

8 The Verizon core CS package includes a Three-Way Calling feature that enables a station user to establish a multiparty conference connection of up to a minimum of three conferees including themselves, without attendant assistance. Management of this feature is flexible, and can be administered on a station-by-station basis.

9 The Verizon core CS package includes a Voice Mail feature that includes 24/7 voice messaging transmission, reception, and storage except for periodic scheduled maintenance.

9a Voice Mail provides at least thirty minutes of storage time (or 15 messages).

9b Voice Mail provides the ability to remotely access voice mail services.

9c Voice Mail provides secure access to voice mail via a password or PIN.

9d Voice Mail provides automatic notification when a message is received. Options include: (a) message waiting indication or (b) an outcall to a pager/cell phone.

9e Voice Mail provides a minimum message length of two minutes.

9f Voice Mail provides the capability to record custom voice mail greetings.

Our Voice Mail offering provides the capability to be administered on astation-by-station basis.

10 Not Proposed.

11 Not Proposed.

12 Verizon’s Combined Service offering will support the option for subscribing Agencies to dial non-domestic long distance locations via International Direct Distance Dialing (IDDD). The dialing sequence would be: dial “01”+Country Code+City Code+Telephone Number. The calls will be placed using the same lines or trunks as local, regional toll, and domestic long distance calls. The Agency will have

the ability to apply the authorization code features described in the Voice Services section. This includes the ability to establish up to 256 Class-of-Service (COS) restriction groupings which Verizon refers to as “range privileges”. The subscribing Agency will have the capability to enable or block calling to specific country codes by originating station ANI, trunk group or authorization code. The COS restrictions may be established at the time of initial order or later using the Verizon Customer Center portal to access the Outbound Network Manager tool. Alternately, COS changes may be made via the order entry change process.

The Verizon Global Network is one of the world’s largest international value-added networks. In addition to subscribing FTS2001 Agencies, it serves more than 3,000 domestic and international corporations and provides them with a cost-effective, flexible, and reliable means of communicating with global business operations. Verizon provides superior international switched voice service from the United States to more than 240 countries.

Verizon’s international call routing emphasizes the use of fiber optic cable transmission facilities for their quality and low delay characteristics. A mix of technologies is used to avoid loss of service in cases of failure. By establishing a series of parallel domestic and international digital paths, Verizon’s Global Network provides unprecedented technological diversity and route redundancy.

13 Not Proposed.

14 Not Proposed.

Service Level Agreements

Volume II, Appendix B.3, Attachment 1 of Networx Universal Contract

GCI shall describe how it will meet its budget portion of the Performance Metrics as defined by Section C.2.6.1.4.1 of the Networx RFPs for the Networx Combined

Services (note: budget allocations are to be determined).

Combined Services SLA

- **Availability.** Availability is captured for each NEID. Availability is calculated as follows.

$$\text{Availability} = \frac{\text{total expected Available time (Tex)} - \text{total outage time (Tou)}}{\text{Total Expected Available time (Tex)}}$$

Availability metrics are calculated for the Agency Bureau level by summing up Tex and Tou for all the NEID under the Agency Bureau for a calendar month and reported as a percentage.

Availability metrics are calculated for the Agency level by summing up Tex and Tou for all the NEID under the Agency for a calendar month and reported as a percentage.

- **Call Blockage.** Call Blockage is calculated using the information switches on the following.
  - Total attempts
  - Total calls blocked

Call blockage is calculated as Total calls blocked / total attempts.

Call Blockage metrics for Agency bureau level is calculated by aggregating the values of total calls blocked and total attempts for a particular Agency Bureau and applying the same calculation.

Call Blockage metrics for Agency level is calculated by aggregating the values of total calls blocked and total attempts for a particular Agency and applying the same calculation.

Performance Metrics

Section C.2.6.1.4 of Networx Universal RFP

Combined Services Performance Metrics

GCI will comply with all performance metric requirements for CS.

The performance levels and Acceptable Quality Level (AQL) of Key Performance Indicators (KPIs) for the local voice service component of the core Combined Services package shall be measured and monitored as defined in Section C.2.6.1.4.1.

Table 8.2.1-1. Combined Services Performance Metrics

Key Performance Indicator (KPI)	Service Level	Performance Standard (Threshold)	Acceptable Quality Level (AQL)	How Measured
Availability (SDP-to-SDP)	Routine	99.5%	$\geq$ 99.5%	See Note 1
	Critical	99.95%	$\geq$ 99.95%	
Grade of Service (Call Blockage) (SDP-to-SDP)	Routine	0.07	$\leq$ 0.07	See Note 2
	Critical	0.01	$\leq$ 0.01	
Time To Restore	Without Dispatch	4 hours	$\leq$ 4 hours	See Note 3
	With Dispatch	8 hours	$\leq$ 8 hours	

The optional services presented in Section C.2.6.1.2.1 shall comply with the performance metrics for each individual service offering as described in this

section. The contractor shall refer to the appropriate section for the performance metrics associated with each optional service:

1. C.2.2.3 Toll-Free Service (TFS)
2. C.2.4.1 Internet Protocol Service (IPS),
3. C.2.14.1 Cellular / Personal Communications Service (CPCS)

Notes:

(1) Availability is measured end-to-end and calculated as a percentage of the total reporting interval time that the CS is operationally available to the Agency. Availability is computed by the standard formula:

$$Availability = \frac{RI(HR) - COT(HR)}{RI(HR)} \times 100$$

(2) Grade of Service (Call Blockage) is the proportion of calls that cannot be completed during the busy hour because of limits in the call handling capacity of one or more network elements. For example, 0.01 indicates that 1% of the calls are not being completed successfully (e.g. 1 out of 100 calls).

(3) See Section C.3.3.1.2.4 for the definitions and measurement guidelines.

Service Quality and Performance Metrics

Volume I, Section 4.1.6.2.1 of Networx Universal Contract

Verizon complies with all performance metric requirements for this service. Verizon Combined Services network provides a P.01 grade of service and network availability of 99.9974%, around the clock. Verizon maintains these standards through strict adherence to internal operations standards, frequent testing, and a highly fault-tolerant hierarchical switched network design.

Monitoring and Measuring KPIs and AQLs

Volume I, Section 4.1.1.2.2 of Networx Universal Contract

Verizon exceeds industry standards and guarantees higher performance specifications than those published by all other carriers. Verizon's P.01 grade of service means that subscribing Agency callers will experience less than one-percent call blockage during the busiest traffic hour primarily through the design of the access facilities. Verizon's service has historically exceeded this objective. Verizon's traffic engineering groups monitor blockage at Regional and National Network Management Centers (NMC); blockage is based on the busiest hour of the busiest day of each month with no averaging. Verizon records statistics from a network analysis system are based on call detail records and on-line switch statistics. If abnormally high traffic causes blockage rates greater than one percent, engineers can re-allocate routing over less congested network paths. Network traffic is

restored and re-routed via a mix of technologies within seconds of blockage detection.

GCI shall meet all required metrics through monitoring and measuring systems as follows:

- **Availability for POP-to-POP.** Verizon will use Digital Cross-Connect Systems to monitor and measure the required availability KPIs. This performance data is continuously reported to Verizon's Network Management System. Business rules are built into the system that recognize major alarms or when service degrades below the allowable performance limits (e.g., bit error rates). Alarms generated are sent to NMC surveillance personnel. Timestamps for the alarms or service degradation are recorded along with the restoration time points. The difference between these timestamps will be considered out-of-service time and will be used to calculate the service availability. This will be recorded and made available for reporting to the applicable Government Agency.

- **Availability for SDP-to-SDP.** Verizon will use premise-based equipment to monitor and measure both routine and critical service levels. Like the equipment at Verizon's POPs, the performance data is continuously reported to Verizon's NMC. When a loss of continuity occurs, the equipment will utilize backup arrangements, such as switched dial backup or DSL arrangements to restore alarm and performance reporting to Verizon's NMC.

- **Time to Restore.** Verizon will create "rules" in the network management host such that a trouble ticket is automatically opened when an out-of-service condition is recognized. Verizon's Operations personnel will then troubleshoot and repair the failure and close the trouble ticket. The time stamps between the start of the out-of-service condition and the time it is returned to service will be used to calculate the "time to restore" KPI. This will be recorded and made available for reporting to the Agency.

- **Grade-of-Service (Call Blockage).** Verizon will monitor and measure via switch call records, which record whether a call was completed, and if not, identify why not. Copies of the call records will be sent to Verizon's Customer Center Traffic Reporting 2.0 platform and counted to show calls attempted, calls completed, and calls incomplete for cause codes, including network congestion, termination busies, or class-of-service restrictions. The difference between calls attempted vs. calls completed will be used to calculate the resulting grade-of-service (GOS) performance. The cause code for incomplete calls will differentiate between POP-to-POP GOS (affected by network incompletions) vs. SDP-to-SDP GOS (affected by termination incompletions). This will be recorded and made available for reporting to the Agency. The P.01 grade of service means that Networx customers will experience less than one-percent call blockage during the Government's busiest hour.

Training

Volume II, Section 3.11 of Networx Universal Contract

GCI shall offer sales training to the Verizon Government Markets sales organization to facilitate the selling of GCI CS Service FLAG both under the Networx contract umbrella.

GCI shall offer training materials to Verizon and its customers in order to support Verizon's ability to deliver training to Networx customers as defined by Section C.3.7 of the Networx RFPs.

9.1 Training Content

GCI will provide content for CS training in accordance with the requirements of RFP Section C.3.7.2.

Training Development

Team Verizon's solution for training development meets or exceeds all requirements found in RFP Section C.3.7.2.1.

Training Availability

Team Verizon's solution for training availability meets or exceeds all requirements found in RFP C.3.7.2.2.

Training Maintenance

Team Verizon's solution for training maintenance meets or exceeds all requirements found in RFP C.3.7.2.6.

Within 30 business days following any changes to Team Verizon's Networx program that would result in any changes or modifications to the training program, all affected training material will be updated and made available to the Government. These modifications will be provided at no cost.

Partner Meetings/Sales Opportunities

FLAG DOES NOT MAP TO NETWORX PROPOSAL/CONTRACT.

GCI shall support meetings with Verizon Networx Partners.

GCI shall assign sales representatives to support the FTS2001 and Networx opportunities. GCI shall support Sales Opportunity Reviews to ensure collaborative planning.

4.0 Project Term

This agreement will run concurrent with Verizon's Networx Universal and Enterprise contracts with the GSA. Time period will be upon issuance of a Purchase Order thru 2011.

5.0 Deliverables

See Project Scope.

6.0 Contact Information

VerizonBusiness
Name
Title
Address
City, State Zip
Phone number
Fax number
Email address

Supplier Name - GCI
Name - Laura Rykaczewski
Title - Senior Account Manager
Address
City, State Zip
Phone number - 907 868 5351
Fax number - 907 868 6292
Email address - lrykaczewski@gci.com

7.0 Project Staffing

Not applicable.

8.0 Work Performance

- Security – N/A
- Hours & Overtime – Pre-approval of time/materials above what is identified in the Cost & Schedule section is required when they impact project costs
- Travel & Expense Guidelines – N/A

9.0 Assumptions/Risks/Dependencies

Refer to Exhibit B prime contract "flow down provisions"

10.0 Verizon Responsibilities

See Project Scope

11.0 Cost and Schedule (TBD)

The value of this SOW is estimated to be approximately $X,XXX,XXX.00 for the term of the SOW.

Year 1 (2007) = $
Year 2 (2008) = $
Year 3 (2009) = $
Year 4 (2010) = $

Pricing Structure

Section B.2.6.1 of Networx Universal RFP

GCI shall provide competitive pricing to Verizon. GCI shall comply with the Pricing Structure outlined in Section B.2.6.2 of the Networx RFPs.

Combined Services (CS)

The technical requirements for Combined Services (CS) are specified in Section C.2.6.1.

CS Pricing Structure

The price structure for CS shall comprise the following elements:

a. Non-Recurring Charge per line

b. Monthly Recurring charge per line

Prices for any associated SEDs shall be listed in Section B.4.

Core and Optional Packages

The CS offering consists of a core package, a Non-Domestic Calling Service (NDCS), and an optional package. A package is a combination of different services. The core CS package consists of an unlimited usage of local, regional toll and domestic long distance services. The domestic long distance

service is equivalent to the service described in Section C.2.2.1. The contractor shall provide a MRC and NRC for the core package. The optional CS package consists of the core package, a non-domestic calling service, and any combination of the optional services listed in Table B.2.6.5-1. NDCS is mandatory to provide and is equivalent to the non-domestic service described in Section C.2.2.1.

The contractor may provide a MRC and NRC for an optional package.

For the core and optional CS packages, the contractor shall price the service in two geographical regions: CONUS and OCONUS. Within the CONUS region, the contractor shall provide a single, fixed MRC by state for each contract year. For the OCONUS region, the contractor may provide different, fixed MRCs based on the Country/Jurisdiction ID where the service is provided. The contractor shall identify the CS price(s) in the CONUS and OCONUS regions using the standard two-letter postal code state abbreviations, and the Country/Jurisdiction ID codes provided in Section B.6.6 respectively.

In addition, the contractor shall provide an MRC for the core and optional service packages based on the following types of local loop required by the customer:

a. Analog.
b. ISDN BRI.
c. ISDN PRI.
d. Analog trunk.
e. Digital T1.

The contractor may charge a NRC for the installation of a new local loop required for a core or optional service. However, the MRC for the local loop shall be included in the MRC of the core package or appropriate optional service. If the customer has previously purchased local loop from the contractor, then the customer may use the existing local loop to provide the core or optional package of services. The MRC for the existing local loop shall be separate from the MRC of the core or optional package.

If the contractor prices a core or optional package at the Routine Service Level, then the contractor shall provide all of the services within the core or optional package at the Routine Service Level. Similarly, if the contractor prices a core or optional package at the Critical Service Level, then the contractor shall offer all of the services within the core or optional package at the Critical Service Level. The Routine and Critical Service Level metrics are defined in Section C.2.6.1.

The contractor shall provide any regulatory fees and surcharges, such as local number portability and directory assistance, which are applicable to the Government, as pass-throughs of actual cost with no additional markup. The contractor shall provide prices for foreign wireless termination in Table

B.2.2.1.3-11 Non-Domestic Mobile Termination Add-On Prices and prices for payphone compensation in Table B.2.2.3.3-3 Domestic Payphone Add-On Prices.

Core Package Prices and NDCS Discount Percentages

If the contractor chooses to provide only a core package, then the contractor shall list the monthly recurring charges and non-recurring charges at the Routine Service Level for the core package in Table B.2.6.4-1 for the CONUS region and in Table B.2.6.4-2 for the OCONUS regions. Table B.2.6.4-3 provides the applicable charging units for the core package within the CONUS and OCONUS geographic regions at the Routine Service Level. Similarly, the contractor shall list the monthly recurring charges and non-recurring charges at the Critical Service Level in Table B.2.6.4-4 for the CONUS region and in Table B.2.6.4-5 for the OCONUS regions. Table B.2.6.4-6 provides the applicable charging units for the core package within the CONUS and OCONUS geographic regions at the Critical Service Level. The contractor shall price the Critical Service Level for the core package on an individual case basis (ICB). The contractor shall charge a non-recurring charge for installation of a new local loop only.

The contractor shall offer NDCS at a percent discount off of the per six-second increment charges for the service as defined in Section B.2.2.1. The contractor shall provide only the discount percentage for service and shall not propose any additional access charges for the service. The contractor shall list the discount percentages for NDCS in Table B.2.6.4-7, Table B.2.6.4-8, Table B.2.6.4-9, and Table B.2.6.4-10, respectively. Table B.2.6.4-7 provides these percentages at the Routine Service Level for the CONUS region, while Table B.2.6.4-8 provides these percentages at the Routine Service Level for the OCONUS regions.

Similarly, Table B.2.6.4-9 provides the discount percentages at the Critical Service Level for the CONUS region, while Table B.2.6.4-10 provides these percentages at the Critical Service Level for the OCONUS regions.

If the contractor chooses to provide an optional package, then the contractor shall provide the core package.

Table 0-1. CS Core Package Prices – OCONUS (Routine)

CLIN	Country/ Jurisdiction ID*	Price	Price Start Date	Price Stop Date	Price Replaced Date

* For Country/Jurisdiction ID codes, see Section B.6.6

Table 0-2. CS Core Package
Pricing Instructions – Routine Performance

MRC	NRC	Description	Charging Unit
0184001	0184011	Core Package including local loop – CONUS	Per analog line
0184002	0184012	Core Package including local loop – OCONUS	Per analog line
0184003	0184013	Core Package including local loop – CONUS	Per ISDN BRI line
0184004	0184014	Core Package including local loop – OCONUS	Per ISDN BRI line
0184005	0184015	Core Package including local loop – CONUS	Per ISDN PRI line
0184006	0184016	Core Package including local loop – OCONUS	Per ISDN PRI line
0184007	0184017	Core Package including local loop – CONUS	Per Analog trunk
0184008	0184018	Core Package including local loop – OCONUS	Per Analog trunk
0184009	0184019	Core Package including local loop – CONUS	Per Digital T1 line
0184010	0184020	Core Package including local loop – OCONUS	Per Digital T1 line
0184230		Core Package without local loop – CONUS	Per analog line
0184231		Core Package without local loop – OCONUS	Per analog line
0184232		Core Package without local loop – CONUS	Per ISDN BRI line
0184233		Core Package without local loop – OCONUS	Per ISDN BRI line
0184234		Core Package without local loop – CONUS	Per ISDN PRI line
0184235		Core Package without local loop – OCONUS	Per ISDN PRI line
0184236		Core Package without local loop – CONUS	Per Analog trunk
0184237		Core Package without local loop – OCONUS	Per Analog trunk
0184238		Core Package without local loop – CONUS	Per Digital T1 line
0184239		Core Package without local loop – OCONUS	Per Digital T1 line

Table 0-3. CS Core Package Prices – OCONUS (Critical)

CLIN	Case Number*	Country/ Jurisdiction ID**	Price	Price Start Date	Price Stop Date	Price Replaced Date

* Case number applies to ICB CLINs

** For Country/Jurisdiction ID codes, see Section B.6.6

Table 0-4. CS Core Package
Pricing Instructions – Critical Performance

MRC	NRC	Description	Charging Unit	Notes
0184021	0184031	Core Package including local loop – CONUS	Per analog line	ICB
0184022	0184032	Core Package including local loop – OCONUS	Per analog line	ICB
0184023	0184033	Core Package including local loop – CONUS	Per ISDN BRI line	ICB
0184024	0184034	Core Package including local loop – OCONUS	Per ISDN BRI line	ICB
0184025	0184035	Core Package including local loop – CONUS	Per ISDN PRI line	ICB

0184026	0184036	Core Package including local loop – OCONUS	Per ISDN PRI line	ICB
0184027	0184037	Core Package including local loop – CONUS	Per Analog trunk	ICB
0184028	0184038	Core Package including local loop – OCONUS	Per Analog trunk	ICB
0184029	0184039	Core Package including local loop – CONUS	Per Digital T1 line	ICB
0184030	0184040	Core Package including local loop – OCONUS	Per Digital T1 line	ICB
0184240		Core Package without local loop – CONUS	Per Analog line	ICB
0184241		Core Package without local loop – OCONUS	Per Analog line	ICB
0184242		Core Package without local loop – CONUS	Per ISDN BRI line	ICB
0184243		Core Package without local loop – OCONUS	Per ISDN BRI line	ICB
0184244		Core Package without local loop – CONUS	Per ISDN PRI line	ICB
0184245		Core Package without local loop – OCONUS	Per ISDN PRI line	ICB
0184246		Core Package without local loop – CONUS	Per Analog trunk	ICB
0184247		Core Package without local loop – OCONUS	Per Analog trunk	ICB

MRC	NRC	Description	Charging Unit	Notes
0184248		Core Package without local loop – CONUS	Per Digital T1 line	ICB
0184249		Core Package without local loop – OCONUS	Per Digital T1 line	ICB

Table 0-8. CS OCONUS – NDCS Discount Percentage (Routine)

CLIN	Country/ Jurisdiction ID*	Percent Discount	Price Start Date	Price Stop Date	Price Replaced Date
0184261					

* For Country/Jurisdiction ID codes, see Table B.6.6-1

Table 0-10. CS OCONUS – NDCS Discount Percentage (Critical)

CLIN	Country/ Jurisdiction ID*	Percent Discount	Price Start Date	Price Stop Date	Price Replaced Date
0184263					

* For Country/Jurisdiction ID codes, see Table B.6.6-1

CS Feature Prices

The contractor shall provide the features listed in Table B.2.6.6-1. In addition, the contractor shall provide the limited set of Toll Free Service features listed in Table B.2.6.6-2 whenever Toll Free Service is offered. For all other optional services, the contractor shall provide the same set of features as those offered in the separate Networx service pricing section.

The contractor shall not price any features separately for any service in the core package. Thus, all feature charges shall be included in the MRC for the core package. Also, the contractor shall not price any features separately for any optional service priced on a flat MRC basis. For any optional service priced on a percent discount basis, the discount percentage shall be the same for the basic service and features. Therefore, the contractor shall propose a single discount percentage off of all the charges for an optional service.

Table 0-5. Combined Services Features

Feature
Call Forwarding (All, Busy, No Answer)
Call Transfer
Call Waiting
Caller ID
Caller ID Block
Remote Access to Call Forwarding

Speed Dial
Three Way Calling
Voice Mail

Table 0-6. Toll-Free Service Features

Feature
Alternate Routing
Automated Number Identification (ANI)
Announcements
Day of Week Routing
Day of Year Routing (Holiday Routing)
Dialed Number Identification Service (DNIS)
Make Busy Arrangement
NPA/NXX Routing
Service Assurance
Terminating Announcements
Time of Day Routing

12.0 Bonding Requirements

Not applicable.

13.0 Invoicing Requirements

In order for you to receive payment, receipts must be completed and all ORIGINAL invoices must be submitted to Accounts Payable. In the event an original invoice was sent to the Verizon end user, it will be the responsibility of the Verizon end user to ensure the original invoice is forwarded to Accounts Payable.

A valid invoice MUST contain the following:

Supplier Name	Remittance Address
Invoice Number	Purchase Order Number
Invoice Date	Dollar amount broken out by line item of the Purchase Order

The payment terms for such work will be Net 30 days from date of an authorized invoice.

Send ORIGINAL INVOICE to

Verizon Business
P.O. Box 770
Ashburn, VA 20146-0770

Please send a COPY of the INVOICE to

Verizon Business
Federal - AP
2485 Natomas Park Drive, Suite 450
Sacramento, CA 95831
Jenifer.Mojonnier@verizonbusiness.com

Failure to follow the above directions may result in delay of payment.

14.0 Applicable Documents

<u>GCI ICDs</u>

GCI ICD_P_II_SPIM_v2.8_06072007.doc

GCI SV_7 2_ICD_GCI_v4 0.doc

GCI ICD_GCI_ASR_v2.1_01182007.doc

GCI Pricing

See attached excel worksheet.

Verizon will provide any working documents that may be required to complete the work effort. All content will be the exclusive property of Verizon. "GCI" will secure prior approval from Verizon before any materials are shared publicly. Because Verizon will have provided content and approve on all material, Verizon will have sole responsibility for accuracy of contents.

15.0 Vendor Outsourced Activity

No third party subcontractor shall be added to a Statement of Work by the Consultant without obtaining prior approval from Verizon's Primary contact above.

16.0 SOW Change of Scope Procedure (if applicable)

Any change to this Statement of Work shall be provided in writing and accepted by both Parties before being accepted and included as a part of this SOW Agreement.

17.0 Acceptance Criteria

Acceptance shall be given when all of the deliverables have been received or completed, including receipt of all documents and data produced during this project. Approval of invoice for work performed is acknowledgement of acceptance criteria.

The parties agree that this engagement letter/SOW describes certain Services to be performed by GCI for Verizon. GCI acknowledges and agrees that the Services described herein shall not commence until GCI receives from Verizon a Purchase Order incorporating this engagement letter/SOW. **THERE IS NO BINDING OBLIGATION BETWEEN** GCI **AND VERIZON WITH REGARD TO THE SPECIFIC PROJECT DESCRIBED IN THIS SOW UNTIL THE CORRESPONDING PURCHASE ORDER IS ISSUED. FAILURE TO OBTAIN BOTH A VALID PURCHASE ORDER AND AN APPROVED ENGAGEMENT LETTER OR SOW WILL RESULT IN VERIZON HAVING NO LIABILITY OF ANY KIND FOR ANY PERFORMANCE OF SERVICES DESCRIBED HEREIN.**

In WITNESS WHEREOF, the parties have entered into this Statement of Work as a part of an agreement.

Verizon Services Corporation	**General Communication, Inc.**
By: ______	By: ______
{Signature}	{Signature}
	Richard Westlund
{Printed Name}	{Printed Name}
	Senior VP & General Manager
{Title}	{Title}
{Date}	{Date}

Exhibit A

SCOPE OF WORK

VOICE SERVICES

(2 OF 14)

STATEMENT OF WORK

GCI Voice Service (VS)
Networx Universal Contract Volume I, Section 4.1.1

1.0 Objective

Verizon has selected GCI to meet the requirements for Voice Service (VS). GCI's transport capabilities, in conjunction with Verizon's Voice Services features will comply with all requirements for RFP Section C.2.2.1 as proposed by Verizon to GSA.

2.0 Background

The Government has a large community of voice users throughout the US public sector and also conducts a considerable amount of business with US citizens, private sector firms, and foreign entities.

GCI shall offer a technical solution which meets the requirements of GSA's Networx Universal and Enterprise RFPs (heretofore referred to as Networx RFPs) Section C.2.2.1 (VS) as well as provide pricing in the structure provided for in RFP Section B.2.2.1.3-9. If GCI does not provide any of the services described in Section C.2.2.1 then it will be GCI's responsibility to identify a teaming partner or solution to meet all of the requirements in Section C.2.2.1 as it relates to (VS), as it pertains to Alaska coverage.

3.0 Project Scope

GCI is only providing the local and Alaska LD for this service. VZB is providing the long distance portion of the service.

Technical Requirements

Section C.2.2.1.1.4 of Networx Universal RFP

GCI shall offer a technical solution which meets the requirements of GSA's Networx Universal and Enterprise RFPs (heretofore referred to as Networx RFPs) Section C.2.2.1 (VS) as well as provide pricing in the structure provided for in RFP Section B.2.2.1.3-9. If GCI does not provide any of the services described in Section C.2.2.1 then it will be GCI's responsibility to identify a teaming partner or solution to meet all of the requirements in Section C.2.2.1 as it relates to (VS), as it pertains to Alaska coverage. This includes:

· Providing Voice Service transport between the subscribing Networx Agency's Service Delivery Point (SDP) and intra-state terminations within the State of Alaska.

· Providing Voice Service transport for inter-state, IDDD, and private network traffic between the subscribing Networx Agency's Service Delivery Point (SDP) and the GCI trunking interface point to Verizon's POP in Seattle.

· Installing and maintaining Service Enabling Device(s) that may be ordered for the subscribing Agency's SDP.

· Responding to Verizon trouble tickets reported to Verizon's Help Desk.

· Providing SLA and KPI performance data shown in RFP Sections J.13.3.1 and C.2.2.1.4.1 respectively.

GCI shall work with Verizon on how it will provide Management and Operations (MOPS) data to support Verizon's ability to deliver a MOPS solution and MOPS deliverables under the Networx contract(s), as defined by the requirements on Section C.3 of the Networx RFPs. This will include developing a data interchange interface with Verizon to support the MOPS requirements. Data interchange between Verizon and GCI must support the requirement for Networx vendors to provide an Operational Capabilities Demonstration.

Verizon will provide all network connectivity for these services unless otherwise specified.

Service Overview

Verizon has selected GCI to meet the requirements for Voice Service (VS). GCI's transport capabilities, in conjunction with Verizon's Voice Services features will comply with all requirements for RFP Section C.2.2.1 as proposed by Verizon to GSA.

Description of Approach to Service Delivery

Volume I, Section 4.1.1.1.1 of Networx Universal Contract

Verizon has been providing long distance services with Virtual Private Network (Vnet) capabilities since 1988, and has supported voice services for FTS2001 users since the contract award in 1999. Today, Verizon supports approximately 60% of FTS2001 Voice Services long distance and private network traffic. Verizon successfully migrated users to the FTS2001 platform using a transition strategy designed to maintain service continuity while minimizing the effect on the user community. Verizon will employ this same successful strategy to migrate current FTS2001 users to Networx, as well as any Agency locations not currently using Verizon's Voice Services.

Seamless Transition = Lower Risk. Verizon transitioned all services in a way that minimized the impact on the user community. Following GSA award and Agency selection, Verizon will apply similar processes to transition any Agency locations not currently using Verizon's Voice Services to the Networx platform. Customers who already use Verizon's Voice Services will typically experience only an accounting change as their services are converted from

the FTS2001 contract to the Networx contract. Locations that reorder access facilities for enhanced bandwidth efficiencies or converged services will experience a transition similar to the original cutover to the Verizon Network. Voice communications are the most basic—and arguably some of the most mission-critical—services that the Federal Government uses. Verizon understands the Federal government's need for reliable, uninterrupted, always-available voice services. The experience and capability gained in providing voice services for FTS2001 customers gives Verizon a unique insight into—and an ability to meet—the voice service needs of Networx customers. This level of expertise means that existing FTS2001 customers will continue to receive the quality voice service they rely on, while new Networx customers can procure Verizon's services quickly, easily, and with minimal risk. Verizon's Voice Services solution meets and exceeds all of the mandatory requirements outlined in the Networx RFP. Whether initiated from on-net or off-net locations, authenticated voice calls can be connected to all on-net and off-net locations by direct station-to-station dialing.

Performance that Networx Customers can Rely on. Verizon's network provides a virtually non-blocking, P.001 grade of service POP-to-POP and a P.01 grade of service end-to-end for switched access originations to switched PSTN terminations. The network backbone availability is typically 99.9974%, 24 hours per day, and 365 days per year. To date, Verizon routinely provides service levels greater than any competitor does. In 2004 the Verizon network had 66% fewer FCC Reportable outages than its closest competitor. Verizon is committed to maintaining an availability of 99.9974% on the backbone network.

Technical Capabilities

Volume I, Section 4.1.1.3.1.1 of Networx Universal Contract

GCI will comply with all technical requirements for C.2.2.1.1.4 as follows.

1a GCI will support the private numbering plans currently used for most Federal agencies as communicated by Verizon.

1b GCI will use the PSTN number plan used for its intra-state Alaska commercial offerings per the North American Numbering Plan including ongoing NPA/NXX additions coordinated by the NANP administrator. This includes all future changes.

1c GCI will support non-commercial, Agency-specific private 700 numbers or variable length private network numbers (i.e. Networx Locator Service number, private network announcements, etc.).

1c-i GCI will maintain FG-D PSTN interconnect arrangements with all major LECs in Alaska in order to support switched access for the origination and termination of Networx calls.

1c-ii GCI will support originating and terminating on-net calls from dedicated trunks as well as calls from switched, virtual on-net

locations. Off-net calls from the PSTN to Networx numbers will be blocked from terminating to Networx dedicated trunks unless a specific request for the direct termination service has been received and implemented.

1d GCI will support Agency specific private numbers as well as private network connectivity to Verizon's operators and its Networx Help Desk for trouble reporting and other special applications. We will also support special numbers for Agency-specific announcements.

2 GCI will direct calls using Networx private network numbers to Verizon's network such as those calls to be treated by custom intercept messages.

2a GCI will route calls to a disconnect message announcement as directed by the Agency and communicated by Verizon. GCI will not reassign the number for 90 days after receiving an Agency disconnect order for situations where GCI controls the number assignment.

2b Time-out during dialing typically results in reorder tone initiated by the switch supporting the station instrument. GCI's switches will support this where directly connected station instruments are involved.

2c Calls encountering network congestion in GCI's network will typically receive a "fast busy" signal.

2d On-net originating calls that exceed the class of service assigned to the originating station for off-net and non-domestic PSTN calls will receive a message recording from Verizon's network stating they cannot complete the call because it exceeds the assigned class of service range privileges.

2e Verizon will support the denial of features via class of service restrictions against the originating trunk group, ANI or authorization code for calls sent to the Verizon network (i.e. inter-state LD, IDDD and private network calls). GCI will support these restrictions if notified that intra-state Alaska calls are to be blocked.

3 GCI's Voice Services support ISDN D-Channel user-to-user signaling during a call between ISDN capable parties in accordance with ITU-TSS Q.931 standards.

4 GCI's Voice Services will not use compression. All calls will use 64 Kbps pulse code modulation (PCM) per the ITU G.711 standard.

Other Contract Requirements

GCI will support Verizon in responding to the Price Management Mechanism as defined in Section H.7 of the Networx Universal RFPs.

Interfaces

Section C.2.2.1.3 of Networx Universal RFP

GCI will support all of the interfaces identified in Section C.2.2.1.3.1 (Voice Services) of the Networx RFPs that were bid by Verizon (note: support for the optional OC-1 interface was not proposed and the E1 and E3 interfaces are not applicable to GCI).

Voice Service Interfaces

The user-to-network interfaces (UNIs) at the SDP, as defined in Section C.2.2.1.3.1, are mandatory unless marked optional:

Table 6.1-1. Voice Service Interfaces

UNI Type	Interface Type and Standard	Payload Data Rate or Bandwidth	Signaling Type
1	Analog Line: Two-Wire (Std: Telcordia SR-TSV-002275)	4 kHz Bandwidth	Line-Loop Signaling
2	Analog Line: Four-Wire (Std: Telcordia SR-TSV-002275)	4 kHz Bandwidth	Line-Loop Signaling
3	Analog Trunk: Two-Wire (Std: Telcordia SR-TSV-002275)	4 kHz Bandwidth	Trunk-Loop Signaling (loop and ground start)
4	Analog Trunk: Four-Wire (Std: Telcordia SR-TSV-002275)	4 kHz Bandwidth	Trunk–Wink Start Signaling
5	Analog Trunk: Four-Wire (Std: Telcordia SR-TSV-002275)	4 kHz Bandwidth	Trunk-E&M Signaling
6	Digital Trunk: T1 (Std: Telcordia SR-TSV-002275 and ANSI T1.102/107/403)	Up to 1.536 Mbps	T1 Robbed-Bit Signaling
7	Digital Trunk: ISDN PRI T Reference Point (Std: ANSI T1.607 and 610)	Up to 1.536 Mbps	ITU-TSS Q.931

8	Digital: T3 Channelized (Std: Telcordia GR-499-CORE)	Up to 43.008 Mbps	SS7, T1 Robbed-Bit Signaling
9 (Non-US)	Digital Trunk: E1 Channelized (Std: ITU-TSS G.702)	Up to 1.92 Mbps	SS7, E1 Signaling
10 (Optional)	Optical: SONET OC-1 (Std: ANSI T1.105 and 106)	49.536 Mbps	SS7
11 (Optional)	Electrical: SONET STS-1 (Std: ANSI T1.105 and 106)	49.536 Mbps	SS7

UNI Type	Interface Type and Standard	Payload Data Rate or Bandwidth	Signaling Type
12 (Non-US)	Digital: E3 Channelized (Std: ITU-TSS G.702)	Up to 30.72 Mbps	SS7, E1 Signaling
13	Digital Line: ISDN BRI S and T Reference Point (Std: ANSI T1.607 and 610)	Up to 128 kbps (2x64 kbps)	ITU-TSS Q.931

Features

Section C.2.2.1.2 of Networx Universal RFP

GCI will support all the applicable features identified in Section 2.2.1.2 of the Networx RFPs.

VS Features

Volume I, Section 4.1.1.3.1.2 of Networx Universal Contract

GCI will comply with all feature requirements for C.2.2.1.2 as follows.

1-1 Verizon has supported Agency recorded message announcements for FTS2001and is enhancing the capability for Agency recording and control. This will allow authorized Government personnel to dial a unique PSTN toll free number or Networx private network number to access the recording platform, be prompted for a user ID and password PIN for authentication, record or change a message, hear the playback, and activate the message for network calls. GCI will support routing to reach these Verizon provided announcements.

1-2 Verizon's Voice Services will support the assignment of a message announcement to an on-net private network number which shall be accessible from dedicated on-net and virtual on-net locations as well as parties calling from off-net locations via Networx calling cards. GCI will support routing to reach these Verizon provided announcements.

1-3 Verizon's messaging platform will support message announcements of at least three minutes in length. Special arrangements will be available to exceed this limit if necessary to provide Agencies with flexibility should the need arise. This does not require specific support from GCI other than transport to the Verizon network.

1-4 Verizon's message announcement platform will support a variable message length as required by the Government on a case-by-case basis. Special arrangements will be available to exceed the typical limit of three minutes when necessary to provide Agencies with flexibility should the need arise. Typically there will be no additional cost to the Government as long as the average duration of all

messages does not exceed three minutes in length. This does not require specific support from GCI other than transport to the Verizon network.

1-5 All calls to Verizon's message announcement platform will be answered in less than five rings (typically 1 ring cycle) and will be capable of "barge-in" access to the announcement. All message announcements will start at the beginning and will not be subject to a rotary announciator that answers calls in the middle of announcements. This does not require specific support from GCI other than transport to the Verizon network.

1-6 Verizon's message announcement platform will have a system-wide capability for storing significantly more than 500 recorded messages. These are shared commercial IVR platforms with logical message partitioning with scalable memory storage capabilities. This does not require specific support from GCI other than transport to the Verizon network.

1-7 Verizon's Voice Services message announcement capability will overlay Verizon's Toll Free Services Interactive Voice Response (IVR) platforms. They will be capable of supporting significantly more than 250 concurrent callers. Verizon constantly monitors the capacity of these platforms and adds ports as traffic trends warrant. This does not require specific support from GCI other than transport to the Verizon network.

Verizon's Voice Services provides authorization codes as follows:

2-1 Verizon's Voice Services are based upon its Vnet (virtual on-net) product. Call screening is performed by identifying each caller and comparing the dialed number with the individual's assigned class-of-service calling priivileges determining whether the call should be allowed or blocked. Verizon supports the assignment of 256 classes-of-service or "range privileges". These range privileges may be assigned to dedicated access trunks, virtual-on-net stations or calling card authorization codes. In addition, Verizon will support station level class-of-service within shared trunks to support situations where shared tenant arrangements exist when the station number is delivered in the ANI field of the signaling message by the Agency PBX or Centrex switch. GCI will support call screening by blocking intra-state calls from dedicated trunks, virtual on-net stations or ANIs when specifically notified by an Agency and communicated by Verizon.

2-2 Authorization codes will be required for calls originating from off-net stations via calling card dialing or for calls originating from dedicated on-net trunks or virtual on-net stations if desired by an Agency. These codes will be used to determine the caller's class-of-service to complete calls to on-net or off-net destinations. In addition, calling card callers will be able to initiate audio conference calls using the

same authorization code where a conference account has been pre-established for the call initiator. This does not require specific support from GCI other than transport to the Verizon network.

2-3 Verizon will require the caller to dial an authorization code if the identification of the originating station cannot be made by other means. This will be used to determine the caller's class-of-service. It will also be used to identify the applicable billing arrangements. This does not require specific support from GCI other than transport to the Verizon network.

2-4 Verizon supports the ability to override the class-of-service (COS) assigned to a station by entering an authorization code with a higher COS. This does not require specific support from GCI other than transport to the Verizon network.

2-5 Verizon supports using an authorization code to take precidence over the COS derived from other means such as a dedicated access trunk COS or virtual on-net station COS. This does not require specific support from GCI other than transport to the Verizon network.

2-6 Verizon's Voice Services use automated capabilities to verify authorization codes without involving an operator before a call is connected. This does not require specific support from GCI other than transport to the Verizon network.

2-7 Verizon's Voice Services will support the following capabilities as specified by the Government:

2-7a Verizon will support COS assignments for virtual on-net users based upon their station ANI. Where ANI suppression is assigned, it will occur after the COS of the station is determined to allow call screening to occur. This does not require specific support from GCI other than transport to the Verizon network.

2-7b Verizon's Voice Services allow the Government DAR to establish the COS assignments required on Agency access trunks, virtual on-net ANI, authorization codes or,stations in shared trunk groups where the Agancy's PBX or Centrex delivers the station numer in the ANI field. This does not require specific support from GCI other than transport to the Verizon network.

2 -7c Verizon will provide calling cards with capabilities as described below:

2-7c1 Verizon will support Networx post-paid calling cards; it does so for FTS2001 calling cards today serving the majority of Government calling card users. Verizon's network will accumulate calling card charges until the monthly bill is created for the applicable Agency. This does not require specific support from GCI other than transport to the Verizon network.

2-7c2 Verizon has developed the ability to support Networx pre-paid calling cards with private network capabilities such as COS and on-net routing. Verizon has developed the ability to limit Networx pre-paid calling cards to an assigned total dollar amount limit on a pre-paid basis. Various dollar usage limits will be supported as required by the Agencies such as $10, $50, $100, etc. This does not require specific support from GCI other than transport to the Verizon network.

2-7d Verizon has developed the ability for Networx pre-paid calling cards to become unusable upon reaching an Agency pre-determined expiration date. This does not require specific support from GCI.

2-7e Verizon has developed the ability for Networx pre-paid calling cards to be used for audio conferencing service only. This does not require specific support from GCI.

2-7f Verizon will support the printing of an Agency provided logo or alternately, no logo at all on Agency ordered Networx calling cards. This does not require specific support from GCI.

2-7g Verizon will support the supression of call detail records (CDRs) from billing invoices if so desired by the Agency involved. This does not require specific support from GCI.

2 -7h Verizon will support the cancellation of lost or stolen calling cards. This may be pertformed by the user calling the Networx Help Desk to open a trouble ticket or via automated interface by direction by an Agency DAR placing an order to delete the calling card's authorization code. The card can typically be disabled by the Help Desk within an hour. No charges will applied after the card is disabled and credits will be applied for calls due to fraudulent use. Verizon has flexibility regarding the format of the Networx authorization code. Verizon currently supports FTS2001 authorization codes consisting of the user's 10-digit private network number plus a 4-digit personal identification number. This does not require specific support from GCI.

2-7h1 Verizon will provide Agencies with credit card sized as directed. This does not require specific support from GCI.

2-7h2 Verizon provided Networx calling cards will utilize credit card sized duarable plastic "blanks" imprinted with the first 10-digits of the authorization code, the user's name, and the user's organization as ordered by the Government Agency's DAR. A magnetic strip will be optionally included if desired with elecrtonic coding with the calling card dialing sequence and authorization code. This will be compatible with electronic payphones supporting credit card "swipe" arrangements. This does not require specific support from GCI.

2-7h3 User instructions will be issued with the Networx calling card fulfillment kits as directed by the Government Agency at no additional cost.

Dialing instructions will be printed on the card if desired. This does not require specific support from GCI.

2-7h4 Verizon will support safeguards as follows:

2-7h4a Verizon employs safeguards on the issuance of new calling cards to preclude their use for fraudulent calls due to theft. This typically includes the delivery of activation instructions to the user separate from the calling card itself such that it can be used only if both shipments are received and activated by the authorized user. This does not require specific support from GCI.

2-7h4b Verizon supports the delivery of Personal Identification Numbers (PINs) independent from delivery of the calling cards. This does not require specific support from GCI.

2-7h4c Verizon excludes the last 4-digits of the authorization code (the PIN) from the billing records sent to the subscribing Government Agency. This does not require specific support from GCI.

2-7h5 If desired by the subscribing Government Agency and space is available on the calling card, Verizon will print the Federal Relay Service's "TDD" number (800-877-8339) on the back of the Agency's Networx calling card. This does not require specific support from GCI.

2-7h6 Verizon's Networx Voice Services dialing plan will alert the network when the entry of an authorization code is required (i.e. for calling card calls) such that calls not requiring authorization codes will not be delayed. This does not require specific support from GCI.

2-7h7 Verizon's Networx Voice Services will support the temporary override of a COS restriction assigned to a caller's station via the entry of an authorization code with a higher COS than the station. This will allow call completion and the subsequent reorigination of other calls (by using the "#" reorigination feature) within the COS of the authorization code whereas they would have been blocked otherwise. GCI will support "cut thru" to Verizon's network for trunks requiring the entry of authorization codes.

2-7h7a Verizon's Networx Voice Services dialing plan will inform the network when a COS override is being activated such that excessive delays are avoided by waiting for all digits to be dialed. This does not require specific support from GCI.

2-7h7b When temporary COS override is being invoked, all calls involved will be charged to the authorization code used for the override. CDR data will be included with the bill for the authorization code involved rather than the station that was used for the call. This does not require specific support from GCI.

2-7h8 The Verizon provided Networx calling card will use a unique toll free number or private network number to access Networx Voice Services

capabilities and features after authorization code validation. This will allow the caller access to onnet and offnet destination numbers within the class of service assigned to the authorization code. A single toll free number will be adequate as Verizon will ensure all Networx authorization codes are unique as it does for FTS2001. PSTN commercial directory numbers will not be necessary as the toll free number assigned will offer ubiquitous access for calls originating from domestic locations. Nondomestic locations will be supported by International FreePhone toll free numbers assigned by the country the call is originated in. This does not require specific support from GCI.

2-7h8a Verizon will utilize a single toll free number for Networx calling card calls originating from domestic locations. PSTN commercial directory numbers will not be necessary as the toll free number assigned will offer ubiquitous access for calls originating from domestic locations. Nondomestic locations will be supported by International FreePhone toll free numbers assigned by the country where the call originated. This does not require specific support from GCI.

2-7h8b Verizon will print the Networx domestic calling card toll free access number on the back of the Networx calling cards along with the Networx toll free access numbers for nondomestic locations. This does not require specific support from GCI.

2-7h8c Verizon will define the regional boundaries for the Networx domestic and nondomestic calling card toll free access numbers. This does not require specific support from GCI.

2-7h8d Where an Agency requires the ability to limit the origination of Networx calling card cards, Verizon will employ a unique domestic toll free number with "tailored call coverage" such that calls originating outside the prescribed area will be blocked without reaching the calling card platform for authorization code validation. This does not require specific support from GCI.

2-7h9 Verizon's Networx Voice Services calling card will support the origination of multiple calls without reentering the user's authorization code or redialing the access number by the caller entering the "#" touchtone DTMF digit after each call and entering the new destination number. This does not require specific support from GCI.

2-7h10 Verizon's Networx Voice Services calling card dialing plan will support caller connection to an Verizon operator by entering the "0" digit as the destination number. The Verizon operator will be able to assist with caller with dialing or will provide appropriate information assistance if requested. GCI will support requests for operator assistance with dialing. For information assistance, GCI will support the forwarding of such calls to a pre-determined operator number on Verizon's network.

2-7h11 The entry of the "star" touchtone DTMF key during the Verizon Networx calling card dialing sequence will result in the sequence being reset to the beginning enabling the caller to start over with the entry of the authorization code and destination number. This does not require specific support from GCI.

2-7h12 Verizon's Networx Voice Services will support abbreviated digit "speed dial" numbers in a subscribing Government Agency's numbering plan for frequently dialed numbers. GCI's Voice Service will also support this capability.

2-7h13 Verizon will make all administrative tools and reports applicable to Verizon's commercial offerings available to subscribing Government Agency DARs. This includes call detail reporting and authorization code add, change & delete administrative capabilities. This does not require specific support from GCI.

2-7h14 Not Proposed. (Optional)

3 Verizon will transport Call Identification digits from the origination of a call to the subscribing Agency's terminating PBX or station equipment in the signaling message for each call. This assumes the originating equipment or LEC facilities deliver the calling number in the ANI field of the originating signaling message and the Agency's terminating equipment can receive it. GCI's Voice Service will also support this capability.

4 Verizon's Voice Services capabilities currently support COS call screening based on the caller's access trunk group, the virtual on-net station ANI number, or the caller's authorization code. Verizon is currently developing the ability to screen the COS for stations using a shared trunk group where the Governmet's SDP equipment delivers CLID information using out-of-band (ISDN or SS7) signaling arrangements. This does not typically require specific support from GCI other than transport to the Verizon network. On an exception basis, GCI will support COS call screening by blocking intra-state calls from dedicated trunks, virtual on-net stations or ANIs when specifically notified by an Agency and communicated by Verizon.

4-1 Verizon's Voice Services currently support 256 classes —of-service (alias range restrictions) which may be individually assigned to a subscribing Government Agency's on-net access trunk, virtual on-net station ANI, or user authorization code.

Verizon's Voice Services currently support the determination of COS (alias range restrictions) individually assigned to an Agency's on-net access trunk, virtual on-net station ANI, or user authorization code. Verizon will support the transport of traveling classmark digits to Government SDP equipment that will apply precidence and pre-emption as necessary. The entry of authorization codes will take precidence over

the COS from other methods. This does not typically require specific support from GCI other than transport to the Verizon network. On an exception basis, GCI will support COS call screening by blocking intra-state calls from dedicated trunks, virtual on-net stations or ANIs when specifically notified by an Agency and communicated by Verizon.

4-1i Verizon's Voice Services currently support COS range restrictions so that Agencies can individually assign allowed call destination areas among 256 classes. If nothing is assigned, the default is on-net destination calling only. The Agency can assign off-net calling restrictions by area code (NPA) , exchange (NPA/NXX), or country. Currently, all toll free numbers are blocked on long distance / private network trunks. Private network calls may be blocked to other Government Agencies via Agency specific numbering plans. By default, calling to all non-domestic numbers is blocked. COS classes requiring non-domestic calling privileges must specify the countries allowed to be called. This does not typically require specific support from GCI other than transport to the Verizon network. On an exception basis, GCI will support COS call screening by blocking intra-state calls from dedicated trunks, virtual on-net stations or ANIs when specifically notified by an Agency and communicated by Verizon.

4 -1ii Verizon's Voice Services COS range restrictions may be applied to specific users, groups of users (e.g. "corp ID" or users of a shared access trunk), or number ranges. This does not typically require specific support from GCI other than transport to the Verizon network. On an exception basis, GCI will support COS call screening by blocking intra-state calls from dedicated trunks, virtual on-net stations or ANIs when specifically notified by an Agency and communicated by Verizon.

4 -2 Optional. Not Proposed.

4 -3 Optional. Not proposed.

4-4 Verizon's Voice Services currently support COS range restrictions such that subscribing Government Agencies can individually assign allowed call destination areas between 128 classes. The default if nothing is assigned is on-net destination calling only. The Agency can assign off-net calling restrictions by area code (NPA), exchange (NPA/NXX), or country. All 900 calls are automatically blocked on Voice Services trunks. Currently, all toll free numbers are blocked on long distance / private network trunks. Private network calls may be blocked to other Government Agencies via Agency specific numbering plans. By default, calling to all non-domestic numbers is blocked. COS classes requiring non-domestic calling privileges must specify the countries allowed to be called. Calls that are blocked due to insufficient COS range privileges will receive a recorded network incomplete call message. This does not typically

require specific support from GCI other than transport to the Verizon network. On an exception basis, GCI will support COS call screening by blocking intra-state calls from dedicated trunks, virtual on-net stations or ANIs when specifically notified by an Agency and communicated by Verizon.

5 Verizon supports the capability to provide Vnet Customized Message Announcements. Verizon will professionally record the audio messages after obtaining Agency approval of the scripts. This does not typically require specific support from GCI other than transport to the Verizon network.

6 Verizon supports the collection of accounting codes for designated calling card calls or special originating station COS calls. These are called "SUPP codes". GCI will support the capture of SUPP code digits and providing same to Verizon in the call records used for billing.

6-1 Verizon supports the entry and capture of accounting codes up to 8 digits long. These are used for billing assignment and are not validated for call COS screening. The accounting codes will be included with the call detail submitted with the monthly invoice to the Agency. GCI will support the capture of SUPP code digits and providing same to Verizon in the call records used for billing.

6-2 The Verizon billing invoice will include call detail CRD data that includes the accounting codes collected for the calls. GCI will support the capture of SUPP code digits and providing same to Verizon in the call records used for billing.

6-3 Where accounting codes are collected, Verizon will invoice the applicable accounting code billing address rather than the originating station number. GCI will support the capture of SUPP code digits and providing same to Verizon in the call records used for billing.

7 Verizon currently supports calls for off-net directory assistance for on-net callers who dial NPA-555-1212. In addition, Verizon is developing the capability to support the origination of toll free calls on long distance / private network access trunks. This will facilitate the dialing of off-net access codes for other off-net directory assistance calls. GCI will support the routing of directory assistance calls to the Verizon network and will support the origination of toll free calls over dedicated access facilities.

8 Verizon will use its commercial operator resources to provide Networx callers with operator services in both Spanish and English as well as a number of other languages. Verizon carefully manages the call capacity of its operator services platforms and centers such that callers will not receive a busy signal when an operator is dialed. Callers will typically be connected to a live operator in less than five

ring cycles 90% of the time. GCI will support the routing of operator service calls to the Verizon network

8-1 Verizon's Intelligent Services Network (ISN) platforms supporting operator services are currently equipped to support TDD/TTY callers using any standard Baudot "level" of dialog protocol. Verizon Operators will assist callers with dialing difficulties and remain on the line until a call has been connected if requested. GCI will support the routing of TDD/TTY calls to the Verizon network

8-2 Verizon operators will support Networx locator services for all Agencies serviced by the Networx contracts. This includes the ability to accept the locator number database from the Government and distribute it to all ISN platforms such that any Verizon operator will be capable of accessing it if required. Callers reaching the Verizon ISN platforms will be identified as Networx users by the Enterprise ID associated with the trunk, ANI, station or authorization code used to originate the call. The Verizon operators will provide referral and if requested, transfer the caller to the appropriate locator service number. Verizon will provide the Government with a method of updating the database as required in an automated manner such that it will override the previous database and be available to operators in less than 24 hours. Verizon understands that the locator number database will include public domain numbers that will not require security protection arrangements beyond those standard for commercial database protection. This does not require specific support from GCI other than the routing of these calls to the Verizon network.

8-3 Verizon's operators will be able to complete calls for authorized Networx users from off-net locations (typically via calling card access), or on-net locations (e.g., where the user may be encountering dialing difficulties). The operators will accept authorization codes and destination numbers communicated verbally by the caller, perform the necessary digit enrtry to validate the authorization code and perform call screening following before releasing the call. This does not require specific support from GCI other than the routing of these calls to the Verizon network.

8-4 Verizon will provide Networx Voice Service users with abbreviated dialing numbers to reach its operators as well as the Verizon Networx Help Desk. When a user calls to report and deactivate a lost authorization code or calling card, obtain a credit adjustment for an interrupted call or a completed call to a wrong number, or to report unsatisfactory transmission or quality for a connected call, the Verizon operator will transfer the caller to the Networx Help Desk where the appropriate corrective action will be initiated. GCI will support the routing of operator services calls dialed using abbreviated digits to the Verizon network.

9-1 Verizon will cooperate directly with other Government contractors who provide credit cards or travel cards to support Networx calling card functionality using these non-Verizon provided cards. This does not require specific support from GCI.

9-2 If directed by subscribing Government Agencies, Verizon will provide all necessary information including authorization codes, access numbers and dialing instructions necessary to support Networx calling card functionality using Government contractor printed travel cards. This does not require specific support from GCI.

9-3 Verizon Voice Services will support the billing of calls made with Government contractor produced travel cards using the procedures specified in the applicable portions of Universal RFP Section C3. This includes support for options including Agency Hierarchy Codes, direct billing, centralized billing, etc. This does not require specific support from GCI.

10 Verizon's Networx Voice Services will support the inhibition of calling number delivery (ANI) by setting the privacy indicator at the originating end for virtual on-net stations (ANI PICs), transporting calls with the privacy flag intact and delivering it to the terminating LEC such that the latter will honor the request by replacing the caller ID with "privacy" on the caller ID display at the destination number. Where Verizon Local Services is the terminating LEC, Verizon will perform this function. GCI will also support this functionality.

Service Level Agreements

Volume II, Appendix B.3, Attachment 1 of Networx Universal Contract

GCI will meet the Performance Metrics as defined by Section C.2.2.1.4.1 of the Networx RFPs for the Networx Voice Service.

Voice Service SLA

- **Availability.** Availability is captured for each ANI number. Availability is calculated as follows.

$$\text{Availability} = \frac{\text{total expected Available time (Tex)} - \text{total outage time (Tou)}}{\text{Total Expected Available time (Tex)}}$$

Availability metrics are calculated for the Agency Bureau level by summing up Tex and Tou for all theANI numbers under the Agency Bureau for a calendar month and reported as a percentage.

Availability metrics are calculated for the Agency level by summing up Tex and Tou for all theANI numbers under the Agency for a calendar month and reported as a percentage.

- **Call Blockage.** Call blockage is calculated using the call details. The following is process to calculate call blockage.

1. ATTEMPTS – the total number of calls dialed from the originating trunk group.

2. ATB (All Trunks Busy) - The call is targeted to a terminating trunk (DAL) or PSTN number but fails due to the unavailability of a physical circuit in the terminating trunk group. This is considered terminating access (POP-to-SDP) blockage.

4. BUSY - The call is routed to a terminating address that is already in use but a physical circuit was available in the terminating trunk group. This is not considered terminating access (POP-to-SDP) blockage.

5. TCC - The call is blocked by the originating network switch without requesting routing information. This is considered network POP-to-POP blockage

6. BLOCKED - The call is blocked within the carrier network due to congestion or setup failure. This is considered network POP-to-POP blockage

7. NETWORK/EQUIP – The sum of BLOCKED + TCC.

POP-to-POP call blockage percentage = (NETWORK/EQUIP / ATTEMPTS) * 100

POP-to-SDP call blockage percentage = (ATB / ATTEMPTS) * 100

SDP-to-SDP call blockage percentage = ((NETWORK/EQUIP + ATB) / ATTEMPTS) * 100

Call Blockage metrics for the Agency bureau level are calculated by aggregating the values of network/equip, attempts, and ATB for a particular Agency Bureau and applying the same calculations.

Call Blockage metrics for the Agency level is calculated by aggregating the values of NETWORK/EQUIP, Attempts, and ATB for a particular Agency and applying the same calculations.

Performance Metrics

Section C.2.2.1.4 of Networx Universal and Enterprise RFPs

Voice Service Performance Metrics

GCI will comply with all performance metric requirements for Networx Voice Services.

The performance levels and acceptable quality level (AQL) of key performance indicators (KPIs) for Voice Services in Section C.2.2.1.4.1 are mandatory unless marked optional:

Table 8.2.1-1. Voice Services Performance Metrics

Key Performance Indicator (KPI)	Service Level	Performance Standard (Threshold)	Acceptable Quality Level (AQL)	How Measured
Availability (POP-to-POP)	Routine	99.95 %	≥ 99.95%	See Note 1
Availability (SDP-to-SDP)	Routine	99.5 %	≥ 99.5%	
	Critical	99.95 %	≥ 99.95%	
Time to Restore	With Dispatch	8 hours	≤ 8 hours	See Note 2
	Without Dispatch	4 hours	≤ 4 hours	
Grade of Service (Call Blockage)	Routine	0.07 (SDP-to-SDP)	≤ 0.07	See Note 3
		0.01 (POP-to-POP)	≤ 0.01	
	Critical	0.01 (SDP-to-SDP & POP-to-POP)	≤ 0.01	

Notes:

(1) Voice Service availability is calculated as a percentage of the total reporting interval time that the voice service is operationally available to the Agency. Availability is computed by the standard formula:

$$\textit{Availability} = \frac{RI(HR) - COT(HR)}{\mathrm{RI(HR)}} \times 100$$

(2) Refer to Section C.3.3.1.2.4 for definition and how to measure.

(3) Grade of Service (Call Blockage) is the proportion of calls that cannot be completed during the busy hour because of limits in the call handling capacity of one or more network elements (e.g., “All trunks busy” condition). For example, 0.01 indicates that 1 percent of the calls not being completed (1 out of 100 calls).

Service Quality and Performance Metrics

Volume I, Section 4.1.1.2.1 of Networx Universal Contract

Verizon will meet all required performance metrics for Networx. The Verizon network provides virtually non-blocking, P.01 grade of service and network availability of 99.9974%, 24 hours per day, 365 days per year. Verizon maintains these standards through strict adherence to internal operations

standards, frequent testing, and a highly fault-tolerant hierarchical switched network design.

GCI will meet all required Networx Voice Services KPIs and AQLs for the performance of SDP-to-SDP Voice Service originating and terminating in Alaska as shown in Table 8.2.1-1.

GCI will be responsible for the performance of call originating and terminating SDP-to-GCI POP access facilities in Alaska as shown in Table 8.2.1-1. .

Where traffic is shared by both the Verizon and GCI networks, GCI will the AQLs and KPIs shown in Table 8.2.2-1 below. The KPIs and AQL values shown shall be allocated to each party for its portion of the service.

Table 8.2.2-1. Verizon / GCI Shared Voice Services Performance Metrics

Key Performance Indicator (KPI)	Service Level	Performance Standard (Threshold)	Acceptable Quality Level (AQL)	How Measured
Availability	Routine	99.975 %	≥ 99.975%	See Note 1

(POP-to-POP)				
Availability	Routine	99.75 %	≥ 99.75 %	
	Critical	99.975 %	≥ 99.975 %	
(SDP-to-SDP)				
Time to Restore	With Dispatch	8 hours	≤ 8 hours	See Note 2
	Without Dispatch	4 hours	≤ 4 hours	
Grade of Service (Call Blockage)	Routine	0.035 (SDP-to-SDP)	≤ 0.035	See Note 3
		0.005 (POP-to-POP)	≤ 0.005	
	Critical	0.005 (SDP-to-SDP & POP-to-POP)	≤ 0.005	

Monitoring and Measuring KPIs and AQLs

Volume I, Section 4.1.1.2.2 of Networx Universal Contract

Verizon exceeds industry standards and guarantees higher performance specifications than those published by all other carriers. Verizon's P.01 grade of service means that subscribing Agency callers will experience less than one-percent call blockage during the busiest traffic hour primarily through the design of the access facilities. Verizon's service has historically exceeded this objective. Verizon's traffic engineering groups monitor blockage at Regional and National Network Management Centers (NMC); blockage is based on the busiest hour of the busiest day of each month with no averaging. Verizon records statistics from a network analysis system are

based on call detail records and on-line switch statistics. If abnormally high traffic causes blockage rates greater than one percent, engineers can re-allocate routing over less congested network paths. Network traffic is restored and re-routed via a mix of technologies within seconds of blockage detection.

GCI shall meet all required metrics through monitoring and measuring systems as follows:

- **Availability.** Verizon will use its Service First trouble management system to track Networx Voice Service availability. Timestamps for reported trouble tickets will be recorded including the time a problem was reported along with the service restoration time point. Before closing a trouble ticket, the Networx Help desk will allocate the down time to the appropriate element such as:
  - GCI provided SDP-to-POP access in Alaska.
  - Network transport from GCI POP-to-Verizon Seattle interface.
  - Network transport from Verizon Seattle interface-to-Verizon POP.
  - Verizon provided SDP-to-POP access in CONUS.
- The difference between the trouble ticket timestamps will be considered out-of-service time and will be used to calculate the service availability. This will be recorded and made available for reporting to the applicable Government Agency.
- GCI will meet the availability KPIs and AQLs in Tables 8.2.1-1 and 8.2.2-1.

Time to Restore. Verizon will use its Service First trouble management system to track Networx Voice Service time-to-restore metrics. The time stamps between the start of the out-of-service condition and the time it is returned to service will be used to calculate the "time to restore" KPI. This will be recorded and made available for reporting to the Agency. Before closing a trouble ticket, the Networx Help desk will allocate the down time to either Verizon or GCI. GCI will meet the time-to-restore KPIs and AQLs in Tables 8.2.1-1 and 8.2.2-1.

- **Grade-of-Service (Call Blockage).** Verizon will monitor and measure call blockage via switch call records, which record whether a call was completed, and if not, identify why not. Copies of the Verizon and GCI call records will be sent to Verizon's Metrix Reporting platform and counted to show calls attempted, calls completed, and calls incomplete for cause codes, including network congestion, termination busies, or class-of-service restrictions. The difference between calls attempted vs. calls completed will be used to calculate the resulting grade-of-service (GOS) performance. The cause code for incomplete calls will differentiate between POP-to-POP GOS (affected by network incompletions) vs. SDP-to-SDP GOS (affected by termination incompletions). This will be

recorded and made available for reporting to the Agency. The P.01 grade of service means that Networx customers will experience less than one-percent call blockage during the Government's busiest hour.

GCI will meet the grade-of-service / call blockage KPIs and AQLs in Tables 8.2.1-1 and 8.2.2-1.

Training

Volume II, Section 3.11 of Networx Universal Contract

If requested, GCI shall offer sales training to the Verizon Federal Systems sales organization to facilitate the selling of GCI Voice Service under the Networx contract umbrella.

If requested, GCI shall offer training materials to Verizon and its customers in order to support Verizon's ability to deliver training to Networx customers as defined by Section C.3.7 of the Networx RFPs.

Training Content

If requested, GCI will provide content for VS training in accordance with the requirements of RFP Section C.3.7.2.

Training Development

If requested, GCI will support Verizon's solution for training development in order to meet or exceed all requirements found in RFP Section C.3.7.2.1.

Training Availability

If requested, GCI will support Verizon's solution for training availability in order to meet or exceed all requirements found in RFP C.3.7.2.2.

Training Maintenance

If requested, GCI will support Verizon's solution for training maintenance in order to meet or exceed all requirements found in RFP C.3.7.2.6.

GCI will support any changes to Verizon's Networx program that would result in any changes or modifications to the training program within 30 business days following the change, All affected GCI training material will be updated and made available to the Government through Verizon. These modifications will be provided at no cost.

Partner Meetings/Sales Opportunities

GCI shall support meetings with Verizon Networx customers, potential Networx customers or other Networx Partners as required and as applicable to GCI.

GCI shall assign sales representatives to support the FTS2001 and Networx opportunities applicable to GCI. GCI shall support Sales Opportunity

Reviews to ensure collaborative planning and provide proposal support as required and as applicable to GCI.

4.0 Project Term

This agreement will run concurrent with Verizon's Networx Universal and Enterprise contracts with the GSA. Time period will be upon issuance of a Purchase Order thru 2011.

5.0 Deliverables

See Project Scope.

6.0 Contact Information

VerizonBusiness
Name
Title
Address
City, State Zip
Phone number
Fax number
Email address

Supplier Name - GCI
Name - Laura Rykaczewski
Title - Senior Account Manager
Address
City, State Zip
Phone number - 907 868 5351
Fax number - 907 868 6292
Email address - lrykaczewski@gci.com

7.0 Project Staffing

Not applicable.

8.0 Work Performance

- Security – N/A
- Hours & Overtime – Pre-approval of time/materials above what is identified in the Cost & Schedule section is required when they impact project costs
- Travel & Expense Guidelines – N/A

9.0 Assumptions/Risks/Dependencies

Refer to Exhibit B prime contract "flow down provisions"

10.0 Verizon Responsibilities

See Project Scope

11.0 Cost and Schedule (TBD)

The value of this SOW is estimated to be approximately $X,XXX,XXX.00 for the term of the SOW.

Year 1 (2007) = $

Year 2 (2008) = $
Year 3 (2009) = $
Year 4 (2010) = $

Pricing Structure

Section B.2.2.1 of Networx Universal RFP

GCI comply with all pricing submitted to Verizon for the Pricing Structure outlined in Section B.2.2.1.3 of the Networx RFPs.

Voice Service

GCI's pricing to Verizon is separate from the pricing submitted by Verizon to GSA. GCI's pricing elements will include:

- Transport charges for intra-state calls originating and terminating within Alaska.
- Transport charges for inter-state, IDDD and private network calls originating in Alaska and terminating to Verizon's network interface in Seattle.
- Transport charges for Networx calls originating from Verizon's network interface in Seattle and terminating to GCI's dedicated or switched access facilities in Alaska.

Table 1 below provides the format for pricing information for VS Alaska usage prices.

Table 5.1.1-1 VS Alaska Transport Prices

CLIN	Originating Country/ Jurisdiction ID*	Usage Price Per Six-Second	Price Start Date	Price Stop Date	Price Replaced Date

12.0 Bonding Requirements

Not applicable.

13.0 Invoicing Requirements

In order for you to receive payment, receipts must be completed and all ORIGINAL invoices must be submitted to Accounts Payable. In the event an original invoice was sent to the Verizon end user, it will be the responsibility of the Verizon end user to ensure the original invoice is forwarded to Accounts Payable.

A valid invoice MUST contain the following:

Supplier Name	Remittance Address
Invoice Number	Purchase Order Number
Invoice Date	Dollar amount broken out by line item of the Purchase Order

The payment terms for such work will be Net 30 days from date of an authorized invoice.

Send ORIGINAL INVOICE to

Verizon Business
P.O. Box 770
Ashburn, VA 20146-0770

Please send a COPY of the INVOICE to

Verizon Business
Federal - AP
2485 Natomas Park Drive, Suite 450
Sacramento, CA 95831
Jenifer.Mojonnier@verizonbusiness.com

Failure to follow the above directions may result in delay of payment.

14.0 Applicable Documents

GCI ICDs

GCI ICD_P_II_SPIM_v2.8_06072007.doc

GCI SV_7 2_ICD_GCI_v4 0.doc

GCI ICD_GCI_ASR_v2.1_01182007.doc

GCI Pricing

See attached excel worksheet.

Verizon will provide any working documents that may be required to complete the work effort. All content will be the exclusive property of Verizon. "GCI" will secure prior approval from Verizon before any materials are shared publicly. Because Verizon will have provided content and approve on all material, Verizon will have sole responsibility for accuracy of contents.

15.0 Vendor Outsourced Activity

No third party subcontractor shall be added to a Statement of Work by the Consultant without obtaining prior approval from Verizon's Primary contact above.

16.0 SOW Change of Scope Procedure (if applicable)

Any change to this Statement of Work shall be provided in writing and accepted by both Parties before being accepted and included as a part of this SOW Agreement.

17.0 Acceptance Criteria

Acceptance shall be given when all of the deliverables have been received or completed, including receipt of all documents and data produced during this project. Approval of invoice for work performed is acknowledgement of acceptance criteria.

The parties agree that this engagement letter/SOW describes certain Services to be performed by GCI for Verizon. GCI acknowledges and agrees that the Services described herein shall not commence until GCI receives from Verizon a Purchase Order incorporating this engagement letter/SOW. **THERE IS NO BINDING OBLIGATION BETWEEN** GCI **AND VERIZON WITH REGARD TO THE SPECIFIC PROJECT DESCRIBED IN THIS SOW UNTIL THE CORRESPONDING PURCHASE ORDER IS ISSUED. FAILURE TO OBTAIN BOTH A VALID PURCHASE ORDER AND AN APPROVED ENGAGEMENT LETTER OR SOW WILL RESULT IN VERIZON HAVING NO LIABILITY OF ANY KIND FOR ANY PERFORMANCE OF SERVICES DESCRIBED HEREIN.**

In WITNESS WHEREOF, the parties have entered into this Statement of Work as a part of an agreement.

Verizon Services Corporation	**General Communication, Inc**
By: ______ {Signature}	By: ______ {Signature}
{Printed Name}	Richard Westlund {Printed Name}
{Title}	Senior VP & General Manager {Title}
{Date}	{Date}

Exhibit A

SCOPE OF WORK

FRAME RELAY

(3 OF 14)

STATEMENT OF WORK

<u>GCI Frame Relay Service (FRS)</u>
<u>Networx Universal and Enterprise Contract Volume I, Section 4.1.4</u>

1.0 Objective

Verizon Business has selected GCI to meet the requirements for Networx Frame Relay Services (FRS). GCI's FRS transport capabilities in conjunction with Verizon Business's FRS Services will comply with all requirements for Networx RFP Section C.2.3.1 as proposed by Verizon Business to GSA.

2.0 Background

FRS provides reliable, high speed connectivity between user locations at contracted service levels. The service's flexibility and reliability make it an attractive alternative to private line networks.

3.0 Project Scope

GCI is only providing the local and Alaska LD for this service. VZB is providing the long distance portion of the service.

Technical Requirements

Section C.2.3.1.1.4 of Networx Universal and Enterprise RFPs

GCI will offer a technical solution which meets the requirements of GSA's Networx Universal and Enterprise RFPs (heretofore referred to as Networx RFPs) Section C.2.3.1, Networx FRS Service, as well as provide pricing in the structure provided for in Section B.2.3.1.1 of the Networx RFPs. If GCI does not provide any of the services described in Section C.2.3.1, then it will be GCI's responsibility to identify a teaming partner or solution to meet all of the requirements in Section C.2.3.1 as it relates to Networx FRS Service, as it pertains to Alaska coverage. This includes:

· Providing FRS PVC transport between the subscribing Networx Agency’s Service Delivery Point (SDP) and intra-state FRS PVC terminations within the State of Alaska.

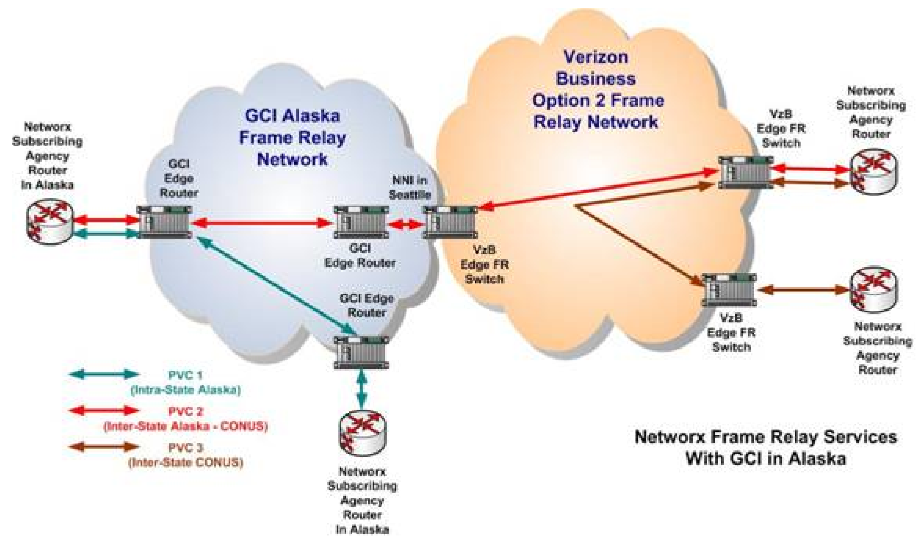
· Providing FRS Service transport for inter-state FRS PVCs, FRASI,IP-enabled FRS, and FRS-to-Internet PVCs between the subscribing Networx Agency’s Service Delivery Point (SDP) and the appropriate GCI NNI interface point at Verizon’s POP in Seattle.

· Installing and maintaining Service Enabling Device(s) that may be ordered for the subscribing Agency’s SDP.

· Responding to Verizon trouble tickets reported to Verizon’s Help Desk.

· Providing SLA and KPI performance data shown in RFP Sections J.13.3.6 and C.2.3.1.4.1 respectively.

·



·

GCI shall work with Verizon on how it will provide Management and Operations (MOPS) data to support Verizon’s ability to deliver a MOPS solution and MOPS deliverables under the Networx contract(s), as defined by the requirements on Section C.3 of the Networx RFPs. This will include developing a data interchange interface with Verizon to support the MOPS requirements. Data interchange between Verizon and GCI will be defined prior to contract award and must support the requirement for Networx vendors to provide operational capabilities.

Verizon will provide all network connectivity for these services unless otherwise specified.

GCI will continue to support for Networx all of the FRS technical support functions now in place for the current FTS2001 contract. These are documented below.

GCI will continue to act as Verizon Business’s agent in Alaska for the provision of Networx FRS services as defined in this Statement of Work. In general this includes:

a) Arranging for dedicated access facilities where ordered between Government agency locations subscribing to Verizon Business’s Networx FRS services and the nearest GCI POP.

b) Providing FRS edge switching for FRS PVCs such that data destined for completion via PVCs within Alaska will be completed over GCI facilities where possible.

c) Arranging for special access to remote areas in Alaska via wireline, wireless or satellite facilities as necessary from GCI facilities in Alaska.

Specific GCI responsibilities for the Networx Frame Relay Services also include:

a. GCI will support the Networx specific features described in Section 7.1.

b. GCI willl support ordering, billing, and reporting interfaces as defined in the mutually approved Interface Control Documents.

c. GCI will support Networx FRS reporting capabilities including:

   · Providing Data Delivery Rate (DDR) SLA data on a POP-to-POP basis using GCI edge switch data where a customer will not allow data retrieval from SDP premise routers.

   · Providing access to GCI’s web based tools such as eHealth to allow customers to retrieve performance data for intra-state Alaska PVCs such as PVC utilization.

d. GCI will support the establishment of network management PVCs as required to customer SDP routers in order to facilitate administrative and/or SDP-to-SDP SLA KPI reporting.

e. GCI will provide underseas fiber optic capacity for Networx FRS inter-state FRS PVCs, FRASI,IP-enabled FRS, and FRS-to-Internet PVCs between the GCI aggregation point in Anchorage and the appropriate Verizon Business FRS NNI in Seattle. Verizon Business will assign LEC provided access capacity between the GCI Seattle POP and the Verizon Business Seattle POP.

In addition, GCI will assist Verizon Business with planning and engineering support to ensure that appropriate network services will be available to meet evolving Government requirements. These activities will include the following:

a) Ensuring network wide interoperability with other sub-contractors (i.e. LECs, etc.,) as well as Government and commercial networks, where the Government requires such interoperability.

b) Developing and maintaining a contingency and restoration plan that prevents deterioration of network services.

GCI will also assist Verizon Business with the transition of existing FTS2001 FRS traffic to the Networx contract as Government orders are received.

GCI will support orders for critical service involving the deployment of diversely routed access facilities, homing to diverse GCI POPs, and support for diversely routed PVCs with automatic failover to ensure PVC survivability.

GCI will also accept orders for Telecommunications Service Priority (TSP) as requested and justified by the government.

Service Overview

Verizon Business has selected GCI to meet the requirements for Networx Frame Relay Services (FRS). GCI's FRS transport capabilities in conjunction with Verizon Business's FRS Services will comply with all requirements for Networx RFP Section C.2.3.1 as proposed by Verizon Business to GSA.

Description of Approach to Service Delivery

Volume I, Section 4.1.4.1.1 of Networx Universal and Enterprise Contracts

As an incumbent FTS2001 provider of Frame Relay Services (FRS), Verizon Business and its partner, GCI, have a proven track record of successful

service delivery and operation. Verizon Business with GCI currently provide FRS to 240 government departments in over 13,000 locations at speeds from 56 Kbps to 45 Mbps. In examining the Networx FRS requirements, Verizon Business and GCI have committed to meet or exceed the mandatory Networx Frame Relay Services requirements as well as many of the optional requirements. GCI will be responsible for all FRS transport arrangements within the State of Alaska. GCI will also support required Networx FRS feature functionality by complementing the FRS capabilities of the Verizon Business FRS network.

The GCI Frame Relay network will deliver superior service through a FRS network design including a fully meshed backbone that provides redundant paths between FRS nodes. This approach will provide platform resiliency and will eliminate any single point of failure. GCI's FRS network will be flexible and powerful enough to meet a variety of needs, including a wide range of access options, various Permanent Virtual Circuit speeds, comprehensive traffic handling, and packages for Disaster Recovery. Through these capabilities, Networx customers will enjoy faster response times, higher throughput per given port and Committed Information Rate (CIR) combinations, the ability to sustain bursts above the CIR, and low latency.

Permanent Virtual Circuits (PVCs). A Permanent Virtual Circuit (PVC) is a duplex communication path defined between two ingress/egress ports, however all PVC attributes, such as CIR, are simplex. This attribute makes FRS an ideal choice to support applications with asymmetrical bandwidth needs, such as the a typical client/server configuration. Client requests may be very small (e.g., 64 bytes), but the requested file from the server may be many megabytes. FRS offers the ability to tailor the network to meet these differing needs economically and efficiently. PVC's are established on an end to end basis. Data Link Connection Identifiers (DLCIs) are used to differentiate between the two circuit ends of the PVC. A count of error-free delivered megabytes is associated with the access circuit number of the originating circuit end of the PVC and thus the simplex performance attributes are fully visible. GCI will support many types of PVC speeds to meet the government's mandatory requirements. GCI will support PVC speeds in increments of 64 Kbps from 0 up to 2 Mbps and in 1 Mbps increments from 2 Mbps up to 45 Mbps. PVCs may be ordered as "routine" or "critical" service level and may be assigned any of three classes classes-of-service (VFRrt, VFRnrt or UFR). GCI will also support multiple PVCs within the speed limitations of a single FRS port.

GCI will work closely with Verizon Business account teams and each Networx customer to evaluate and define the optimal Committed Information Rate (CIR) for their specific application(s). If and when customer requirements change, GCI will normally make changes to the CIR within three working days, which will enable agencies to rapidly tailor their network to changing demands. GCI will also work closely with the Verizon Business

account team and with Networx customers, as previously for FTS2001 customers, to determine their needs as they transition to Networx.

Traffic Handling. Under normal conditions, all traffic will successfully pass through the GCI FRS network, including frames marked Discard Eligible (DE). Frames exceeding the CIR will be stored in buffers and will not be transmitted until time slots on the PVC permit. GCI's FRS networl will support the ability to burst to full port speed at all times. Bursting will be limited only by the smaller of the access circuit or the port speed at each end of the PVC. Frames sent to the GCI network at speeds above the CIR (up to the access port speed) during a measurement period will be marked DE. DE frames may be discarded during severe congestion (such as outages on the network, unusually heavy traffic conditions, or incorrectly engineered access and egress ports). Otherwise, DE frames will be treated the same as CIR frames. GCI's FRS network will support a maximum information field size of 4096 octets to maintain the balance between accurate error detection and large user frame support to minimize UNI/AAF (CPE) overhead processing for segmentation and re-assembly.

Multiple Access Options. GCI will support a variety of dedicated- and remote IP access options that will enable customers to create a single enterprise network. GCI's dedicated access options will include 64 Kbps, fractional T1s, T-1's, fractional T3s, and T-3s.

FRS may be accessed at the following port speeds:

Table 3.1.1-1. FRS Port Speeds

Port Speed

• 64 Kbps	• 384 Kbps	• 6.144 Mbps

- 128 Kbps
- 192 Kbps
- 256 Kbps
- 320 Kbps
- 448 Kbps
- 512 kbps
- 1.536 Mbps
- 3.072 Mbps
- 4.608 Mbps
- 7.68 Mbps
- 9.216 Mbps
- 10.752 Mbps
- 12.288 Mbps
- 45 Mbps

GCI will support standard oversubscription of FRS PVCs on a given port based on port speed, as follows:

Table 3.1.1-2. FRS Port Oversubscription

Port Oversubscription

Port Speed	Maximum Oversubscription
64 Kbps	400%
All other port speeds (128 Kbps-45 Mbps)	200%

Within the limits of the access circuits ordered and provisioned for each FRS port, GCI will support bandwidth on demand for each FRS transmission. This approach will support the bursty nature of the traffic generated by an Agency's data network environment.

GCI will support the feature called IP-enabled Frame Relay by supporting standards based IP tunneling from the customer's SDP router to the NNI with Verizon Business in Seattle. Verizon Business will be responsible for connectivity from the NNI to the customer's IP network.

· GCI's FRS will be inherently secure. Data will not be routed to a location that is not approved / defined to be on an organization's network. GCI will work with Verizon Business and Networx customers to ensure FRS integrity by implementing FRS logical security, physical network security, and proactive monitoring, as follows:

· **FRS Logical Security.** FRS has the same level of network security as private lines, and uses Network Management Systems (NMSs) to monitor and control access across the customer's network. GCI will enter the connectivity information (i.e., PVCs) into the customer's NMS, which will make the appropriate entries in the routing tables in the GCI FRS network switches. The data will then be routed across the GCI FRS network via a primary route. In the event that a route is unavailable, the GCI FRS network will automatically establish alternate routes. Data will be transmitted only between pre-established PVCs identified by Data Link Connection Identifier (DLCI) markers that appear in the frame headers. Each customer may specify the DLCIs to use for each direction of a PVC, or request GCI to assign the DLCIs. Once the DLCI is assigned to an access port, the GCI switch will send a response message to the customer's UNI/AAF CPE, indicating its existence. The customer's UNI/AAF CPE will pull the assigned DLCI for the new PVC into its routing table; will go through the remote address discovery protocol; and will set up a relationship in the UNI/AAF CPE tables between the DLCI and the customer's internal address. This entire process will ensure proper end-to-end data routing.

Physical Network Security. GCI will provide reliable and survivable, protected FRS. GCI's FRS backbone will provide a high level of physical network security because fiber-optic cable is virtually impossible to tap where used.

Verizon Business has proposed the use of native mode frame relay network capabilities. The emulation of FRS over an IP network was not proposed.but it may be considered in the future. If Verizon Business or GCI migrates from native mode FRS to emulated FRS, Verizon Business and GCI will monitor,

measure, and report the frame or cell-based performance metrics, (in accordance with Table C.2.3.1.4.1) on the customer side of the provider edge equipment at the GCI POP or as otherwise agreed to by Verizon Business, GCI and the user agency.

GCI's FRS network will include remote management and diagnostic capabilities. GCI's staff will be capable of remotely accessing the GCI FRS equipment within any given GCI FRS node to perform the management and administrative functions necessary to ensure a smooth, trouble free service experience. The GCI support staff will also be capable of changing configuration parameters by issuing commands while the GCI FRS switch is online in order to minimize any impact to the FRS platform operations.

GCI will endeavor to minimize the number of FRS nodes required to provision an FRS PVC interconnecting any two customer FRS SDPs in order to minimize the resulting latency on the PVC.

GCI's FRS network will support two key congestion notification avoidance capabilities: FECN and BECN indicators.

Forward Explicit Congestion Notification (FECN). The setting of the FECN bit by the GCI FRS network will be an indication that the network will begin to drop frames at the network egress interface if congestion is not alleviated. The FECN bit will be set to "1" in the direction of the congestion to notify the receiver that the network is congested (i.e., congestion was experienced in the path from originator to destination). The GCI FRS network will continue to set the FECN bit to "1" until the congestion situation is eliminated. Once the network congestion is cleared, the FECN bit will no longer be flagged ("0").

Backward Explicit Congestion Notification (BECN). The setting of the BECN bit by the GCI FRS network will be an indication that the network will begin to drop frames at the network egress point if congestion is not alleviated. The BECN bit will be set to "1" in the opposite direction of the congestion, to notify the originator that the path toward the intended destination is congested. The GCI FRS network will continue to set the BECN bit to "1" until the congestion situation is eliminated. Once the network congestion is cleared, the BECN bit will no longer be flagged ("0").

Routing. Routing is a key to FRS network quality. Routing in GCI's FRS network will be accomplished via IP and Open Shortest Path First (OSPF) routing methodologies. OSPF is a link state-based protocol that allows fast re-routing and network convergence in the event of a circuit outage. As a result, the FRS network will reroute around failures automatically in sub-seconds. A Frame Relay IP/OSPF-based infrastructure will enable a service that can transmit Frame Relay data with all the expected attributes, as well as provide enhanced performance, network resiliency, and routing efficiencies. When a frame enters the network, it is encapsulated into an IP datagram and all routing functions are performed at the IP layer. OSPF is an

international standard routing scheme that has proven to be effective, efficient, and scaleable.

Technical Capabilities

Volume I, Section 4.1.4.3.1.1 of Networx Universal and Enterprise Contracts

GCI will comply with the following technical requirements for RFP Section C.2.3.1.1.4 as follows.

1 GCI's FRS will provision PVCs between SDPs in Alaska or from Alaska to CONUS as required.

2 GCI's frs will support variable length frame sizes up to 4096 bytes. The maximum information field size reflects a balance between supporting large use frames (to minimize CPE overhead processing for segmentation and reassembly) and accurate detection of errors. It should not restrict user applications and will provide for efficient, transparent, transport of customer data.

3 GCI's FRS will meet the industry standard for variable length frames.

4 GCI's FRS will support single or multiple point-to-point virtual connection PVCs on a single FRS port.

5 GCI's FRS will support multiple CIR options from 0 to DS3. GCI will:

a) Support PVCs that can utilize the full capacity of the access circuit. GCI's PVC data rate can be higher than the CIR when/if excess capacity is available on the specific port in question, if the capacity of the access circuit is dedicated to the FRS port and if capacity is available on the network. When this condition allows, PVC data rate can be achieved higher than the CIR up to the access port capacity.

b) Accommodate multiple PVCs with CIR values, which when totaled can add up to the full bandwidth of the access circuit. GCI will support port oversubscription of up to 200% for all FRS port speeds except DS0 ports which can be oversubscribed up to 400% of port speed.

Other Contract Requirements

GCI will support Verizon Business in responding to the Price Management Mechanism as defined in Section H.7 of the Networx Universal and Enterprise RFPs.

Interfaces

Section C.2.3.1.3 of Networx Universal and Enterprise RFPs

GCI will support all of the interfaces identified in Section C.2.3.1.3.1 of the Networx RFPs that were bid by Verizon Business (note: support for the optional OC-1 interface was not proposed and the E1 and E3 interfaces are not applicable to GCI).

Frame Relay Service Interfaces

GCI will comply with all applicable interfaces required for FRS, as follows:

The following user-to-network-interfaces (UNIs) at the SDP, as defined in Section C.2.3.1.3.1, are mandatory unless marked optional. Optional interfaces were bid and must be supported by GCI unless indicated otherwise.:

Table 6.1-1. Frame Relay Service Interfaces

UNI Type	Interface Type and Standard	Payload Data Rate or Bandwidth	Signaling or Protocol Type (See Note 3)	Comment
1	ITU-TSS V.35	Up to 1.536 Mbps	Frame Relay	
2	ITU-TSS V.35	Fractional T1	Frame Relay	
3 [Optional]	ITU-TSS V.35	Up to 1.536 Mbps	Asynchronous ASCII	
4 [Optional]	ITU-TSS V.35	Up to 1.536 Mbps	IBM BSC	
5 [Optional]	ITU-TSS V.35	Up to 1.536 Mbps	IBM SNA/SDLC	
6 [Optional]	ITU-TSS V.35	Up to 1.536 Mbps	UNISYS Poll/Select	
7	ITU-TSS V.35	Up to 1.536 Mbps	IPv4 and IPv6 (See Note 3)	
8	All 802.3 cable and connector types	Up to 1.536 Mbps (See Note 1)	IEEE 802.3 IP/IPX	
9	All 802.5 cable and connector types	Up to 1.536 Mbps (See Note 1)	IEEE 802.5 IP/IPX	

10	EIA RS-232	Up to 56 Kbps	Asynchronous ASCII	
11	EIA RS-232	Up to 56 Kbps	IBM BSC	
12	EIA RS-232	Up to 56 Kbps	IBM SNA/SDLC	
13	EIA RS-232	Up to 56 Kbps	UNISYS Poll/Select	
14	EIA RS-232	Up to 56 Kbps	IPv4 and IPv6 (See Note 3)	
15	EIA RS-422	Up to 1.536 Mbps	Frame Relay	
16	EIA RS-422	Fractional T1	Frame Relay	
17	EIA RS-422	Up to 1.536 Mbps	Asynchronous ASCII	

UNI Type	Interface Type and Standard	Payload Data Rate or Bandwidth	Signaling or Protocol Type (See Note 3)	Comment
18	EIA RS-422	Up to 1.536 Mbps	IBM BSC	
19	EIA RS-422	Up to 1.536 Mbps	IBM SNA/SDLC	
20	EIA RS-422	Up to 1.536 Mbps	UNISYS Poll/Select	
21	EIA RS-422	Up to 1.536 Mbps	IPv4 and IPv6 (See Note 3)	
22	EIA RS-449	Up to 1.536 Mbps	Frame Relay	
23	EIA RS-449	Fractional T1	Frame Relay	
24 [Optional]	EIA RS-449	Up to 1.536 Mbps	Asynchronous ASCII	
25 [Optional]	EIA RS-449	Up to 1.536 Mbps	IBM BSC	
26 [Optional]	EIA RS-449	Up to 1.536 Mbps	IBM SNA/SDLC	
27 [Optional]	EIA RS-449	Up to 1.536 Mbps	UNISYS Poll/Select	
28	EIA RS-449	Up to 1.536 Mbps	IPv4 and IPv6 (See Note 3)	
29	EIA RS-530	Up to 1.536 Mbps	Frame Relay	
30	EIA RS-530	Fractional T1	Frame Relay	
31	EIA RS-530	Up to 1.536 Mbps	Asynchronous ASCII	
32	EIA RS-530	Up to 1.536 Mbps	IBM BSC	
33	EIA RS-530	Up to 1.536 Mbps	IBM SNA/SDLC	
34	EIA RS-530	Up to 1.536 Mbps	UNISYS Poll/Select	
35	EIA RS-530	Up to 1.536 Mbps	IPv4 and IPv6 (See Note 3)	
36 [Optional]	ISDN PRI (Multirate)	Up to 1.472 Mbps	Frame Relay	
37 [Optional]	ISDN PRI (Multirate)	Up to 1.472 Mbps	IBM BSC	
38 [Optional]	ISDN PRI (Multirate)	Up to 1.472 Mbps	IBM SNA/SDLC	
39 [Optional]	ISDN PRI (Multirate)	Up to 1.472 Mbps	UNISYS Poll/Select	
40 [Optional]	ISDN PRI (Multirate)	Up to 1.472 Mbps	IPv4 and IPv6 (See Note 3)	
41	T3	Up to 43.008 Mbps	Frame Relay	
42	Fractional T3	Up to 43.008 Mbps	Frame Relay	

UNI Type	Interface Type and Standard	Payload Data Rate or Bandwidth	Signaling or Protocol Type (See Note 3)	Comment
43	T3	Up to 43.008 Mbps	IPv4 and IPv6 (See Note 3)	
44	High Speed Serial Interface (HSSI)	Up to STS-1 (49.536 Mbps)	Frame Relay	
45	All IEEE 802.3 cable and connector types	Up to 43.008 Mbps (See Note 1)	IEEE 802.x (x=3,5) IPv6/IPX/SNA/IPv4	
46	E3 (non-domestic)	Up to 30.72 Mbps	Frame Relay	Not applicable to GCI.
47	E3 (non-domestic)	Up to 30.72 Mbps	IPv4 and IPv6 (See Note 3)	Not applicable to GCI.
48 [Optional]	ISDN BRI (Multirate)	Up to 128 Kbps	Frame Relay	Not bid. GCI support is not required.
49 [Optional]	ISDN BRI (Multirate)	Up to 128 Kbps	Asynchronous ASCII	Not bid. GCI support is not required.
50 [Optional]	ISDN BRI (Multirate)	Up to 128 Kbps	IBM BSC	Not bid. GCI support is not required.
51 [Optional]	ISDN BRI (Multirate)	Up to 128 Kbps	IBM SNA/SDLC	Not bid. GCI support is not required.
52 [Optional]	ISDN BRI (Multirate)	Up to 128 Kbps	UNISYS Poll/Select	Not bid. GCI support is not required.
53 [Optional]	ISDN BRI (Multirate)	Up to 128 Kbps	IPv4 and IPv6 (See Note 3)	Not bid. GCI support is not required.
54	All IEEE 802.3 cable and connector types (non-domestic)	Up to 30.72 Mbps (See Note 1)	IEEE 802.x (x=3,5) IPv6/IPX/SNA/IPv4	

Notes:

(1) Output data rate of a Verizon Business provided router connecting to a LAN.

(2) Where E-1/E-3 carrier service is provided, appropriate corresponding payload data rates apply (not applicable to GCI).

(3) IPv6 will be supported for Networx by GCI when offered commercially.

Features

Section C.2.3.1.2 of Networx Universal and Enterprise RFPs

GCI will support all of the applicable features identified in section C.2.3.1.2 of the Networx RFPs.

FRS Features

Volume I, Section 4.1.4.3.1.2 of Networx Universal and Enterprise Contracts

GCI will comply with all feature requirements for C.2.3.1.2.1 as follows.

1 GCI's FRS will support Class of Service (CoS). CoS will provide traffic differentiation by treating packets differently based on packet importance. GCI's FRS will support the following CoS types:

a) Variable Frame Rate-real time (VFRrt) - highest queuing, lowest latency.

b) Variable Frame Rate-non real time (VFRnrt) - standard delivery, minimal loss and delay.

c) Unspecified Frame Relay (UFR) - basic service, lowest queuing.

2 GCI's FRS will provide pre-established PVCs to an alternate location upon notification by the Agency as communicated by Verizon Business.

3 GCI's FRS will support Frame-to-Internet Gateway services by transporting the PVC to the NNI interface with Verizon Business. Verizon Business will be responsible for the Internet gateway.

GCI's FRS will allow users to put FR traffic and Internet connections on the same access circuit and FRS port.

4 GCI's FRS will support the mandatory Networx interworking services feature by transparently transporting PVCs from customer FRS SDPs to the Verizon Business NNI in Seattle for the following:

4a Verizon Business will support for FRS / ATMS interworking from the Seattle FRS NNI to the customer's ATMS SDP. This includes support for ATM VBRnrt, VBRnrt and ATM CBR CoS.

4b Verizon Business will support interworking with Verizon business's IP services networks (e.g., network-based IP VPN services as described in RFP Section C.2.7.3) from the Seattle FRS NNI to the customer's IP VPN SDP.

5 GCI's FRS will support the mandatory Networx IP enabled Frame Relay feature by transparently transporting PVCs from customer FRS SDPs to the Verizon Business NNI in Seattle. Verizon Business will be responsible for connectivity from the Seattle NNI to the customer's IP SDP. Verizon Business will route the customer's IP traffic over its backbone network and the customer will be provided any-to-any connectivity as needed.

The combination of GCI's FRS and Verizon Business's IP Service will support CoS end-to-end. This will be performed by mapping the CoS of the FRS service to DSCP (differentiated services code point) to MPLS-based CoS. This will result in IP-enabled FRS with CoS support.

IP-enabled FR services will allow end-users to retain the Frame Relay UNI in the access network and also serve as a migratory step toward IP. GCI's FRS and Verizon Business's IP-enabled services will have the effect of a fully meshed network without each site having to establish separate PVCs to every other site. Realizing migration from legacy FRS services to an IP-based network is not a flash-cut scenario, GCI will support this interworking arrangement as required by Networx customers. Whenever a customer is ready to migrate to an all-IP solution from Frame Relay access GCI will serve this requirement with an appropriate method of procedure for migration. GCI's services will allow end-users to retain the Frame Relay UNI in the access network and also serve as a migratory step toward IP.

6 Not Proposed (Multilink Frame Relay)

7 Not Proposed (Switched Digital Access to FRS)

8 Not Proposed (Voice over Frame Relay)

Service Level Agreements

Volume II, Appendix B.3, Attachment 1 of Networx Universal and Enterprise Contracts

GCI will meet the Performance Metrics as defined by Section C.2.3.1.2.2 of the Networx RFPs for Networx FRS Service in Alaska (note: for inter-state FRS PVCs, FRS to internet Gateway PVCs, interworking PVCs (i.e. FRASI) and IP-enabled FRS, GCI and Verizon Business will split the SLA budget allocations as appropriate. GCI will be solely responsible for meeting FRS SLAs for intra-state PVCs within Alaska.).

Frame Relay Service SLAs

· **Availability.** Availability is captured for each PVC. Availability is calculated as follows.

$$\text{Availability} = \frac{\text{total expected Available time (Tex)} - \text{total outage time (Tou)}}{\text{Total Expected Available time (Tex)}}$$

Availability metrics are calculated for the Agency and Bureau levels by determining the Tex and Tou for all the PVCs under the Agency Bureau for a calendar month and reporting the resulting availability as a percentage. Tou will be based upon customer reported trouble tickets as documented by the Verizon Business Trouble Management System for Networx. Verizon Business will be responsible for determining FRS availability SLA performance. GCI will be responsible for meeting the PVC availability SLA for intra-state FRS PVCs in Alaska. For inter-state FRS PVCs, FRS to internet Gateway PVCs, interworking PVCs (i.e. FRASI) and IP-enabled FRS, GCI and Verizon Business will split the

availability SLA budget such that each must not exceed one-half of the allowable unavailability allowance.

· **Data Delivery Rate.** Data delivery rate (DDR) for a frame is calculated as the total number of octets accepted by the network as a percentage of total octets successfully delivered by the network on a calendar monthly basis with associated CIR > 0.

The Data delivery rate for an Agency or Bureau will include the average DDR value for all frame relay PVCs s for the Agency or Bureau over a month.

Verizon Business will be responsible for determining and reporting FRS DDR SLA performance. GCI will be responsible for meeting the PVC DDR SLA for intra-state FRS PVCs in Alaska. For inter-state FRS PVCs, FRS to internet Gateway PVCs, interworking PVCs (i.e. FRASI) and IP-enabled FRS, GCI and Verizon Business will split the DDR SLA budget such that each must not exceed one-half of the allowance for dropped octets on a PVC.

· **Latency.** Latency is the end-to-end round trip delay experienced across the network.

Latency for an Agency or Bureau is the average value of latency values collected on Frame Relay networks belonging to a particular Agency or Bureau over a month.

Verizon Business will be responsible for determining and reporting FRS latency SLA performance for PVCs within CONUS. Since the Networx latency SLA only applies to CONUS, the latency for PVCs extending outside of CONUS will not be reported. Therefore, GCI will not be responsible for latency SLA performance in Alaska which is considered OCONUS.

· **Time to Restore.** GCI will be responsible for the Time to restore (TTR) SLA for outages due to GCI's FRS network. TTR will be calculated as the elapsed time between the time a service outage is recorded in the Verizon Business Trouble Management System and the time the service is restored minus any (1) time due to scheduled network configuration change or planned maintenance or (2) time, as agreed to by the Government, that the service restoration of the service cannot be worked due to Government caused delays. Examples of Government caused delays include: 1) the customer was not available to allow the GCI to access the Service Delivery Point or other customer-controlled space or interface; 2) the customer gave GCI an incorrect address for the SDP; 3) the customer failed to inform GCI that a security clearance was required to access the SDP or customer-controlled space; 4) or the Government required service at a remote site and agreed that a longer transit time was required.

Performance Metrics

Section C.2.3.1.4 of Networx Universal and Enterprise RFPs

Performance Metrics for Frame Relay Service

GCI will comply with all performance metric requirements for FRS in Alaska (note: for inter-state FRS PVCs, FRS to internet Gateway PVCs, interworking PVCs (i.e. FRASI) and IP-enabled FRS, GCI and Verizon Business will split the SLA budget such that each must not exceed one-half of the SLA allowance.).

The performance levels and Acceptable Quality Level (AQL) of Key Performance Indicators (KPIs) for FRS in Section C.2.3.1.4.1 are mandatory unless marked optional. All KPI measurements will normally be SDP-to-SDP. Where SDP monitoring is not allowed by the Agency or Bureau, KPI measurements will revert to POP-to-POP.

Table 8.2.1-1. Performance Metrics for Frame Relay Service

Key Performance Indicator (KPI)	Service Level	Performance Standard (Threshold)	Acceptable Quality Level (AQL)	How Measured
GOS (Data Delivery Rate) (DDR)	Routine	99.90%	≥ 99.90%	See Note 1
	Critical	99.99%	≥ 99.99%	
Latency (CONUS)	Routine	120 ms	≤ 120 ms	See Note 2
	Critical	90 ms	≤ 90 ms	
Av(PVC)	Routine	99.925%	≥ 99.925%	See Note 3
Time to Restore	Without Dispatch	4 hours	≤ 4 hours	See Note 4
	With Dispatch	8 hours	≤ 8 hours	

Notes:

(1) The GOS (DDR) or throughput is based upon the total number of octets accepted by the network as a percentage of total octets successfully delivered by the network on a calendar monthly basis with associated CIR > 0. Relevant standard: FRF.13.

(2) Latency is the end-to-end round trip delay experienced across the Networx network. It reflects the transit time across a vendor's frame relay network and is defined as "The amount of latency for octets to be carried through a frame relay network.

(3) PVC availability is measured end-to-end and calculated as a percentage of the total reporting interval time that the PVC is operationally available to the Agency.

Availability is computed by the standard formula:

$$Av(PVC) = \frac{RI(HR) - COT(HR)}{RI(HR)} \times 100$$

4. See Section C.3.3.1.2.4 for the definitions and measurement guidelines.

Service Quality and Performance Metrics

Volume I, Section 4.1.4.2.1 of Networx Universal and Enterprise Contracts

GCI will comply with all requirements in Section C.2.1.6.2. GCI's FRS will be supported as a monitored network service to meet the reporting requirements for applicable network performance metrics. When an Agency orders FRS in which the technical performance requirements are specified on an SDP-to-SDP basis, GCI will support the use of Agency-provided SEDs to meet the requirements and/or access to, or use of, the Agency's customer-premises equipment or software to meet the requirements. This includes the potential implementation of network management PVCs for administrative and reporting purposes. GCI understands that the ordering Agency may (1) elect to not order such SEDs and/or (2) elect to not permit Verizon Business or GCI access to, or any use of, the Agency's customer-premises equipment or software for such purposes.

In these situation(s) and unless otherwise agreed to by Verizon Business, GCI and the user Agency, GCI, when directed by the user Agency or by GSA, will monitor, measure, and report the performance of the service for KPI/AQL and for SLA purposes either (1) on an SDP-to-SDP basis, by defining the SDP for performance metric measurement purposes for affected location(s) as being located at the connecting GCI POP(s) of the location(s), or (2) on a POP-to-POP basis. If directed to use the latter method, GCI will comply with the applicable FRS-specific SDP-to-SDP performance metrics, to be applied on a POP-to-POP basis. This will enable Verizon Business and GCI to comply with FRS technical performance metrics without any conditions, and without any requirement to use GFE or placing responsibilities upon the Agency or Bureau.

Training

Volume II, Section 3.11 of Networx Universal and Enterprise Contracts

GCI will offer sales training support to the Verizon Business Government Markets sales organization to facilitate the selling of GCI's FRS Service under the Networx contract umbrella.

GCI will also offer training materials to Verizon Business and its customers in order to support Verizon Business's ability to deliver training to Networx customers as defined by Section C.3.7 of the Networx RFPs.

Training Content

GCI will provide content for FRS training if requested in accordance with the requirements of RFP Section C.3.7.2.

Training Development

GCI's training development support, if requested, will meet or exceed all requirements found in RFP Section C.3.7.2.1.

Training Availability

GCI's training availability, if requested, will meet or exceed all requirements found in RFP C.3.7.2.2.

Training Maintenance

GCI's training maintenance, if requested, will meet or exceed all requirements found in RFP C.3.7.2.6.

Within 30 business days following any changes to Verizon Business's Networx program that would result in any changes or modifications to the training program, all affected GCI training material will be updated and made available by GCI to Verizon Business. These modifications will be provided at no cost.

Partner Meetings/Sales Opportunities

GCI will support meetings with Verizon Business personnel, Networx Partners, and/or existing or potential customer personnel as reasonably required to address joint sales opportunities.

GCI will assign sales representatives to support the Networx opportunities. GCI will support Sales Opportunity Reviews to ensure collaborative planning.

CUSTOMER SERVICE

Verizon Business will administer the customer service functions consistent with those as outlined in Networx contract. Verizon Business's Government Network Operations Center (GNOC) Ashburn, VA will act as the single interface for all Government inquires and will coordinate with GCI's services centers and personnel, as defined in this document.

GCI's NOC will act as an extension of Verizon Business's GNOC by providing technical support, inventory management, and tracking capability for Verizon Business's Alaska Networx services. GCI's NOC will be available 7 days a week, 24 hours a day to support the Verizon Business Customer Service Office that will be also available 7 days a week, 24 hours a day to support Networx users.

SERVICE ORDERING

The service ordering process for Alaska services defined in this SOW will be consistent with the service ordering process for Networx services offered in

the lower 48 states.

Government users will be able to initiate service orders to Verizon Business using a standard template via the Networx Portal web site, email, verbally or by facsimile.

GCI will support the order Intervals defined in RFP Table J.12.3-1 as follows:

Table j.12.3-1 Service Provisioning Intervals Table

Service (CONUS Originating and Terminating SWCs only)	**Performance Objective: Routine Orders (Calendar Days)**	**Performance Objective: Class B Expedited Orders (Calendar Days)**
Disconnect (all services)	30	30
Frame Relay Service (FRS)	65	33

When the Government submits a service request to Verizon Business for service/s in Alaska:

Verizon Business will verify that the individual requesting the service is authorized to request that type of service.
Verizon Business will review the request data for completeness. If the service request is for services and/or equipment that are fully defined and priced, Verizon Business will immediately assign a service order number and issue the service order for processing by GCI.

The Agency Hierarchy Code will be required on all orders and will appear on the invoices. Verizon Business will accept and use the Agency Hierarchy Code on the service order.

Orders will be captured and tracked in Verizon Business's centralized service order tracking system. Government users will have access to this system and its capabilities.

Government users will be able to associate orders with a project. Batch and bulk ordering will be available. The Government will have the option of requesting service for an interval less than the stated standard interval of that service.

GCI RESPONSIBILITIES

GCI will be responsible for:

Engineering including:

The assignment of switch and transport facilities
The assignment of circuit IDs and trunk group IDs.
The ordering of local access facilities via the appropriate Alaskan LEC if appropriate.

The creation of Circuit Layout Records. This will reference the corresponding Verizon Business circuit Id(s) along with the Alaskan LEC circuit ID.

GCI will provide Verizon Business with a Service Order Notification, for all Verizon Business services supported by GCI, prior to installation and provisioning and will provide a Service Order Completion Notice prior to billing initiation. Upon completion of the service order, GCI will provide Verizon Business with a Service Order Completion Notice. Billing for installed services will begin as of the effective billing date listed on the service order completion notice. If installed services are part of a transition, migration, or major implementation project, billing will not begin until successful acceptance testing is complete.

NETWORK MANAGEMENT

Verizon Business's Government Network Operations Center (GNOC) Ashburn, VA is Verizon Business's primary network management center for monitoring Networx services. The GNOC will be supported by GCI's Network Operation Center (NOC).

Network service affecting events relating to Networx services supported by GCI will be coordinated by GCI NOC with Verizon Business's GNOC. Planned network events that effect all services will be communicated to the GNOC via email and/or telephone no less than 48 hours before the event occurs. Maintenance events that result in an outage shall be scheduled with the GNOC via email and telephone communications on average of seven (7) days before the event. Unplanned network events such as equipment failures and weather related outages shall be communicated to the GNOC as soon as possible via either email and/or telephone communications.

The primary interface with the Government will be through the Verizon Business. GNOC. GCI will provide data to the GNOC to support its interface to the Government. GCI's NOC will be available 24x7.

TROUBLE REPORTING

Verizon Business will act as the primary interface for Government users and will provide the support required by the Networx contract.

GCI will support Verizon Business in providing rapid trouble reporting of network problems via Verizon Business's GNOC in Ashburn, VA or its backup in Cary, NC which operates 24 hours a day, 7 days a week. The GCI NOC will provide direct monitoring of all GCI services that are dedicated to the Networx contract. If a problem is identified, the GCI NOC, in coordination with the Verizon Business GNOC, will resolve the problem and be responsible for the following issues.

Identifying and clearing trouble for both agency-identified, mission-critical Telecommunication Service Priority (TSP) services and non mission-critical services.

Working cooperatively with other contractors (Government and non-Government) to rapidly resolve problems.

Maintaining audit trails of trouble resolution activities.

Responding to inquiries concerning trouble resolution status.

Providing trend analysis and sorting of trouble reports and administrative reports.

Providing trouble escalation for normal and emergency events.

GCI's NOC will address all Trouble Ticket inquires for all Alaska locations by Verizon Business. The following 1st-3rd Level GCI contacts will be available 7x24 by pager.

1st level		
Anchorage		
Supervisor	Anchorage Distribution Center	907-777-6972
Supervisor	Network Operations Center	907-265-5594
Juneau		
Supervisor	Operations	907-586-1944
Fairbanks		
Supervisor	Operations	907-456-3434
Seattle		
Sr. Technician - Operations	206-448-0966	
2nd level		
Director	Network Operations	907-265-5554
3rd level		
VP	Network Operations	907-265-5515
4th level		
VP	Carrier Relations	907 265 5632

PLANNING AND ENGINEERING

GCI will provide planning and engineering support to ensure that appropriate network services will be available to meet evolving Government requirements. These activities will include the following:

Ensuring network wide interoperability with other sub-contractors (i.e. LECs, etc.,) as well as Government and commercial networks, where the Government requires such interoperability.

Developing and maintaining a contingency and restoration plan that prevents deterioration of network services.

TRANSITION, MIGRATION AND IMPLEMENTATION

GCI will also assist Verizon Business with the transition of existing FTS2001 FRS traffic to the Networx contract as Government orders are received.

4.0 Project Term

This agreement will run concurrent with Verizon's Networx Universal and Enterprise contracts with the GSA. Time period will be upon issuance of a Purchase Order thru 2011.

5.0 Deliverables

See Project Scope.

6.0 Contact Information

VerizonBusiness
Name
Title
Address
City, State Zip
Phone number
Fax number
Email address

Supplier Name - GCI
Name - Laura Rykaczewski
Title - Senior Account Manager
Address
City, State Zip
Phone number - 907 868 5351
Fax number - 907 868 6292
Email address - lrykaczewski@gci.com

7.0 Project Staffing

Not applicable.

8.0 Work Performance

- Security – N/A
- Hours & Overtime – Pre-approval of time/materials above what is identified in the Cost & Schedule section is required when they impact project costs
- Travel & Expense Guidelines – N/A

9.0 Assumptions/Risks/Dependencies

Refer to Exhibit B prime contract "flow down provisions"

<u>10.0 Verizon Responsibilities</u>

-

See Project Scope

11.0 Cost and Schedule (TBD)

The value of this SOW is estimated to be approximately $X,XXX,XXX.00 for the term of the SOW.

Year 1 (2007) = $
Year 2 (2008) = $
Year 3 (2009) = $
Year 4 (2010) = $

Pricing Structure

Section B.2.3.1 of Networx Universal and Enterprise RFPs

GCI will comply with all pricing submitted to Verizon Business for the Pricing Structure outlined in Section B.2.3.1.3-11 and B.2.3.1.4-3 of the Networx RFPs.

Frame Relay Service (FRS)

The technical requirements for FRS are specified in Section C.2.3.1.

Frame Relay Service Pricing Structure
GCI's FRS pricing will include the following pricing elements:

a) Transport-MRC per port and PVC (OCONUS)

b) Feature Charges (OCONUS)

Prices for any associated SEDs shall be listed in Section B.4.

Frame Relay Service Access Prices

The GCI access component will consist of monthly recurring and non-recurring prices for dedicated access and access features. Dedicated access pricing is provided in Section B.3.

Frame Relay Service Transport Prices

The GCI FRS transport component will consist of monthly recurring prices for dedicated ports and PVCs.

Frame Relay Service Dial-up Port Prices

FRS dial-up service was not bid by Verizon Business and therefore GCI will have no responsibilities for support in this area.

Frame Relay Service Dedicated Port Prices

Table B.2.3.1.3-7 defines the format for GCI's dedicated port pricing. Table B.2.3.1.3-6 provides the appropriate CLINS for each valid port type.

Table B.2.3.1.3-6. Frame Relay Service Dedicated Port Type

Routine MRC CLIN	Critical MRC CLIN	Description	Charging Unit	Notes
0043201	0043301	64 kbps (DSO)	Per Port	
0043202	0043302	FT1 (2xDSO)	Per Port	
0043203	0043303	FT1(3xDSO)	Per Port	
0043204	0043304	FT1(4xDSO)	Per Port	
0043205	0043305	FT1(5xDSO)	Per Port	
0043206	0043306	FT1(6xDSO)	Per Port	
0043207	0043307	FT1(7xDSO)	Per Port	
0043208	0043308	FT1(8xDSO)	Per Port	
0043209	0043309	T1	Per Port	
0043210	0043310	FT3(2xDS1)	Per Port	
0043211	0043311	FT3(3xDS1)	Per Port	
0043212	0043312	FT3(4xDS1)	Per Port	
0043213	0043313	FT3(5xDS1)	Per Port	
0043214	0043314	FT3(6xDS1)	Per Port	
0043215	0043315	FT3(7XDS1)	Per Port	
0043216	0043316	FT3(8xDS1)	Per Port	
0043219	0043319	DS3	Per Port	
0043220	0043320	E1	Per Port	Optional for ONUS and CONUS

Routine MRC CLIN	Critical MRC CLIN	Description	Charging Unit	Notes
0043221	0043321	E3	Per Port	Optional for CONUS and OCONUS

Table B.2.3.1.3-7 Frame Relay Service Dedicated Port Prices—OCONUS

CLIN	Country/ Jurisdiction ID*	Price	Price Start Date	Price Stop Date	Price Replaced Date

* For Country/Jurisdiction IDs, see Table B.6.6-1

Frame Relay Service PVC Prices

Table B.2.3.1.3-11 defines the format for all required types of GCI PVC pricing. Table B.2.3.1.3-10 provides the appropriate CLINs for each valid PVC type.

GCI's PVC pricing will include:

a) Intra-state FRS PVCs between SDPs within Alaska.

b) Inter-state FRS PVCs between an SDP in Alaska and an SDP outside of Alaska. GCI will transport the PVC to the appropriate FRS NNI at the Verizon Business POP in Seattle, WA. Verizon Business will be responsible for transporting the PVC to an SDP in CONUS, an SDP in another OCONUS location, or a non-domestic SDP.

Table B.2.3.1.3-10. Frame Relay Service PVC Pricing Instructions

Band Low	Band High	Unit	Formula/NxUnit

0	2 Mps	64KPS (DS0)	NxDS0
2 Mps	45 Mps	1 Mps	Nx 1Mps

Routine MRC CLIN Simplex	Routine MRC CLIN Duplex	Critical MRC CLIN Simplex	Critical MRC CLIN Duplex	Description of Unit	Type of Service
0044201	0044401	0044601	0044801	NxDS0	UFR
0044203	0044403	0044603	0044803	NxDS0	VFRnrt

Routine MRC CLIN Simplex	Routine MRC CLIN Duplex	Critical MRC CLIN Simplex	Critical MRC CLIN Duplex	Description of Unit	Type of Service
0044204	0044404	0044604	0044804	Nx1Mps	VFRnrt
0044205	0044405	0044605	0044805	NxDS0	VFRrt
0044206	0044406	0044606	0044806	Nx1Mps	VFRrt

Table B.2.3.1.3-11. Frame Relay Service PVC Prices–OCONUS

CLIN	Origination Country/ Jurisdiction ID*	Destination Country/ Jurisdiction ID*	Price	Price Start Date	Price Stop Date	Price Replaced Date

* For Country/Jurisdiction IDs, see Table B.6.6-1

Frame Relay Service Feature Prices

Table B.2.3.1.4-3 defines the format for GCI's FRS feature pricing. Table B.2.3.1.4-2 provides the appropriate CLINs.

Table B.2.3.1.4-2. Frame Relay Service Feature Price Instructions

CLIN	Description	Charging Unit	Notes
0047101	Class of Service (CoS)	NSP	At least one CoS shall be provided for non-domestic PVCs; multiple CoS for non-domestic PVCs is optional. For CONUS and OCONUS PVCs, multiple CoS is mandatory
0047102	Disaster Recovery PVCs	As defined in ICB Cost Proposal	ICB
0047103	Frame Relay-to-Internet Gateway	Per PVC, per month	Not applicable to GCI. GCI will provide transport to the NNI priced at standard PVC rates. Verizon Business will provide the interconnection to the internet.
0047104	Interworking services	Per PVC, per month	Not applicable to GCI. GCI will provide transport to the NNI priced at standard PVC rates. Verizon Business will provide the interworking feature (e.g. FRASI.)
0047105	IP-enabled FR	MRC per 64 kbps increment	Not applicable to GCI. GCI will provide transport to the NNI priced at standard PVC rates. Verizon Business will provide the conversion to IP and subsequent transport to the IP SDP.

CLIN	Description	Charging Unit	Notes
0047109	IP-enabled FR	MRC per 1 Mbps increment	Not applicable to GCI. GCI will provide transport to the NNI priced at standard PVC rates. Verizon Business will provide the conversion to IP and subsequent transport to the IP SDP.
0047106 (Optional)	Multilink Frame Relay (Optional)	As defined in ICB Cost Proposal	This optional feature was not bid by Verizon Business and therefore GCI will have no responsibilities for support in this area.
0047107 (Optional)	Switched digital access to FRS (Optional)	NSP	This optional feature was not bid by Verizon Business and therefore GCI will have no responsibilities for support in this area.
0047108 (Optional)	Voice over Frame Relay (Optional)	NSP	This optional feature was not bid by Verizon Business and therefore GCI will have no responsibilities for support in this area.

Table B.2.3.1.4-3 Frame Relay Service Feature Prices–OCONUS

CLIN	Case Number*	Origination Country/ Jurisdiction ID**	Destination Country/Jurisdiction ID**	Price	Price Start Date	Price Stop Date	Price Replaced Date

* Case Number is applicable to ICB CLINs only

** For Country/Jurisdiction IDs, see Table B.6.6-1

12.0 Bonding Requirements

Not applicable.

13.0 Invoicing Requirements

In order for you to receive payment, receipts must be completed and all ORIGINAL invoices must be submitted to Accounts Payable. In the event an original invoice was sent to the Verizon end user, it will be the responsibility of the Verizon end user to ensure the original invoice is forwarded to Accounts Payable.

A valid invoice MUST contain the following:

Supplier Name
Invoice Number
Invoice Date

Remittance Address
Purchase Order Number
Dollar amount broken out by line item of the Purchase Order

The payment terms for such work will be Net 30 days from date of an authorized invoice.

Send ORIGINAL INVOICE to

Verizon Business
P.O. Box 770 Ashburn, VA 20146-0770

Please send a COPY of the INVOICE to

Verizon Business
Federal - AP
2485 Natomas Park Drive, Suite 450
Sacramento, CA 95831
Jenifer.Mojonnier@verizonbusiness.com

Failure to follow the above directions may result in delay of payment.

14.0 Applicable Documents

<u>GCI ICDs</u>

GCI ICD_P_II_SPIM_v2.8_06072007.doc

GCI SV_7 2_ICD_GCI_v4 0.doc

GCI ICD_GCI_ASR_v2.1_01182007.doc

<u>GCI Pricing</u>

See attached excel worksheet.

Verizon will provide any working documents that may be required to complete the work effort. All content will be the exclusive property of Verizon. "GCI" will secure prior approval from Verizon before any materials are shared publicly. Because Verizon will have provided content and approve on all material, Verizon will have sole responsibility for accuracy of contents.

15.0 Vendor Outsourced Activity

No third party subcontractor shall be added to a Statement of Work by the Consultant without obtaining prior approval from Verizon's Primary contact above.

16.0 SOW Change of Scope Procedure (if applicable)

Any change to this Statement of Work shall be provided in writing and accepted by both Parties before being accepted and included as a part of this SOW Agreement.

17.0 Acceptance Criteria

Acceptance shall be given when all of the deliverables have been received or completed, including receipt of all documents and data produced during this project. Approval of invoice for work performed is acknowledgement of acceptance criteria.

The parties agree that this engagement letter/SOW describes certain Services to be performed by GCI for Verizon GCI acknowledges and agrees that the Services described herein shall not commence until GCI receives from Verizon a Purchase Order incorporating this engagement letter/SOW. **THERE IS NO BINDING OBLIGATION BETWEEN** GCI **AND VERIZON WITH REGARD TO THE SPECIFIC PROJECT DESCRIBED IN THIS SOW UNTIL THE CORRESPONDING PURCHASE ORDER IS ISSUED. FAILURE TO OBTAIN BOTH A VALID PURCHASE ORDER AND AN APPROVED ENGAGEMENT LETTER OR SOW WILL RESULT IN VERIZON HAVING NO LIABILITY OF ANY KIND FOR ANY PERFORMANCE OF SERVICES DESCRIBED HEREIN.**

In WITNESS WHEREOF, the parties have entered into this Statement of Work as a part of an agreement.

Verizon Services Corporation	**General Communication, Inc.**
By: ______________________	By: ______________________
{Signature}	{Signature}
	Richard Westlund
{Printed Name}	{Printed Name}
	Senior VP & General Manager
{Title}	{Title}
{Date}	{Date}

Exhibit A

SCOPE OF WORK

CSDES

(4 OF 14)

STATEMENT OF WORK
Customer Specific Design and Engineering Services (CSDES)
Partner: GCI

1.0 OBJECTIVE

This statement of work defines the relationship between Verizon and GCI as it pertains to the pursuit of a successful award(s) under the Networx Universal and Enterprise Requests for Proposal (RFPs) (heretofore referred to as the Networx RFPs) issued by GSA. In this relationship, GCI will be one of Verizon partners for Customer Specific Design and Engineering Services (CSDES) as defined by the final Networx RFPs.

References within this Agreement that are referring to the Networx project or the Networx Request for Proposals (“RFP”) refers to the federal government project and/or its associated RFP (Networx Universal RFP and Networx Enterprise Request for Proposals [RFPs] [as the context shall require] issued by the General Services Administration of the U.S. federal government) for telecommunications and networking services and technical solutions for all U.S. federal agencies. While GCI is responsible for compliance with the Networx terms (if and as applicable), the more pertinent terms are set forth below (and in other areas of this Agreement) and all references to various sections of the Networx RFP shall refer to the Networx Universal RFP and Networx Enterprise Request for Proposals (RFPs) originally released on May 6, 2005 (as further supplemented and updated from time to time) by the General Services Administration of the U.S. federal government. Notwithstanding anything to the contrary, GCI agrees, for the Networx project, to comply with the Networx audit and data retention requirements, which may require storage for up to 10 years after the expiration of the Networx project. The entire Networx RFP is currently available at the following URL: http://www.gsa.gov/networx.

2.0 BACKGROUND

Agencies are in need of technical support services that are directly related to Networx service offerings. Customer Specific Design and Engineering Services (CSDES) enable Agencies to utilize the contractor’s expertise and resources to meet their specific business requirements and objectives. The technical support can include analysis, design, implementation, and testing of network equipment and applications. The support activity can be performed as described in a Statement Of Work, on an individual case basis, according to the Agency’s specific requirements. All orders issued for CSDES shall comply with the underlying terms and conditions of this contract and resulting modifications.

Proposal Preparation and Negotiation

Proposal preparation in response to the Networx RFPs began May, 2005 and will continue until such time as proposals are due to GSA. GCI provides the primary proposal response for Networx (CSDES) for Alaska. This response will be coordinated with Verizon and Verizon’s other Networx partners where services may overlap. In addition to the primary proposal response, GCI shall review the final Networx RFPs, to include drafting questions and providing recommended language changes; support team reviews of the Verizon proposal; make revisions to (CSDES)

proposal content in response to changes in technical requirements and team reviews; respond to GSA proposal clarifications; and support negotiations with GSA. GCI shall be responsive and meet Verizon and GSA due dates for deliverables during the proposal process.

GCI shall also provide proposal support during the Fair Consideration Process (agency evaluation and selection) following award of the Networx contract(s).

3.0 PROJECT SCOPE

Service Description

Customer Specific Design and Engineering Services provides a range of technical support offerings directly related to services within the scope of the Networx contract and based upon individual Agency specific requirements described in a Statement Of Work.

The services that can be acquired under this offering are summarized below:

1. Network architecture design and implementation.
2. Network design validation.
3. Evaluation of network technology alternatives.
4. Simulation and testing on test bed facilities.
5. Equipment and applications testing on the contractor's live network.
6. Engineering support.

Technical Capabilities

The following Customer Specific Design and Engineering Services capabilities are mandatory. GCI's CSDES activity will be directly related to services available on the Networx contract. All orders issued for CSDES will comply with the underlying terms and conditions of this contract and resulting modifications. GCI working with Verizon will not invoice the Government for any items not already in the contract. The Agency Statement Of Work will define the specific requirements on an individual case basis.

1. GCI will provide network architecture design services. This shall include but is not limited to technical support to assist Agencies with network architecture planning and design, solutions development, and the identification and evaluation of network solutions and technologies to meet Agency business concepts and requirements. Tasks associated with this activity can include:

a. Requirements gathering, definition, and analysis.
b. Development of specifications.
c. Development and evaluation of alternative technical approaches.
d. Computer aided design, modeling and/or simulation.
e. Network design recommendations.
f. Identification of cost and performance tradeoffs.
g. Feasibility and capacity analysis.
h. Preliminary planning.

2. GCI will provide network and related systems design validation. GCI will review and validate the design of existing or proposed networks, related services, and systems identified by the subscribing Agency. The review shall include but is not limited to network performance, routing,

IP addressing, numbering plans, physical/logical redundancy and diversity, network equipment, security, interoperability, and scalability. Tasks associated with this activity can include:

a. Assessment of network strengths, weaknesses, and vulnerabilities.
b. Capacity and traffic pattern analysis on current and projected traffic loads.
c. Measurement and assessment of network performance and availability.
d. Recommendations for network optimization, simplification, or cost reduction.
e. Identification of critical applications, protocols and vital data impacting the network.
f. Network discovery including development of a topology map.
g. Development of strategies to improve reliability, availability, and security.
h. Develop and validate current infrastructure drawings/schematics.
i. Validate service interoperability with other networks and systems.

3. GCI will evaluate network technologies alternatives and approaches to meet Agency requirements. GCI will provide a report deliverable detailing the evaluation, recommendations, and the advantages and disadvantages of each alternative.

4. GCI will perform modeling and simulation of applications and network services prior to implementation in a production environment. GCI will provide a report deliverable with the findings and recommendations upon completion of the task. GCI will provide any software or materials used to develop the deliverable if requested by the subscribing Agency.

5. GCI will ensure rigorous and thorough testing is performed under a controlled test bed environment or GCI's production network, according to subscribing Agency's needs, to verify and evaluate the suitability and compatibility of new services. Activities can involve the application of various techniques demonstrating that a prototype performs in accordance with the objectives outlined in the original design. GCI will validate and verify that the services and/or applications under test operate according to the Agency's requirements and objectives. GCI will document the methodology, findings, and results of the testing along with any relevant recommendations.

6. GCI will provide technical support to facilitate the transition of services into a sustainable pilot or production service that operates on the Agencies networks. Task associated with this activity can include:

a. Evaluation of the impact of new services upon Agency networks.
b. Development of transition plans.
c. Implementation support.
d. Development of test and acceptance plans and criteria.
e. Measurement and assessment of network performance.

7. GCI will provide design and engineering services for engineering prototypes relative to Networx services to include but are not limited to:

a. Installation of network hardware and software.
b. Configuration of network devices such as routers, switches, and gateways.

c. Installation of on-premises cable and network drops.
d. Performing testing and acceptance procedures.
Refer to Section H.32 Service Trials for additional information.

8. GCI will ensure that delivery of CSDES is according to Agency requirements as described in the Statement Of Work and met within the agreed upon deliverable schedule.

Interfaces

Section C.2.11.9.3 of Networx Universal RFP

GCI shall propose solutions that meet all interface requirements identified in each subscribing Agency SOW.

Service Level Agreements

Performance Metrics

Section C.2.11.9.4 of Networx Universal RFP

None. The Agency can specify and request performance metrics in their Statement Of Work.

Service Quality and Performance Metrics

Volume I, Section 5.10.2.1 of Networx Universal Contract

GCI shall work closely with each subscribing Agency to establish the appropriate KPIs and AQLs for each CSDES task order and its corresponding solution. Each SOW shall define the specific KPIs and AQLs that must be adhered to in order to complete a particular task.

Monitoring and Measuring KPIs and AQLs

Volume I, Section 5.10.2.2 of Networx Universal Contract

Many of Verizon's government and commercial contracts are performance-based, operating under SLAs that include AQLs in the KPIs. When CSDES tasks are identified based on unique Agency requirements and SOWs in the future, GCI shall work closely with the corresponding Agency customer to establish the appropriate KPIs and AQLs for each CSDES task order and its corresponding solution. Whenever appropriate, GCI shall propose AQLs that exceed the requirements of a particular task order SOW. In all cases, GCI shall adhere to basic fundamental principles to develop the AQLs for all KPIs.

Service Performance and Quality Verification

Volume I, Section 5.10.2.3 of Networx Universal Contract

GCI will assess, validate, and verify their CSDES service levels against the KPIs and AQLs for each task order and its solution. Working in collaboration with each client, GCI will define standard inspection criteria for the products of each activity and plan. GCI quality management process checks selected inspected products in two phases for compliance against standards before they are used as the basis of further development. GCI will also schedule peer inspections for design work products to ensure that the design is understandable, consistent, complete, and compliant with applicable standards. Traceability matrices are used to show that the design accounts for each business function and software requirement. In addition, tested modules and associated test results are examined or inspected before the module is used as the basis of further development. We also validate the efficacy of the tested end product and the associated documentation that is produced with the exercise. Documentation is evaluated by using it to train

a representative sample of users to verify that developed systems are intuitively usable per Agency requirements and guidelines.

Training

Volume II, Section 3.11 of Networx Universal Contract

GCI shall offer sales training to the Verizon Government Markets sales organization to facilitate the selling of GCI High-speed Service both under the FTS2001 contract umbrella as well as Networx.

GCI shall offer training materials to Verizon and its customers in order to support Verizon's ability to deliver training to Networx customers as defined by Section C.3.7 of the Networx RFPs.

Training Content

GCI will provide content for CSDES training in accordance with the requirements of RFP Section C.3.7.2.

Training Development

GCI's solution for training development meet all requirements found in Networx RFP Section C.3.7.2.1.

Training Availability

GCI's solution for training availability will meet all requirements found in Networx RFP C.3.7.2.2.

Training Maintenance

GCI's solution for training maintenance will meet all requirements found in Networx RFP C.3.7.2.6.

Within 30 business days following any changes to Team Verizon's Networx program that would result in any changes or modifications to the training program, all affected training material will be updated and made available to the Government. These modifications will be provided at no cost.

Partner Meetings/Sales Opportunities

GCI shall support meetings with Verizon Networx Partners.

GCI shall assign sales representatives to support the FTS2001 and Networx opportunities. GCI shall support Sales Opportunity Reviews to ensure collaborative planning.

4.0 PROJECT TERM

This agreement will run concurrent with Verizon's Networx Universal and Enterprise contracts with the GSA. Time period will be upon issuance of a Purchase Order through 2011.

5.0 DELIVERABLES

See Project Scope.

6.0 CONTACT INFORMATION

Verizon Business
Name
Title
Address
City, State Zip
Phone number
Fax number
Email address

Supplier Name - GCI
Name - Laura Rykaczewski
Title - Senior Account Manager
Address
City, State Zip
Phone number - 907 868 5351
Fax number - 907 868 6292
Email address - lrykaczewski@gci.com

7.0 PROJECT STAFFING

Not applicable.

8.0 WORK PERFORMANCE

- Security – N/A
- Hours & Overtime – Pre-approval of time/materials above what is identified in the Cost & Schedule section is required when they impact project costs
- Travel & Expense Guidelines – N/A

9.0 ASSUMPTIONS/RISKS/DEPENDENCIES

Refer to Exhibit B prime contract "flow down provisions"

10.0 VERIZON RESPONSIBILITIES

See Project Scope

11.0 COST SCHEDULE

The value of this SOW is estimated to be approximately $X,XXX,XXX.00 for the term of the SOW.

Year 1 (2007) = $
Year 2 (2008) = $
Year 3 (2009) = $
Year 4 (2010) = $

Pricing Requirements

Section B.2.11.9 of Networx Universal RFP

GCI shall provide competitive pricing to Verizon. GCI shall comply with the Pricing Structure outlined in Section B.2.11.9.3 of the Networx RFPs.

CSDES Pricing Structure

CSDES provide technical support to the Agencies in analysis, design, optimization studies, implementation support, and testing of network equipment and applications relative to Networx services. These services enable Agencies to utilize GCI's expertise and resources to meet their specific business requirements and objectives. GCI's CSDES will work with underlying (separately priced) Networx service offerings to provide seamless connectivity as identified in the subscribing Agency's task order.

The CSDE services will be priced ICB. The customer will provide the contractor/GCI with a Statement of Work (SOW). In response to the SOW, GCI will provide a Customer Design Document (CDD) along with a cost proposal. In the CDD, GCI will describe the proposed approach, solutions to satisfy the Agency's CSDES requirements, and identify the specific services (e.g., audits, reviews, training) and deliverables to be provided. The cost proposal shall clearly identify all equipment, software, labor hours, and underlying services required for any design and engineering efforts. Where the Agency determines that contractor-provided equipment/devices are in the best interest of the Government, GCI will provide prices as described in Networx RFP Section B.4.

CSDES Prices

Table B.2.11.9.2-1 describes prices specific to CSDES. Table B.2.11.9.2-2 provides the applicable charging mechanism and charging units for CSDES.

Table 0-. CSDES Prices

CLIN	Case Number*	Price	Price Start Date	Price Stop Date	Price Replaced Date

* Case Number applies to ICB CLINs only

Table 0-1 . CSDES Pricing Instructions

CLIN	Description	Charging Unit
0530201	Non-recurring charges specific to customer design implementation	ICB NRC
0530202	Monthly recurring charges not covered elsewhere	ICB MRC

12.0 BONDING REQUIREMENTS

Not applicable.

13.0 INVOICING REQUIREMENTS

In order for you to receive payment, receipts must be completed and all ORIGINAL invoices must be submitted to Accounts Payable. In the event an original invoice was sent to the Verizon end user, it will be the responsibility of the Verizon end user to ensure the original invoice is forwarded to Accounts Payable.

A valid invoice MUST contain the following:

Supplier Name
Invoice Number
Invoice Date

Remittance Address
Purchase Order Number
Dollar amount broken out by line item of the Purchase Order

The payment terms for such work will be Net 30 days from date of an authorized invoice.

Send ORIGINAL INVOICE to
Verizon Business
P.O. Box 770
Ashburn, VA 20146-0770

Please send a COPY of the INVOICE to

Verizon Business
Federal - AP
2485 Natomas Park Drive, Suite 450
Sacramento, CA 95831
Jenifer.Mojonnier@verizonbusiness.com

Failure to follow the above directions may result in delay of payment

14.0 APPLICABLE DOCUMENTS

GCI ICDs

GCI ICD_P_II_SPIM_v2.8_06072007.doc

GCI SV_7 2_ICD_GCI_v4 0.doc

GCI ICD_GCI_ASR_v2.1_01182007.doc

GCI Pricing

See attached excel worksheet.

Verizon will provide any working documents that may be required to complete the work effort. All content will be the exclusive property of Verizon. GCI will secure prior approval from Verizon before any materials are shared publicly. Because Verizon will have provided content and approve on all material, Verizon will have sole responsibility for accuracy of contents.

15.0 VENDOR OUTSOURCED ACTIVITY

No third party subcontractor shall be added to a Statement of Work by the Consultant without obtaining prior approval from Verizon's Primary contact above.

16.0 SOW CHANGE OF SCOPE PROCEDURE (if applicable)

Any change to this Statement of Work shall be provided in writing and accepted by both Parties before being accepted and included as a part of this SOW Agreement.

17.0 ACCEPTANCE CRITERIA

Acceptance shall be given when all of the deliverables have been received or completed, including receipt of all documents and data produced during this project. Approval of invoice for work performed is acknowledgement of acceptance criteria.

The parties agree that this engagement letter/SOW describes certain Services to be performed by GCI for Verizon. GCIacknowledges and agrees that the Services described herein shall not commence until GCI receives from Verizon a Purchase Order incorporating this engagement letter/SOW. **THERE IS NO BINDING OBLIGATION BETWEEN** GCI **AND VERIZON WITH REGARD TO THE SPECIFIC PROJECT DESCRIBED IN THIS SOW UNTIL THE CORRESPONDING PURCHASE ORDER IS ISSUED. FAILURE TO OBTAIN BOTH A VALID PURCHASE ORDER AND AN APPROVED ENGAGEMENT LETTER OR SOW WILL RESULT IN VERIZON HAVING NO LIABILITY OF ANY KIND FOR ANY PERFORMANCE OF SERVICES DESCRIBED HEREIN.**

In WITNESS WHEREOF, the parties have entered into this Statement of Work as a part of an agreement.

Verizon Services Corporation	**General Communication, Inc.**

By: ______________________	By: ______________________
{Signature}	{Signature}
	Richard Westlund
{Printed Name}	{Printed Name}
	Senior VP & General Manager
{Title}	{Title}
{Date}	{Date}

Exhibit A

SCOPE OF WORK

CSDS

(5 OF 14)

STATEMENT OF WORK

<u>GCI Circuit Switched Data Service (CSDS)</u>
<u>Networx Universal and Enterprise Contract Volume I, Section 4.1.2</u>

1.0 Objective

As data and multimedia applications expand within the Government, requirements for digital connectivity on a dial-up basis will continue to increase. The Government currently has a large community of CSDS users, particularly in the area of on-demand video conferencing applications.

2.0 Background

GCI will offer a technical solution which meets the requirements of GSA's Networx Universal and Enterprise RFPs (heretofore referred to as Networx RFPs) Section C.2.2.2, Networx CSDS Service, as well as provide pricing in the structure provided for in Section B Table B.2.2.2.3-5 of the Networx RFPs. If GCI does not provide any of the services described in Section C.2.2.2, then it will be GCI's responsibility to identify a teaming partner or solution to meet all of the requirements in Section C.2.2.2 as it relates to Networx CSDS Service, as it pertains to Alaska coverage.

3.0 Project Scope

GCI is only providing the local and Alaska LD for this service. VZB is providing the long distance portion of the service.

Technical Requirements

Section C.2.2.2.1.4 of Networx Universal and Enterprise RFPs

GCI will offer a technical solution which meets the requirements of GSA's Networx Universal and Enterprise RFPs (heretofore referred to as Networx RFPs) Section C.2.2.2, Networx CSDS Service, as well as provide pricing in the structure provided for in Section B Table B.2.2.2.3-5 of the Networx RFPs. If GCI does not provide any of the services described in Section C.2.2.2, then it will be GCI's responsibility to identify a teaming partner or solution to meet all of the requirements in Section C.2.2.2 as it relates to Networx CSDS Service, as it pertains to Alaska coverage. This includes:

- Providing CSDS Service transport between the subscribing Networx Agency's Service Delivery Point (SDP) and intra-state terminations within the State of Alaska.

- Providing CSDS Service transport for inter-state, IDDD, and private network traffic between the subscribing Networx Agency's Service

Delivery Point (SDP) and the GCI trunking interface point to Verizon's POP in Seattle.

- Installing and maintaining Service Enabling Device(s) that may be ordered for the subscribing Agency's SDP.

· Responding to Verizon trouble tickets reported to Verizon's Help Desk.

· Providing SLA and KPI performance data shown in RFP Sections J.13.3.2 and C.2.2.2.4.1 respectively.

GCI shall work with Verizon on how it will provide Management and Operations (MOPS) data to support Verizon's ability to deliver a MOPS solution and MOPS deliverables under the Networx contract(s), as defined by the requirements on Section C.3 of the Networx RFPs. This will include developing a data interchange interface with Verizon to support the MOPS requirements. Data interchange between Verizon and GCI will be defined prior to contract award and must support the requirement for Networx vendors to provide an Operational Capabilities.

Verizon will provide all network connectivity for these services unless otherwise specified.

GCI will continue to support for Networx all of the technical support functions now in place for the current FTS2001 contract. These are documented below.

GCI will continue to act as Verizon Business's agent in Alaska for the provision of Networx CSDS services as defined in this Statement of Work. In general this includes:

d) Arranging for dedicated access facilities where ordered between Government agency locations subscribing to Verizon Business's Networx CSDS services and the nearest GCI POP.

e) Providing TDM circuit switching for circuit switched data calls such that calls destined for completion within Alaska will be completed over GCI facilities where possible.

f) Arranging for special access to remote areas in Alaska via wireline, wireless or satellite facilities as necessary from GCI facilities in Alaska.

Specific responsibilities for Circuit Switched Data Services include:

b) For subscribing Networx users who are behind LEC Centrex switches, GCI will:

· Accept calls from the Centrex switch via a dedicated trunk group, or

· Accept calls from the Centrex switch via a shared trunk group and identify Verizon Business subscribers on the basis of ANI or calling line ID in the signaling setup

message. Verizon Business would be responsible for providing GCI with the authorized list of ANIs.

· Terminate calls from Verizon Business Networx users via the same trunks.

b. GCI will act as Verizon Business's agent to contact LECs in equal access areas in Alaska such that subscribing Networx users will be repointed (PIC'd) to GCI's access trunks groups. Calls from these virtual on-net users will be routed according to the mutually agreed upon Networx routing plan, essentially a continuation of the FTS2001 routing plan. The GCI PIC will be used rather than an Verizon Business PIC to minimize problems in billing from the Alaskan LECs involved.

c. GCI will support PRI ISDN access trunks to subscribing Networx users who order it. These trunks must support "N x 64 Kbps" wideband connection capability for switched data and video applications.

d. GCI will support Verizon Business's Networx Dialing Plan, which will include the use of private network 700 numbers. As part of the ongoing order entry and provisioning process, Verizon Business will provide GCI with Networx number assignments to associate with all dedicated access trunks. In most cases, these numbers shall correspond with the end user's public network NANP numbers. In other cases, private network numbers in the 700 NPA range may be assigned. The latter have no public network equivalent. GCI will support the termination of both intrastate and interstate Networx CSDS calls to these Networx numbers and dedicated trunks. GCI will recognize Networx calls vs. PSTN calls (which terminate to LEC switched egress trunks) via the dedicated FTS2001 / Networx trunk group that has been established to GCI from the Verizon Business Seattle switch. The Networx Dialing Plan will be a continuation of the FTS2001 Dialing Plan.

e. GCI willl provide CSDS call records in batch file transfers to Verizon Business for billing. The transmission of these CSDS call records will comply with the mutually approved Networx interface specification.

GCI's interconnection responsibilities will include:

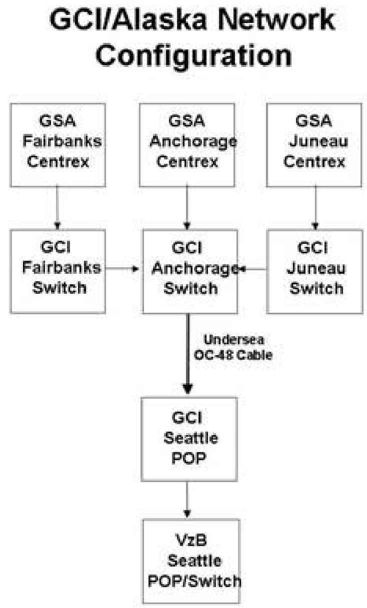
a) Supporting existing Voice and CSDS trunks dedicated to Verizon Business FTS2001 / Networx traffic between:

· The GCI Fairbanks switch and the GCI Anchorage switch

· The GCI Juneau switch and the GCI Anchorage switch

· The GCI Anchorage switch and the Verizon Business Seattle switch

This is represented in the figure below. The sizing of these trunks will be mutually determined to ensure a P.01 end-to-end grade of service for the applicable peak traffic requirements.



c) Switching and aggregating Verizon Business Networx CSDS originating traffic in Alaska. The Fairbanks and Juneau switches will pass the traffic they aggregate to the Anchorage switch which will in turn aggregate it with Anchorage traffic and pass it to the Verizon Business Seattle switch via a dedicated trunk group without echo cancellation. This includes "N x 64 Kbps" capability for switched data and video applications via the GCI "5E" network.

d) GCI will provide underseas fiber optic capacity for this traffic between their facilities in Anchorage and Seattle. Verizon Business will assign LEC provided access capacity between the GCI Seattle POP and the Verizon Business Seattle POP.

e) Switching and terminating Verizon Business Networx CSDS traffic from the Verizon Business Seattle switch to dedicated on-net Networx or FTS2001 terminations via the trunking arrangements described above.

GCI will assist Verizon Business with planning and engineering support to ensure that appropriate network services will be available to meet evolving

Government requirements. These activities will include the following:

a) Ensuring network wide interoperability with other sub-contractors (i.e. LECs, etc.,) as well as Government and commercial networks, where the Government requires such interoperability.

b) Developing and maintaining a contingency and restoration plan that prevents deterioration of network services.

GCI will also assist Verizon Business with the transition of existing FTS2001 CSDS traffic to the Networx contract as Government orders are received.

GCI will support orders for critical service involving the deployment of diversely routed access facilities and split trunking to ensure trunk group survivability. GCI will also accept orders for Telecommunications Service Priority (TSP) as requested and justified by the government.

Service Overview

Verizon has selected GCI to meet the requirements for Circuit Switched Data Services (CSDS). GCI's transport capabilities, in conjunction with Verizon's CSDS Services features will comply with all requirements for RFP Section C.2.2.2 as proposed by Verizon Business to GSA.

Description of Approach to Service Delivery

Volume I, Section 4.1.2.1.1 of Networx Universal and Enterprise Contracts

GCI's infrastructure for supporting Circuit Switched Data Services (CSDS) will be identical to its Voice Services. This includes an all digital backbone, digital switches and digital access facilities. GCI will provide CSDS with most of the capabilities as it provides for the Voice Service offering.

GCI has supported CSDS for FTS2001 users since MCI (now Verizon Business) was awarded the FTS2001 contract in 1999. Today, Verizon Business in conjunction with GCI supports approximately 60% of FTS2001 CSDS long distance and private network traffic, and is providing CSDS services from the U.S. to over 65 countries. GCI will carry CSDS calls over the same all digital network as is used for Voice Services. This circuit switched network will be provisioned and managed to have the same high standards for Networx as it has supported for FTS2001. GCI's network will support the automatic disabling of echo cancellers on data CSDS calls and no compression will be used in the network. For inter-state, private network, or international CSDS calls, GCI's switches will select clear channel trunks interfacing with the Verizon Business network in Seattle to avoid

compression or echo cancellation equipment, which ensures high quality CSDS service.

As discussed in Voice Services Section 4.1.1.1, Verizon's approach for both Voice and CSDS services has the following advantages.

Seamless Transition = Lower Risk. Verizon and GCI transitioned all services to FTS2001 in a way that minimized the impact on the user community. Following Agency selection, Verizon Business and GCI will apply comparable processes and procedures to transition any Agency locations in Alaska not currently using

FTS2001 CSDS Services to the Networx CSDS Service. The GCI CSDS solution will meet all of the applicable mandatory requirements documented in the Networx RFP, and will exceed baseline requirements where possible. Whether initiated from On-Net or Off-Net locations, authenticated CSDS calls will be connected to all On-Net and Off-Net locations by direct station-to-station dialing. This SOW will document the applicable CSDS features and capabilities required for GCI to support.

Performance that Networx Customers can Rely on. GCI's network will provide a virtually non-blocking, P.001 grade of service POP-to-POP and a P.01 grade of service end-to-end for switched access originations to switched PSTN terminations in Alaska. GCI's CSDS Services will support ISDN and SDS applications.

Integrated Services Digital Network (ISDN) is a digital network service capable of supporting multiple services on a single connection using a common set of well-defined protocols. Voice calls and data calls are part of the same intelligent network, providing the same sophisticated features currently offered for Networx Voice Services. ISDN is a digital, worldwide public standard for sending voice, video, data, or packets over the public switched telephone network (PSTN). The two versions of ISDN are basic rate interface (BRI) and primary rate interface (PRI). BRI is a single pair of copper wires supporting data speeds of up to 128 Kbps. PRI is a 4-wire connection capable of supporting data speeds up to 1.536 Mbps. ISDN can also be used as a high-speed dial-up data service supporting digital data transmission in building blocks of 64 Kbps. Higher clear channel speeds, i.e., 384 Kbps and 1.544 Mbps, will be supported.

Switched Digital Services (SDS) are data transmissions in increments of 56/64 Kbps (higher speeds up to 1.544 Mbps are also available). Although SDS uses the same implementation and billing mechanisms as Networx Voice Services, SDS will be transmitted over separate clear channel routes in the GCI switched network. These routes should be groomed to enhance SDS transmission quality. Customers claim bandwidth by using a single network call with Multi-Rate Bearer Services (MRBS) or fixed rate (H0, H11) capabilities (without inverse multiplexing).

The GCI network will support ISDN wideband services (H0, H11 and MRBS) consisting of N x 64 Kbps services at the network level, with channel aggregation handled by the network rather than by CPE. This type of call is

recorded on a single call record, which indicates the bandwidth used for the call; which enables bandwidth-based billing. Available speeds today include 384 Kbps (H0) and 1.536 Mbps (H11). H0 and H11 are fixed allocation standards, and these calls require contiguous bandwidth to be available on the PRI access line.

H0 is the ISDN standard for the provisioning of 384 Kbps service, without IMUXing, via contiguous bandwidth on an ISDN PRI access line. The CPE places one call, which is allocated to contiguous channels on the PRI. The six channels used must be contiguous and must be in fixed positions in the T1 carrier (i.e., either channels 1-6, 7-12, 13-18, or 19-24). If the subscribing Agency has only one PRI, the D channel will be on channel 24, and therefore channels 19-24 would not be used for an H0 call. This is an example of fixed allocation.

H11 is another example of the fixed allocation scheme. H11 is the ISDN standard for provisioning of 1.536 Kbps service, without IMUXing, via contiguous bandwidth on a PRI access line. As with H0, the network transport may or may not be contiguous. Two PRI access lines are required to launch an H11 call. With one PRI, only 23 B channels are available and the call cannot be launched. If the subscribing Agency has multiple PRIs with Non-Facility Associated Signaling (NFAS) and there is a PRI with all 24 channels free, an H11 call can be launched. Verizon's network switches recognize a MRBS data call and route the 64 Kbps channels through the network, with the network providing the IMUX function. The network will determine the best paths for the channels, and they may or may not be carried contiguously.

In 1994, MRBS became available in the U.S. via the Floating algorithm. The channels must be contiguous, but the contiguous channels are not required to occupy specific portions of the PRI access line, as they are with H0 service, so call setup can be somewhat shorter. Where available, the Flexible allocation scheme provides the functionality needed to dynamically add or subtract bandwidth from an MRBS call without having to disconnect and reestablish the call. At the time of the order, a subscribing Agency will be required to specify whether it will be placing Fixed (H0 or H11), Floating (MRBS), or Flexible (MRBS) calls using their CPE. The switch port on which the access line terminates must be configured for one or the other. Trunk allocation schemes cannot be chosen on a call-by-call basis.

CSDS Architecture. GCI's switched services network will provide a common fabric supporting switched voice and CSDS traffic. The architecture, systems, and network elements are in most cases the same for each service type. Major systems involved include digital network switches, and inter-switch trunks connecting switches in a "meshed" configuration. The architecture also incorporates access trunks that connect GCI switches to LEC switches with primarily FG-D facilities to provide switched access. The system includes access trunks connecting GCI switches to Agency CPE to provide dedicated access. GCI's CSDS will dynamically allocate digital

bandwidth-on-demand on a cost-per-six second increment basis. This provides a superior solution for on-demand services such as high-speed bandwidth, dial-up circuits, circuits required for short-term requirements, simultaneous bandwidth for simultaneous transmission of digital information (data, image, voice, or video), or emergency backup for private line and other connection-oriented networks such as frame relay. GCI will support both narrowband services at increments of 56/64 Kbps, and wideband services at increments of 128 Kbps up to 1.544 Mbps. Table 3.1.1-1 summarizes support requirements for GCI's switched data service offerings.

Table 3.1.1-1. Switched Data Services Support Requirements

Service	Description
Narrowband	
· Switched 56	Switched 56 Kbps offers a switched version of digital private lines with usage-based pricing. It provides high performance and reliability to support critical data applications. Transmission speeds can be 56 Kbps or subrates of 2.4, 4.8, 9.6, and 19.2 Kbps. Individual 56 Kbps channels can be aggregated into N x 56 Kbps with appropriate CPE. Switched 56 provides digital transmission on demand for a variety of applications, including video conferencing, host file transfer, high resolution facsimile, LAN-to-LAN and WAN-to-WAN interconnections, and software downloads.
· Switched 64	Transmission speeds can be at 64 Kbps or subrates of 2.4, 4.8, 9.6, and 19.2 Kbps. Switched 64 provides speed and digital dependability. Multiple SW64 calls can be aggregated into a single continuous wideband channel. Switched 64 is a CPE-based service that can be used to provide bandwidths such as 384 Kbps or 1.536 Mbps. It supports intermittent-use data applications such as video conferencing, host file transfer, high resolution facsimile, LAN-to-LAN and WAN-to-WAN interconnections, software downloads, and music and video store and forward applications. In addition, on-demand bandwidth to supplement private lines is a cost-effective way to support peak traffic.
Wideband	

·	Multi-Rate Bearer Service (MRBS)	MRBS provides dial-up bandwidths of N x 64 Kbps on demand by making one call. For example, an Agency can dial-up 128 Kbps for one application, and dial-up 384 Kbps for another application with only one call rather than multiple calls (each per 64 Kbps of bandwidth). With MRBS, a single PRI can be used to provide 23 x 64 Kbps (1.472 Mbps), nearly a full T1 bandwidth. Primary benefits include decreased call set-up time, reduced rates versus multiple 64 Kbps, and no investment in IMUX CPE since the IMUX function is provided by the network.
·	ISDN H0	ISDN H0 offers transmission speeds of 384 Kbps of contiguous bandwidth established through the GCI network as a single data call. The customer's CPE places one call and the GCI switch allocates channels to the call.
·	ISDN H11	ISDN H11 offers transmission speeds of 1.536 Mbps of contiguous bandwidth established through the GCI network as a single data call. This capability transports the 24 channels of PRI contiguously through the GCI network, thereby providing the synchronization and bonding of the twenty-four 64 Kbps channels within GCI's network rather than in the Agency's CPE.

GCI's Circuit Switched Digital Service will provide synchronous, full duplex, digital SDP-to-POP services and POP-to-POP services at rates up to DS1 for

all On-Net and Off-Net requirements. Table 3.1.1-2. shows the typical access service requirements for CSDS.

Table 3.1.1-2. Typical Access Service Requirements for CSDS

Service Obtained via ISDN access	Access to Switched 56 Service Availability
BRI from LEC	Digital 64 or 128 Kbps dialup to a GCI switch via FG-D
PRI from GCI	Dedicated T1/PRI local loop from the Agency to a GCI switch
PRI from LEC	Switched Digital Access (SDA) from the LEC, where available, with Nx64 Kbps ISDN calls to a GCI switch via FG-D

Technical Capabilities

Volume I, Section 4.1.2.3.1.1 of Networx Universal and Enterprise Contracts

GCI will comply with all technical requirements for C.2.2.2.1.4 as follows.

1a GCI will support a uniform numbering plan including a unique directory number for all on-net Government locations.

1b GCI will support the same uniform numbering plan for CSDS as proposed for Voice Services. This will be integrated with the Voice Services plan as follows:

GCI will use the PSTN number plan used for its intra-state Alaska commercial offerings per the North American Numbering Plan including ongoing NPA/NXX additions coordinated by the NANP administrator. This includes all future changes.

GCI will support the private numbering plans currently used for most Federal agencies as communicated by Verizon. GCI will support non-commercial, Agency-specific private 700 numbers or variable length private network numbers (i.e. Networx Locator Service number, private network announcements, etc.).

GCI will maintain FG-D PSTN interconnect arrangements with all major LECs in Alaska in order to support switched access for the origination and termination of Networx calls.

GCI will support originating and terminating on-net calls from dedicated trunks as well as calls from switched, virtual on-net locations. Off-net calls from the PSTN to Networx numbers will be blocked from terminating to Networx dedicated trunks unless a specific request for the direct termination service has been received and implemented.

GCI will direct calls using Networx private network numbers to Verizon's network such as those calls to be treated by custom intercept messages.

GCI will route calls to a disconnect message announcement as directed by the Agency and communicated by Verizon. GCI will not reassign the number for 90 days after receiving an Agency disconnect order for situations where GCI controls the number assignment.

Time-out during dialing typically results in reorder tone initiated by the switch supporting the station instrument. GCI's switches will support this where directly connected station instruments are involved.

Calls encountering network congestion in GCI's network will typically receive a "fast busy" signal.

On-net originating calls that exceed the class of service assigned to the originating station for off-net and non-domestic PSTN calls will receive a message recording from Verizon's network stating they cannot complete the call because it exceeds the assigned class of service range privileges.

Verizon will support the denial of features via class of service restrictions against the originating trunk group, ANI or authorization code for calls sent to the Verizon network (i.e. inter-state LD, IDDD and private network calls). GCI will support these restrictions if notified that intra-state Alaska calls are to be blocked.

GCI's Voice Services support ISDN D-Channel user-to-user signaling during a call between ISDN capable parties in accordance with ITU-TSS Q.931 standards.

GCI's CSDS Services will not use compression. All calls will use 64 Kbps pulse code modulation (PCM) per the ITU G.711 standard.

GCI will support the transport of LEC-supplied ANI digits for CSDS switched access calls from or to Switched 56 kbps, switched ISDN BRI, or switched ISDN PRI users.

GCI will provide ANI assignments for CSDS On-Net dedicated access users. These ANI assignments will be transported with each CSDS call.

Other than ISDN multi-rate calls, numbering and dialing plan arrangements will be identical for CSDS calls to those for the Networx switched Voice Service.

2 GCI will support the use of On-net authorization codes for CSDS using the same numbering plan assignment as for Voice services: a 10-digit On-Net Networx ANI number plus a four-digit PIN.

3 For CSDS calls terminating to off-net locations in Alaska, the bandwidth requested by the originating on-net location will be limited to the bandwidth limitations in the PSTN between the GCI network and the called location.

4 GCI's CSDS solution will support a calling capability that does not require scheduling.

5 Digital communications equipment and transmission facilities require synchronization to prevent transmission slips that result in loss of data and/or retransmissions. GCI will use an advanced GPS reference frequency distribution system to provide accurate, stable timing synchronization throughout the GCI Voice / CSDS network.

6 Once a CSDS call has been established on the GCI Voice / CSDS network, all bit sequences transmitted by the DTE will be transported by GCI as data/bit transparent across the network, maintaining data/bit sequence integrity.

7 GCI will support the mandatory dialable information payload bandwidth requirements.

7a GCI's CSDS will support Switched 56 Kbps calls that offer a switched, dialable version of a digital private line with usage-based pricing. It must provide high performance and reliability to support critical data applications. Transmission speeds can be at 56 Kbps or subrates of 2.4, 4.8, 9.6, and 19.2 Kbps. Individual 56 Kbps channels may be aggregated into N x 56 Kbps with appropriate CPE. Switched 56 provides digital transmission on demand for a variety of applications, including video conferencing, host file transfer, high resolution facsimile, LAN-to-LAN and WAN-to-WAN interconnections, and software downloads. Switched 64 provides speed and digital dependability. Multiple SW64 calls can be aggregated into a single continuous wideband channel. This CPE-based service can be used to provide bandwidths such as 384 Kbps or 1.536 Mbps. Switched 64 service supports intermittently used data applications such as video conferencing, host file transfer, high resolution facsimile, LAN-to-LAN and WAN-to-WAN interconnections, software downloads, and music and video store and forward applications. Switched 64's on-demand bandwidth used to supplement private lines is a cost-effective vehicle to support peak traffic.

7b GCI's CSDS will support ISDN H11 calls offering transmission speeds of 1.536 Mbps of contiguous bandwidth established through the GCI network as a single data call. This capability transports the 23 B channels of PRI contiguously through the Verizon network, thereby providing the synchronization and bonding of the twenty-four 64 Kbps channels within GCI's network rather than in the agency's CPE. GCI will support switched T1 calls providing dial-up service for transmitting data at speeds up to 1.536 Mbps with either in-band or out-of-band signaling. GCI will support T1 access at each customer SDP access point if so ordered. This unchannelized 1.536 Mbps bandwidth on demand is useful as back-up for primary T1 links, for overnight data transfers, and for day-to-day mission critical information. When

switched T1 is activated, no channelization occurs; there is only a pipe of bandwidth at 1.536 Mbps. CPE, usually a CSU or bandwidth management multiplexer, is used to manage the bandwidth for applications that require multiple destinations. ISDN H11 can switch DS1s, provided the first PRI has the D channel and the switched DS1 does not have a D channel.

7c GCI's CSDS will support ISDN PRI interfaces providing on-demand dialable bandwidth at NxDS0, where N = 1 to 24 by making one call. For example, a user can dial-up 128 Kbps for one application, and dial-up 384 Kbps for another application with only one call rather than having to make multiple calls (each per 64 Kbps of bandwidth). This is supported up to a full T1 bandwidth when the ISDN D-channel is on an alternate T1 using Non-Facility Associated Signaling (NFAS) within a multi-PRI trunk group.

8 GCI's CSDS will support the following Multi-rate DS0 capabilities:

8a GCI's CSDS will support an appropriate dialing sequence for initiating calls with different bandwidths.

8b GCI's CSDS will support the transport of all bit sequences transmitted by the DTE as data/bit transparent after establishment of the dialing sequence.

9 Verizon did not propose support for the following optional CSDS capabilities and therefore GCI support is not required:

- Multirate DS1 Category
- DS3 Category
- SONET Level-I (i.e., OC-1) Category
- SONET Level-II (i.e., Multirate OC-1) Category
- SONET Level-III (i.e., Multirate OC-3) Category

Other Contract Requirements

GCI will support Verizon in responding to the Price Management Mechanism as defined in Section H.7 of the Networx Universal and Enterprise RFPs.

Interfaces

Section C.2.2.2.3 of Networx Universal and Enterprise RFPs

GCI will support all of the interfaces identified in Section C.2.2.2.3.1 of the Networx RFPs that were bid by Verizon (note: support for the optional OC-1 interface was not proposed and the E1 and E3 interfaces are not applicable to GCI).

Circuit Switched Data Service Interfaces

GCI will comply with all applicable interfaces required for CSDS, as follows:

The following user-to-network-interfaces (UNIs) at the SDP, as defined in Section C.2.2.2.3.1, are mandatory unless marked optional:

Table 6.1-1. Circuit Switched Data Service Interfaces

UNI Type	Interface Type and Standards	Payload Data Rate	Signaling Type
1	ITU-TSS V.35	Up to 1.536 Mbps	RS366A (dialing)
2	EIA RS-449	Up to 1.536 Mbps	RS366A (dialing)
3	EIA RS-530	Up to 1.536 Mbps	RS366A (dialing)
4	ISDN PRI (Multirate) (T Reference Point) (Standard: ANSI T1.607 and 610)	Up to 1.536 Mbps	ITU-TSS Q.931
5	T1 (with ESF) (Std: SR-TSV-002275, and ANSI T1.102/107/403)	Up to 1.536 Mbps	SS7
The Following optional interfaces are in the scope of the contract			
6	T3 (Standard: Telcordia Pub GR-499-CORE)	Up to 43.008 Mbps	SS7
7	E1 (Standard: ITU-TSS G.702)	Up to 1.92 Mbps	SS7, E1 Signaling
8	E3 (Standard: ITU-TSS G.702)	Up to 30.72 Mbps	SS7, E1 Signaling
9	Optical: SONET OC-1 (Standard: ANSI T1.105 and 106)	Up to 49.536 Mbps	SS7
10	Electrical: SONET STS- 1 (Standard: ANSI T1.105 and 106)	Up to 49.536 Mbps	SS7
11	SONET OC-3 (Standard: ANSI T1.105 and 106)	Up to 148.608 Mbps	SS7
12	SONET OC-12 (Standard: ANSI T1.105 and 106)	Up to 594.432 Mbps	SS7
13	ISDN BRI (Multirate) (S and T Reference Point) (Standard: ANSI T1.607 and 610)	Up to 128 Kbps	ITU-TSS Q.931

Note: If GCI does not support dedicated access for ISDN BRI circuits, Verizon Business may provide an ISDN PRI/BRI adapter.

Features

Section C.2.2.2.2 of Networx Universal and Enterprise RFPs

GCI will support all of the applicable features identified in section C.2.2.2.2 of the Networx RFPs.

CSDS Features

Volume I, Section 4.1.2.3.1.2 of Networx Universal and Enterprise Contracts

GCI will comply with all applicable feature requirements for C.2.2.2.2.1 as follows.

1 GCI's CSDS will support user dialing of Verizon provided toll free numbers to satisfy the CSDS "dial-in" feature. This will follow a calling card type type dialing arrangement. Following connection via toll free number and entry of a valid authorization code, callers may dial domestic 10-digit PSN numbers, international IDDD numbers or private network numbers. Calls may originate from On-Net or Off-Net locations after verification of the authorization code entered by the user. Access to Verizon POPs is available through LEC-provided BRI, PRI, or switched digital access. The LEC or CAP, via digital FG-D SS7 data circuits, hands the call to the Verizon network to be routed to the terminating location via the Verizon / GCI CSDS all digital networks. The call may terminate via a GCI-provided PRI, or LEC- or CAP-provided BRI, PRI, or switched or dedicated digital access (e.g. Switched 56) circuits.

2 GCI's CSDS will support User-to-user signaling (UUS) via ISDN D-channel during a call in accordance with ANSI T1 and ITU-TSS standards for ISDN and SS7. This UUS feature would typically be used by subscribing Networx agencies with compatible PBX or ACD switches with dedicated ISDN PRI access connections to a GCI switch. UUS will not be supported from a LEC PRI origination, but can be supported to a LEC ISDN termination.

UUS will be supported from a GCI ISDN PRI origination and termination. The exchange of user information is not a network acknowledged service, that is, the network does not interpret the information but transfers it across the network intact.

3 GCI’s CSDS will support the same features documented in the Voice Services Statement of Work.

Service Level Agreements

Volume II, Appendix B.3, Attachment 1 of Networx Universal and Enterprise Contracts

GCI will meet the Performance Metrics as defined by Section C.2.2.2.4 of the Networx RFPs for Networx CSDS Service in Alaska (note: for inter-state LD, private network, or IDDD CSDS traffic, GCI and Verizon Business will split the SLA budget allocations as appropriate).

Circuit Switched Data Service SLA

· **Availability.** Availability of the Circuit Switched is collected for each Circuit ID. Data is calculated as follows.

$$\text{Availability} = \frac{\text{total expected Available time (Tex)} - \text{total outage time (Tou)}}{\text{Total Expected Available time (Tex)}}$$

Availability metrics are calculated for the Agency and Bureau levels by determining the Tex and Tou for all the Circuit IDs under the Agency or Bureau AHCs for a calendar month and reporting the resulting availability as a percentage. Tou will be based upon customer reported trouble tickets as documented by the Verizon Business Trouble Management System for Networx.

· **Call Blockage.** Call blockage is calculated using switch based call records. The following is process to calculate call blockage for each phone number.

1 NUMBER – the number being reported on.

2 ATTEMPTS – the total number of calls dialed from the number.

3 ATB (All Trunks Busy) - The call is targeted to a terminating trunk (DAL) or PSTN number but fails due to the unavailability of a physical circuit in the trunk group or the PSTN phone is busy. This is considered terminating access (POP-to-SDP) blockage.

4 BUSY - The call is routed to a terminating address that is already in use but a physical circuit was available in the terminating trunk group. This is not considered terminating access (POP-to-SDP) blockage.

5 TCC - The call is blocked by the originating network switch without requesting routing information. This is considered network POP-to-POP blockage.

6 BLOCKED - The call is blocked in the network due to traffic congestion conditions. This is considered network POP-to-POP blockage.

7 NETWORK/EQUIP – The sum of BLOCKED + TCC.

POP-to-POP call blockage = ((NETWORK/EQUIP) / ATTEMPTS) * 100.

POP-to-SDP call blockage = (ATB / ATTEMPTS) * 100.

SDP-to-SDP call blockage = ((NETWORK/EQUIP + ATB) / ATTEMPTS) * 100.

Call Blockage metrics for the Agency or Bureau levels is calculated by aggregating and sorting the call detail records (CDRs) for calls from CSDS facilities to determine the values of NETWORK/EQUIP, Attempts, and ATB using the AHC code to separate the groupings. Verizon Business will utilize its switch based CDRs for the interstate LD, private network and IDDD calls. GCI will provide the CDRs for intra-state Alaska calls.

Performance Metrics

Section C.2.2.2.4 of Networx Universal and Enterprise RFPs

Circuit Switched Data Service Performance Metrics

GCI will comply with all performance metric requirements for CSDS in Alaska (note: for inter-state LD, private network, or IDDD CSDS traffic, GCI and Verizon Business will split the SLA budget allocations as appropriate).

The performance levels and acceptable quality level (AQL) of key performance indicators (KPIs) for Circuit Switched Data Service in Section C.2.2.2.4.1 below are mandatory unless marked optional:

Table 8.2.1-1. Circuit-Switched Data Service Performance Metrics

Key Performance Indicator (KPI)	Service Level	Performance Standard (Threshold)	Acceptable Quality Level (AQL)	How Measured
Availability	Routine	99.95%	≥ 99.95%	See Note 1
(POP-to-POP)				
Availability	Routine	99.5%	≥ 99.5%	
	Critical	99.95%	≥ 99.95%	
(SDP-to-SDP)				
Time to Restore	With Dispatch	8 hours	≤ 8 hours	See Note 2
	Without Dispatch	4 hours	≤ 4 hours	

Grade of Service	Routine	0.07 (SDP-to-SDP)	≤0.07	See Note 3
(Call Blockage)		0.01 (POP-to-POP)	≤ 0.01	
	Critical	0.01 (SDP-to-SDP & POP-to-POP)	≤ 0.01	

Notes:

(1) CSDS availability is calculated as a percentage of the total reporting interval time that CSDS is operationally available to the Agency. Availability is computed by the standard formula:

$$\textit{Availability} = \frac{RI(HR) - COT(HR)}{RI(HR)} \times 100$$

[Note that this KPI is waived for calls made with calling card.

(2) Refer to Section C.3.3.1.2.4 for definition and how to measure.

(3) Grade of Service (Call Blockage) is the proportion of calls that cannot be completed during the busy hour because of limits in the call handling capacity of one or more network elements (e.g., "All trunks busy" condition). For example, 0.01 indicates that 1 percent of the calls not being completed (1 out of 100 calls).

Service Quality and Performance Metrics

Volume I, Section 4.1.2.2.1 of Networx Universal and Enterprise Contracts

GCI will comply with all performance metric requirements for CSDS service. Please refer to Table J.9 for the complete compliance checklist.

The GCI network provides virtually non-blocking, P.001 grade of service POP-to-POP and network availability exceeding of 99.95%, 24 hours per day, 365 days per year. GCI will maintain these standard through strict adherence to internal operations standards, frequent testing, and a highly fault-tolerant hierarchical switched network design. Please refer to the Service Quality and Performance Metrics approach discussed in Voice Services Section 4.1.1.5.1, as it applies equally to CSDS.

Training

Volume II, Section 3.11 of Networx Universal and Enterprise Contracts

GCI will offer sales training support to the Verizon Business Government Markets sales organization to facilitate the selling of GCI CSDS Service under the Networx contract umbrella.

GCI will also offer training materials to Verizon Business and its customers in order to support Verizon Business's ability to deliver training to Networx customers as defined by Section C.3.7 of the Networx RFPs.

Training Content

GCI will provide content for CSDS training if requested in accordance with the requirements of RFP Section C.3.7.2.

Training Development

GCI's training development support, if requested, will meet all requirements found in RFP Section C.3.7.2.1.

Training Availability

GCI's training availability, if requested, will meet all requirements found in RFP C.3.7.2.2.

Training Maintenance

GCI's training maintenance, if requested, will meet all requirements found in RFP C.3.7.2.6.

Within 30 business days following any changes to Verizon Business's Networx program that would result in any changes or modifications to the training program, all affected GCI training material will be updated and made available by GCI to Verizon Business. These modifications will be provided at no cost.

Partner Meetings/Sales Opportunities

GCI will support meetings with Verizon Business personnel, Partners, and/or existing or potential customer personnel as reasonably required to address joint sales opportunities.

GCI will assign sales representatives to support the Networx opportunities.

GCI will support Sales Opportunity Reviews to ensure collaborative planning.

CUSTOMER SERVICE

Verizon Business will administer the customer service functions consistent with those as outlined in Networx contract. Verizon Business's Government Network Operations Center (GNOC) Ashburn, VA will act as the single interface for all Government inquires and will coordinate with GCI's services centers and personnel, as defined in this document.

GCI's NOC will act as an extension of Verizon Business's GNOC by providing technical support, inventory management, and tracking capability for Verizon

Business's Alaska Networx services. GCI's NOC will be available 7 days a week, 24 hours a day to support the Verizon Business Customer Service Office that will be also available 7 days a week, 24 hours a day to support Networx users.

SERVICE ORDERING

The service ordering process for Alaska services defined in this SOW will be consistent with the service ordering process for Networx services offered in the lower 48 states.

a) Government users will be able to initiate service orders to Verizon Business using a standard template via the Networx Portal web site, email, verbally or by facsimile.
b) GCI will support the order Intervals defined in RFP Table J.12.3-1 as follows:

Table J.12.3-1 Service Provisioning Intervals Table

Service (CONUS Originating and Terminating SWCs only)	Performance Objective: Routine Orders (Calendar Days)	Performance Objective: Class B Expedited Orders (Calendar Days)
Disconnect (all services)	30	30
Circuit Switched Data Service (CSDS)	45	23

When the Government submits a service request to Verizon Business for service/s in Alaska:

a) Verizon Business will verify that the individual requesting the service is authorized to request that type of service.
b) Verizon Business will review the request data for completeness. If the service request is for services and/or equipment that are fully defined and priced, Verizon Business will immediately assign a service order number and issue the service order for processing by GCI.
c) The Agency Hierarchy Code will be required on all orders and will appear on the invoices. Verizon Business will accept and use the Agency Hierarchy Code on the service order.
d) Orders will be captured and tracked in Verizon Business's centralized service order tracking system. Government users will have access to this system and its capabilities.
e) Government users will be able to associate orders with a project. Batch and bulk ordering will be available. The Government will have the option of requesting service for an interval less than the stated standard interval of that service.

SWITCHED CSDS (PICs)

The Verizon Business account teams will follow the standard procedures for PIC service by acquiring the Letter of Agreement (LOA) from the customer. The Verizon Business account team member or designated Verizon Business representative will forward the LOA required by GCI authorizing GCI to act as Verizon Business's agent requesting the PICs to GCI for Verizon Business.

GCI Marketing will perform the following once the PIC orders are received:

For Equal Aceess areas:

a) Upon receipt of PIC orders fromVerizon Business, GCI will review the orders to determine which NPA/NXXs are in equal access areas and non-equal access areas.
b) Upon the completion of this analysis, GCI will establish an Verizon Business Networx Agency account for billing to Verizon Business.
c) GCI will load all the equal access ANI's into GCI's billing tool called ANIMAY. ANIMAY tool will allow GCI to transfer the CDR's into a server where for Verizon Business to come and retrieve them via FTP.
d) GCI will work with the local telco's where equal access is available and have the provided ANI's PIC'd to GCI for Verizon Business.
e) Once an ANI is PIC'd to GCI, the calls will travel the existing GCI network. The CDR's will be picked up by ANIMAY and sent to a server for Verizon Business billing to retrieve.
f) GCI will send an invoice to Verizon Business for transporting these calls.

For Non-Equal Access areas:

Verizon Business will provide it's standard toll free service for the customers in the Non Equal access areas in Alaska.

GCI RESPONSIBILITIES

GCI will be responsible for:

a) Engineering including:

- The assignment of switch and transport facilities
- The assignment of circuit IDs and trunk group IDs.
- The ordering of local access facilities via the appropriate Alaskan LEC if appropriate.
- The creation of Circuit Layout Records. This will reference the corresponding Verizon Business circuit Id(s) along with the Alaskan LEC circuit ID.

b) GCI will provide Verizon Business with a Service Order Notification, for all Verizon Business services supported by GCI, prior to installation and provisioning and will provide a Service Order Completion Notice prior to billing initiation. Upon completion of the service order, GCI will provide Verizon Business with a Service Order Completion Notice. Billing for installed services will begin as of the effective billing date listed on the service order completion notice. If installed services are part of a transition, migration, or major implementation project, billing will not begin until successful *acceptance testing* is complete.

NETWORK MANAGEMENT

Verizon Business's Government Network Operations Center (GNOC) Ashburn, VA is Verizon Business's primary network management center for monitoring Networx services. The GNOC will be supported by GCI's Network Operation Center (NOC).

Network service affecting events relating to Networx services supported by GCI will be coordinated by GCI NOC with Verizon Business's GNOC. Planned network events that effect all services will be communicated to the GNOC via email and/or telephone no less than 48 hours before the event occurs. Maintenance events that result in an outage shall be scheduled with the GNOC via email and telephone communications on average of seven (7) days before the event. Unplanned network events such as equipment failures and weather related outages shall be communicated to the GNOC as soon as possible via either email and/or telephone communications.

The primary interface with the Government will be through the Verizon Business. GNOC. GCI will provide data to the GNOC to support its interface to the Government. GCI's NOC will be available 24x7.

TROUBLE REPORTING

Verizon Business will act as the primary interface for Government users and will provide

the support required by the Networx contract.

GCI will support Verizon Business in providing rapid trouble reporting of network problems via Verizon Business's GNOC in Ashburn, VA or its backup in Cary, NC which operates 24 hours a day, 7 days a week. The GCI NOC will provide direct monitoring of all GCI services that are dedicated to the Networx contract. If a problem is identified, the GCI NOC, in coordination with the Verizon Business GNOC, will resolve the problem and be responsible for the following issues.

a) Identifying and clearing trouble for both agency-identified, mission-critical Telecommunication Service Priority (TSP) services and non mission-critical services.
b) Working cooperatively with other contractors (Government and non-Government) to rapidly resolve problems.
c) Maintaining audit trails of trouble resolution activities.
d) Responding to inquiries concerning trouble resolution status.
e) Providing trend analysis and sorting of trouble reports and administrative reports.
f) Providing trouble escalation for normal and emergency events.

GCI's NOC will address all Trouble Ticket inquires for all Alaska locations by Verizon Business. The following 1st-3rd Level GCI contacts will be available 7x24 by pager.

1st level

Anchorage

Supervisor Anchorage Distribution Center 907-777-6972

Supervisor Network Operations Center 907-265-5594

Juneau

Supervisor Operations 907-586-1944

Fairbanks

Supervisor Operations 907-456-3434

Seattle

Sr. Technician Operations 206-448-0966

2nd level

Director Network Operations 907-265-5554

3rd level

VP Network Operations 907-265-5515

4th level

VP Carrier Relations 907 265 5632

PLANNING AND ENGINEERING

GCI will provide planning and engineering support to ensure that appropriate network services will be available to meet evolving Government requirements. These activities will include the following:

a) Ensuring network wide interoperability with other sub-contractors (i.e. LECs, etc.,) as well as Government and commercial networks, where the Government requires such interoperability.
b) Developing and maintaining a contingency and restoration plan that prevents deterioration of network services.

TRANSITION, MIGRATION AND IMPLEMENTATION

GCI will also assist Verizon Business with the transition of existing FTS2001 CSDS traffic to the Networx contract as Government orders are received.

4.0 Project Term

This agreement will run concurrent with Verizon's Networx Universal and Enterprise contracts with the GSA. Time period will be upon issuance of a Purchase Order thru 2011.

5.0 Deliverables

See Project Scope.

6.0 Contact Information

VerizonBusiness
Name
Title
Address
City, State Zip
Phone number
Fax number
Email address

Supplier Name - GCI
Name - Laura Rykaczewski
Title - Senior Account Manager
Address
City, State Zip
Phone number - 907 868 5351
Fax number - 907 868 6292
Email address - lrykaczewski@gci.com

7.0 Project Staffing

Not applicable.

8.0 Work Performance

- Security – N/A
- Hours & Overtime – Pre-approval of time/materials above what is identified in the Cost & Schedule section is required when they impact project costs
- Travel & Expense Guidelines – N/A

9.0 Assumptions/Risks/Dependencies

Refer to Exhibit B prime contract "flow down provisions"

<u>10.0 Verizon Responsibilities</u>

See Project Scope

11.0 Cost and Schedule (TBD)

The value of this SOW is estimated to be approximately $X,XXX,XXX.00 for the term of the SOW.

Year 1 (2007) = $
Year 2 (2008) = $
Year 3 (2009) = $
Year 4 (2010) = $

Pricing Structure

Section B.2.2.2.3 of Networx Universal and Enterprise RFPs

GCI will comply with all pricing submitted to Verizon for the Pricing Structure outlined in Section B Table B.2.2.2.3-5 and B.2.2.2.3-6 of the Networx RFPs.

Circuit Switched Data Service Transport Prices

GCI's pricing to Verizon is separate from the pricing submitted by Verizon to GSA. GCI's pricing elements will include:

- Transport charges for intra-state CSDS calls originating and terminating within Alaska.
- Transport charges for inter-state, IDDD and private network CSDS calls originating in Alaska and terminating to Verizon's network interface in Seattle.
- Transport charges for Networx CSDS calls originating from Verizon's network interface in Seattle and terminating to GCI's dedicated or switched access facilities in Alaska.

Table 5.1.1-1 CSDS Alaska Transport Prices

CLIN	Originating Jurisdiction	Terminating Jurisdiction	Usage Price Per Six-Second	Price Start Date	Price Stop Date	Price Replaced Date
	Alaska	Alaska				

Alaska	Seattle
Seattle	Alaska

Table 5.1.1-1 defines the format for transport pricing information for CSDS connections. All inter-state, private network, and IDDD CSDS calls will be handed to the Verizon network interface in Seattle. All CSDS transport prices willl be billed in six-second increments. A minimum of one six-second increment will be billed per call.

Circuit Switched Data Service Feature Prices

GCI will comply with all pricing submitted to Verizon for the Pricing Structure outlined in Section B Table B.2.2.2.4-1 and B.2.2.2.4-2 of the Networx RFPs as shown in the tables below:

Table 5.2-1 GCI Circuit Switched Data Service

Feature Prices for Alaska

CLIN*	Price	Price Start Date	Price Stop Date	Price Replaced Date

Table 5.2-2 GCI Circuit Switched Data Service

Feature Pricing for Alaska

CLIN	Description	Charging Unit
0029202 (Optional)	User-to-User Signaling Via ISDN D-Channel NRC	Per installation
0029203 (Optional)	User-to-User Signaling Via ISDN D-Channel MRC	Per month

12.0 Bonding Requirements

Not applicable.

13.0 Invoicing Requirements

In order for you to receive payment, receipts must be completed and all ORIGINAL invoices must be submitted to Accounts Payable. In the event an original invoice was sent to the Verizon end user, it will be the responsibility of the Verizon end user to ensure the original invoice is forwarded to Accounts Payable.

A valid invoice MUST contain the following:

Supplier Name
Invoice Number
Invoice Date
Remittance Address
Purchase Order Number
Dollar amount broken out by line item of the Purchase Order

The payment terms for such work will be Net 30 days from date of an authorized invoice.

Send ORIGINAL INVOICE to

Verizon Business
P.O. Box 770
Ashburn, VA 20146-0770

Please send a COPY of the INVOICE to

Verizon Business
Federal - AP
2485 Natomas Park Drive, Suite 450
Sacramento, CA 95831
Jenifer.Mojonnier@verizonbusiness.com

Failure to follow the above directions may result in delay of payment.

14.0 Applicable Documents

<u>GCI ICDs</u>

GCI ICD_P_II_SPIM_v2.8_06072007.doc

GCI SV_7 2_ICD_GCI_v4 0.doc

GCI ICD_GCI_ASR_v2.1_01182007.doc

<u>GCI Pricing</u>

See attached excel worksheet.

Verizon will provide any working documents that may be required to complete the work effort. All content will be the exclusive property of Verizon. "GCI" will secure prior approval from Verizon before any materials are shared publicly. Because Verizon will have provided content and approve on all material, Verizon will have sole responsibility for accuracy of contents.

15.0 Vendor Outsourced Activity

No third party subcontractor shall be added to a Statement of Work by the Consultant without obtaining prior approval from Verizon's Primary contact above.

16.0 SOW Change of Scope Procedure (if applicable)

Any change to this Statement of Work shall be provided in writing and accepted by both Parties before being accepted and included as a part of this SOW Agreement.

17.0 Acceptance Criteria

Acceptance shall be given when all of the deliverables have been received or completed, including receipt of all documents and data produced during this project. Approval of invoice for work performed is acknowledgement of acceptance criteria.

The parties agree that this engagement letter/SOW describes certain Services to be performed by GCI for Verizon. GCI acknowledges and agrees that the Services described herein shall not commence until GCI receives from Verizon a Purchase Order incorporating this engagement letter/SOW. **THERE IS NO BINDING OBLIGATION BETWEEN** GCI **AND VERIZON WITH REGARD TO THE SPECIFIC PROJECT DESCRIBED IN THIS SOW UNTIL THE CORRESPONDING PURCHASE ORDER IS ISSUED. FAILURE TO OBTAIN BOTH A VALID PURCHASE ORDER AND AN APPROVED ENGAGEMENT LETTER OR SOW WILL RESULT IN VERIZON HAVING NO LIABILITY OF ANY KIND FOR ANY PERFORMANCE OF SERVICES DESCRIBED HEREIN.**

In WITNESS WHEREOF, the parties have entered into this Statement of Work as a part of an agreement.

Verizon Services Corporation

By: ______________________________
{Signature}

____
{Printed Name}

____
{Title}

____
{Date}

General Communication, Inc.

By: ______________________________
{Signature}

Richard Westlund
{Printed Name}

Senior VP & General Manager
{Title}

____
{Date}

Exhibit A

SCOPE OF WORK

DSL

(6 OF 14)

STATEMENT OF WORK

<u>GCI Broadband DSL Based Service (DSL)</u>
<u>Networx Universal Contract Volume I, Section 3.3.2</u>

1.0 Objective

Verizon has selected GCI to meet the requirements for DSL Broadband Service (DSL). GCI will comply with all requirements for C.2.16.2.2.1.4 as outlined on the following pages.

2.0 Background

Broadband Access Arrangement connects an Agency location with dedicated, reliable broadband bandwidth to contractor's data network over communication facilities, such as digital subscriber line (DSL), Ethernet Access, Cable High-Speed Service, and Fiber-To-The-Premises (FTTP) service. The range of broadband line speeds (e.g., 256 kbps to up to 1Gbps) and reliability options provided within this access arrangement category will allow Government users to satisfy their diverse needs for accessing contractor's data networks. With this access arrangement, applications such as desktop video conferencing, distance learning, transferring of large files can be realized.

3.0 Project Scope

GCI is only providing the local and Alaska LD for this service. VZB is providing the long distance portion of the service.

Technical Requirements

Section 2.16.2.2.1.4 of Networx Universal Contract

GCI shall offer a technical solution which meets the requirements of GSA's Networx Universal and Enterprise RFPs (heretofore referred to as Networx RFPs) Section C.2.16.2.2.1.4, DSL Broadband Service, as well as provide pricing in the structure provided for in Section B.3.2.1-1 to 6, Section B.2.4.1.3.1-3, and Section B.2.7.3.3-3 of the Networx RFPs. If GCI does not provide any of the services described in Section C.2.16.2.2.1.4, then it will be GCI's responsibility to identify a teaming partner or solution to meet all of the requirements in Section C.2.16.2.2.1.4 as it relates to DSL Broadband Service, as it pertains to Alaska coverage.

GCI shall work with Verizon on how it will provide Management and Operations (MOPS) data to support Verizon's ability to deliver a MOPS solution and MOPS deliverables under the Networx contract(s), as defined by the requirements on Section C.3 of the Networx RFPs. This will include

developing a data interchange interface with Verizon to support the MOPS requirements. Data interchange between Verizon and GCI will be defined prior to contract award and must support the requirement for Networx vendors to provide an Operational Capabilities Demonstration prior to contract award.

Verizon will provide all network connectivity for these services unless otherwise specified.

Service Overview

Verizon has selected GCI to meet the requirements for DSL Broadband Service (DSL). GCI will comply with all requirements for C.2.16.2.2.1.4 as outlined on the following pages.

Access Characteristics and Performance

Volume I, Section 3.3.2 of Networx Universal Contract

Introduction. Verizon is committed to providing the best and most secure interconnections between the customer site, (SDP), aggregation points, and ultimately the Verizon service POP. Verizon partners are required to go through extensive evaluations including; security in the network, ability to provide diverse routes, financial stability, and guidelines for timely installations and restoration. Verizon has established direct relationships with every major ILEC and over fifty competitive carriers, many of which qualify as small carriers. Verizon will add additional carriers as required to meet GSA requirements, to meet access diversity, and network security. Below are our standards for access to out POPs and the various access methods that Verizon maintains to assure best available access for GSA and other customers.

Verizon complies with all access requirements, including all amendments that affect or modify those requirements.

Verizon POPs. Verizon is committed to security within our POPs, where Verizon restricts the access to our critical backbone network. Security measures include establishing the ability to reroute traffic in case of a catastrophic loss of a POP, two methods of back-up power for all locations through use of UPS and generators, requiring carriers to meet at diverse locations in secure telecommunications vaults, and restricting of the premise access by personnel and registered vendors. Specifically, Verizon personnel are the only individuals allowed in the facility without being escorted, and only those employees that have been accepted by a card reader will be allowed in the facility. All vendors must phone in for an appointment for routine maintenance and have emergency contacts that will meet the vendor for emergency restoration. Wherever possible, each POP has a fence surrounding the facility, does not contain external windows, and has camera surveillance at all times. All connections from access networks to the backbone network, is done by Verizon personnel using the state of the art

equipment to track and record that actual cross connections within the facility.

Access Arrangements. Access capacity is required to reach the customer premises from the POP. The preferred method is for Verizon to access the customers premises through our owned local network If Verizon has the customers building on-net , such as is the case with numerous government buildings, the circuit remains within Verizon's network all the way and no outside access carrier is required. While this is the preferred method, the following describe best practices that Verizon currently uses to assure GSA has the best method possible to connect end-user buildings to the backbone network

The second method is for Verizon to connect to its own local carrier (MFS, Brooks, Verizon Metro, ICI) at the Pop and carry the circuit on net to the customers serving wire center, where it is handed to the LEC. Verizon normally hands off to the LEC at the DS-3 or higher level, and purchases multiplexing service from the LEC. The LEC carries the circuit to the customer premises at the multiplexed level and terminates the traffic there. In these instances, customer SWCs are connected back to the Verizon POP via individual protected 4 fiber SONET rings. In some rare instances, there may be more than one SWC on a ring, but that is extremely uncommon.

The third method of obtaining access is to interconnect with a Competitive Local Exchange Carrier (CLEC) within the Verizon POP. In this scenario, Verizon will hand to the CLEC and the CLEC will carry the traffic to the customer premises if the customer premises is on net to the CLEC. In this instance, Verizon will do its own multiplexing within the POP and cause the CLEC to transport and terminate the circuit at the required speed.

The fourth method is a variation of the second method. In this case, the circuit is handed to the CLEC in the Verizon POP and the CLEC transports the circuit to the customer Serving Wire Center, where it is handed to the LEC. In this instance the circuit is handed to the CLEC at the DS-3 or above level, and the CLEC transports at that level. Verizon then purchases multiplexing service from the LEC at the SWC and the LEC transports to the customer premises at the multiplexed level.

The fifth method of obtaining access interface and capacity is through the Local exchange Carrier (LEC). The circuit is handed to the LEC at the Verizon POP and the LEC then carries the circuit to the customer premises. In these cases, Verizon will generally hand off to the LEC at the DS-3 level, and purchase multiplexing service from the LEC. The LEC will transport the circuit to the customer premises at the multiplexed (muxed) level and terminate there.

The sixth method is for Verizon to use its owned network as far as it can, hand off to a CLEC in most cases via a cage to cage connection in a bell end offices let the CLEC carry the circuit to its extended offices where Verizon will then order a cross connect onto the LEC who carries the circuit onto the

customer premise. At the point of hand off between the CLEC and Verizon to the LEC, Verizon would purchase a mux from the LEC for DS1 and DS0 capacity. The LEC will continue on at the multiplexed level to be terminated at the customer premises.

In the first six methods, Verizon strives for access providers to provide diversity wherever available whether at the customer site, using ring topology to reduce potential of an outage, or through a diverse rout to connect to the Verizon backbone locations.

A seventh method, broadband use only, is for Verizon to use a partner's access methodology: cable, DSL, or metro Ethernet, to connect to the partner's aggregation point normally within th4e closest SWC, and connect to Verizon either through a layer 2 dedicated access point or through an arranged layer 3 connection, whichever is available. Verizon will then connect the access circuit to the Verizon backbone network through the nearest interconnection point or POP, whichever is closer. Verizon's broadband carriers continue to meet and exceed industry standards in timely installation, restoration, route diversity, and scalability to meet GSA requirements. Verizon and our partners maintain an extremely high geographic coverage assuring that GSA not only has quality interconnections but that this method will of access will be a viable in as large a footprint as requested.

Assuring Best Practices. In the methods where Verizon is the only carrier, Verizon is in full and complete control of the circuit end to end and maintains industry standards through alarming and monitoring in its Tulsa Oklahoma Network Operations Center.

Where LEC access is involved, the LEC is required by tariff and by FCC regulation to maintain standards. Verizon has an entire department in Alpharetta GA. whose sole function is to monitor LEC activities and report thereon. This department has regular meetings with the individual carriers to assure that they are meeting security requirements as mandated by Verizon and individual contracts, installation and maintenance guidelines, along with updating escalation contacts between both parties in the potential event of a catastrophic event. These good practices led Verizon to quickly reconnect services after the 09/11 events in both New York, and Washington, DC.

For CLECs, interconnect standards are set by contract. While Verizon contracts are subject to privacy rules, it can be safely stated that all CLECs are required to meet industry standards for service and reliability and are normally held to a two hour mean time to repair, which exceeds GSA requirements and is among the most aggressive in the industry. Verizon also generally requires a maximum of 20 day installation guideline which is above industry best practices and has been able to obtain this higher standard based on our current relations with our partners and suppliers. Protected circuits are controlled much more tightly. CLEC interfaces are monitored at our Cary, N.C. Network Operations Center. Any outage of a DS-3 or above ,

whether it be at a customer site directly or through an aggregation circuit, must be reported within a very short time period, and each carrier must keep an outage log which contains the date and time of the outage, cause, resolution and time of resolution. Each carrier is further required to report, on request, any actions taken to avoid a recurrence. Verizon has very strict contractual control and penalties for failure to meet and maintain industry standards. Verizon has periodic meetings with the carriers to assure that all requirements meet current industry best practices and assure that any perceived shortfall in meeting Verizon standards will be remedied within a very short period of time. Verizon currently maintains well over 50 direct relations with CLECs that have agreed to these standards and continues to seek additional carriers that can expand our relations with quality interconnection and end-user connections as Verizon currently mandates. In addition, Verizon maintains relations through aggregators, to assure access to smaller carriers who will also agree to best industry practices. Finally, about thirty percent of our CLEC partners currently are small or diverse carriers.

Technical Capabilities
Section C.2.16.2.2.1.4 of Networx Universal RFP

FLAG DOES NOT MAP TO NETWORX PROPOSAL/CONTRACT

GCI will comply with all technical requirements for C.2.16.2.2.1.4 as follows.

The following Broadband Access Arrangement capabilities are mandatory unless marked optional:

Broadband Access Arrangements.

a. DSL. This category of access arrangement shall: be offered as required by Section J.2.3.1.2:

(1) Provide the following types of DSL services, at a minimum:

i. Asymmetric DSL (ADSL). Support ADSL asymmetric data rates for upstream and downstream traffic as follows:

(a) Upstream: Data rates shall range from 16 to 640 kbps (e.g., 256 kbps) and optionally to 768 kbps.

(b) Downstream: Data rates shall range from1.5 Mbps to 6 Mbps (e.g., at 1.5, 2, 3, 4, 5, and 6 Mbps). Speeds up to 9 Mbps is optional.

ii. Symmetric DSL (SDSL). Support SDSL symmetric (i.e., same) data rates for both upstream and downstream traffic at data rates up to and including 1.5 Mbps. 2.3 Mbps is optional

iii. [Optional] ISDN IDSL (IDSL). Support ISDN symmetric (i.e., same) data rates for both upstream and downstream traffic at data rates of 144 Kbps.

(2) Comply with the following standards for ADSL and SDSL as applicable.

i. ADSL and DSL Forums

ii. ITU-TSS Recommendation G.992 for ADSL (interoperable DSL modem and DSLAM line card)

iii. ANSI T1.413 (compatible DSL modem and DSLAM line card from the same manufacturer)

(3) Comply with the following standards for IDSL as applicable

i. ISDN Forums

(4) Split integrated voice and data traffic for ADSL and SDSL to direct voice traffic to the telephone unit/set and data traffic to the ADSL/SDSL modem.

Other Contract Requirements

Volume FLAG Section FLAG of Networx Universal Contract

In preparation of the proposal response, GCI shall describe how it will support Verizon in responding to the Price Management Mechanism as defined in Section H.7 of the Networx Universal RFPs.

Interfaces

Section C.2.16.2.2.3.1 of Networx Universal RFP

GCI shall describe how it will provide all of the interfaces identified in Section C.2.16.2.2.3.1 of the Networx RFPs.

6.1 Broadband Access Arrangement Interfaces

GCI will comply with all applicable interfaces required for DSL Broadband Service, as follows:

The User-to-Network Interfaces (UNIs) at the SDP as defined in the Section C.2.16.2.2.3.1, are mandatory unless marked optional:

Table 6.1-1. Broadband Access Arrangement Interfaces

UNI Type	Interface Type and Standard	Payload Data Rate or Bandwidth	Protocol Type
1	10 Base-T/TX/FX (Std: IEEE 802.3)	Link bandwidth: Up to 10 Mbps	IP (v4/v6) IEEE 802.3 Ethernet MAC (for bridging)
2	100 Base-TX/FX (Std: IEEE 802.3)	Link bandwidth: Up to 100 Mbps	IP (v4/v6) IEEE 802.3 Ethernet MAC (for bridging)
3	1000 Base-T/L/LX/B/BX/PX (Std: IEEE 802.3)	Link bandwidth: Up to 1 Gbps	IP (v4/v6) IEEE 802.3 Ethernet MAC (for bridging)
4 [Optional]	10 GbE (Std: IEEE 802.3)	Link bandwidth: Up to 10 Gbps	IP (v4/v6) IEEE 802.3 Ethernet MAC (for bridging)
5	ITU-TSS V.35	Link bandwidth: Up to 1.92 Mbps	Transparent IP (v4/v6)
6	USB 2.0 (Std: USB Implementers' Forum)	Link bandwidth: Up to 30 Mbps [maximum USB 2.0 bandwidth is 480 Mbps]	Transparent IP (v4/v6)
7 [Optional]	T1 [Std: Telcordia SR- TSV-002275; ANSI T1.403]	Up to 1.536 Mbps	Transparent IP (v4/v6)
8 [Optional]	ISDN BRI (Multirate) [Standard: ANSI T1.607 and 610]	144 kbps	ITU-TSS Q.931 IP (v4/v6)

NOTE: IPv6 shall be supported when offered commercially by the contractor.

Service Level Agreements

Volume II, Appendix B.3, Attachment 1 of Networx Universal Contract

GCI shall describe how it will meet the Performance Metrics as defined by Section C.2.4.1.4.1 of the Networx RFPs for the individual services.

Internet Protocol Service SLA

· **Availability.** Availability is captured for each port number. Availability is calculated as follows.

Availability = total expected Available time (Tex) – total outage time (Tou)

Total Expected Available time (Tex)

Availability metrics are calculated for the Agency Bureau level by summing up Tex and Tou for all the port numbers under the Agency Bureau for a calendar month and reported as a percentage.

Availability metrics are calculated for the Agency level by summing up Tex and Tou for all the port numbers under the Agency for a calendar month and reported as a percentage.

· **Latency.** Latency is the backbone delay experienced across the Networx network. It is the average time for IP packets to travel over the Networx core network. The Backbone Latency metric does not apply for DSL, Cable High Speed, Wireless, and Satellite access methods. Latency metrics are collected at different sits in the backbone. The

monthly average of latency measures collected at sites in the backbone are aggregated to arrive at Continental US and Outside Continental US values.

These values are not aggregated and assigned for a particular Agency Bureau or Agency. The SLA measures at CONUS / OCONUS levels are applicable to the agencies and agency bureau based on their location.

· **Jitter.** Jitter is the variation in backbone delay experienced across the Networx network. Jitter metrics are collected at different sites in the backbone. The monthly average of Jitter measures collected at sites in the backbone are aggregated to arrive at Continental US and Outside Continental US values.

These values are not aggregated and assigned for a particular Agency Bureau or Agency. The SLA measures at CONUS / OCONUS levels are applicable to the agencies and agency bureau based on their location.

· **Packet Delivery Rate.** Packet delivery rate (PDR) for a frame is calculated as IP packets delivered and accepted versus the number of IP packets transmitted across the Networx network.. PDR metrics are collected at different sites in the backbone. The monthly average of PDR measures collected at sites in the backbone are aggregated to arrive at Continental US and Outside Continental US values.

These values are not aggregated and assigned for a particular Agency Bureau or Agency. The SLA measures at CONUS / OCONUS levels are applicable to the agencies and agency bureau based on their location.

Performance Metrics

Section C.2.4.1.4 of Networx Universal RFP

Performance

The performance levels and acceptable quality level (AQL) of key performance indicators (KPIs) for IPS in Section C.2.4.1.4.1 are mandatory unless marked optional.

Table 7.2.1-1. Performance Metrics for IPS

Key Performance Indicator (KPI)	Service Level	Performance Standard (Threshold)	Acceptable Quality Level (AQL)	How Measured
Av(Port)	Routine	99.95%	$\geq$ 99.95%	See Note 1
	Critical	99.995%	$\geq$ 99.995%	
Latency (CONUS)	Routine	60 ms	£ 60 ms	See Note 2
	Critical	50 ms	£ 50 ms	
GOS(Data Delivery Rate)	Routine	99.95%	$\geq$ 99.95%	See Note 3
	Critical	99.995%	$\geq$ 99.995%	
Time to Restore	Without Dispatch	4 hours	$\leq$ 4 hours	See Note 4
	With Dispatch	8 hours	$\leq$ 8 hours	

Notes:

(1) Port availability is measured end-to-end and calculated as a percentage of the total reporting interval time that the port is operationally available to the Agency. Availability is computed by the standard formula:

$$Av(Port) = \frac{RI(HR) - COT(HR)}{RI(HR)} \times 100$$

For *critical user type*, the contractor would provide essentially 100% uptime for customer's Internet connection with high availability equipment, redundancy, automatic restoration, and reconfiguration.

(2) Latency is the backbone delay experienced across the Networx network. It is the average time for IP packets to travel over the Networx core network. The Backbone Latency metric does not apply for DSL, Cable High Speed, Wireless, and Satellite access methods. The Internet Control Message Protocol (ICMP)

test can be used to calculate packet delivery and latency. The ICMP test consists of sending, every five minutes, a series of five test packets between Networx core service aggregation points (i.e., POPs). The test results are analyzed to determine packet loss vs. successful delivery and speed of delivery. Relevant standards: RFC 1242 and RFC 2285.

(3) Network packet delivery is a measure of IP packets successfully sent and received over the Networx core network. The data delivery rate can be measured with the ICMP test.

(4) See Section C.3.3.1.2.4 for the definitions and measurement guidelines.

Service Quality and Performance Metrics

Volume I, Section 4.2.7.2.1 of Networx Universal Contract

GCI will comply with all performance metric requirements for IPS.

Verizon is offering IPS as a monitored network service to meet the reporting requirements for real-time network performance metrics (latency, grade of service, jitter). Verizon will comply with the requirements in Section C.2.1.6.2. For all IP-based network services, the applicable POP-to-POP performance requirements to be used will be those defined in Section C.2.4.1 (IPS).

IPS performance metrics will be measured based on the following criteria:

- **Availability.** We monitor IPS Availability (Av) using our Enterprise Trouble Management System (ETMS). Each outage is entered into a trouble ticket and recorded in ETMS. The elapsed time for each outage is measured as the difference between the timestamps when the outage is repaired and when the ticket was opened, minus any time: (1) due to scheduled network configuration change or planned maintenance; or (2) as agreed to by the customer and Verizon, that service restoration cannot be worked due to customer-caused delays. We report Av on a monthly

aggregate basis per agency using the following formula where S=IPS service, RI=reporting interval, COT=cumulative outage time, and HR=hours:

$$Av(S) = \frac{RI(HR) - COT(HR)}{RI(HR)} \times 100$$

- **Latency.** We monitor IPS latency between Verizon IPS POPs using a combination of User Datagram Protocol (UDP), Internet Control Message Protocol (ICMP) and SNMP. Verizon sends a series of test packets to measure latency. We report latency results in near real-time and provide aggregate reports (daily, weekly, monthly) for the previous month.

- **Grade of Service.** We monitor IPS packet loss between Verizon IPS POPs using a combination of UDP, ICMP and SNMP. Verizon sends a series of test packets to measure packet loss. We report packet loss results in near real-time and provide aggregate reports for the previous month.

- **Time to Restore.** We monitor IPS Time to Restore (TTR) using our ETMS. Verizon calculates outages as discussed under Availability, above. We report TTR on a per-incident basis.

Training

Volume II, Section 3.11 of Networx Universal Contract

GCI shall offer sales training to the Verizon Government Markets sales organization to facilitate the selling of GCI High-Speed Service both under the FTS2001 contract umbrella as well as Networx.

GCI shall offer training materials to Verizon and its customers in order to support Verizon's ability to deliver training to Networx customers as defined by Section C.3.7 of the Networx RFPs.

Training Content

GCI will provide content for DSL training in accordance with the requirements of RFP Section C.3.7.2.

Training Development

Team Verizon's solution for training development meets or exceeds all requirements found in RFP Section C.3.7.2.1.

Training Availability

Team Verizon's solution for training availability meets or exceeds all requirements found in RFP C.3.7.2.2.

Training Maintenance

Team Verizon's solution for training maintenance meets or exceeds all requirements found in RFP C.3.7.2.6.

Within 30 business days following any changes to Team Verizon's Networx program that would result in any changes or modifications to the training program, all affected training material will be updated and made available to the Government. These modifications will be provided at no cost.

Partner Meetings/Sales Opportunities

FLAG DOES NOT MAP TO NETWORX PROPOSAL/CONTRACT.

GCI shall support meetings with Verizon Networx Partners.

GCI shall assign sales representatives to support the FTS2001 and Networx opportunities. GCI shall support Sales Opportunity Reviews to ensure collaborative planning.

4.0 Project Term

This agreement will run concurrent with Verizon's Networx Universal and Enterprise contracts with the GSA. Time period will be upon issuance of a Purchase Order thru 2011.

5.0 Deliverables

See Project Scope.

6.0 Contact Information

VerizonBusiness
Name
Title
Address
City, State Zip
Phone number
Fax number
Email address

Supplier Name - GCI
Name - Laura Rykaczewski
Title - Senior Account Manager
Address
City, State Zip
Phone number - 907 868 5351
Fax number - 907 868 6292
Email address - lrykaczewski@gci.com

7.0 Project Staffing

Not applicable.

8.0 Work Performance

- Security – N/A
- Hours & Overtime – Pre-approval of time/materials above what is identified in the Cost & Schedule section is required when they impact project costs
- Travel & Expense Guidelines – N/A

9.0 Assumptions/Risks/Dependencies

Refer to Exhibit B prime contract "flow down provisions"

10.0 Verizon Responsibilities

See Project Scope

11.0 Cost and Schedule (TBD)

The value of this SOW is estimated to be approximately $X,XXX,XXX.00 for the term of the SOW.

Year 1 (2007) = $
Year 2 (2008) = $
Year 3 (2009) = $
Year 4 (2010) = $

Pricing Structure

Section B.3.2.1 of Networx Universal RFP

GCI shall provide competitive pricing to Verizon. GCI shall comply with the Pricing Structure outlined in Section B.3.2.1-1 to 6, B.2.4.1.3.1-3, and B.2.7.3.3-3 of the Networx RFPs.

Broadband DSL Access

Domestic Broadband DSL Access prices depend on the specific access type used to provide the connection and either:

a. The eight character CLLI™ code of the SWC serving the SDP or

b. In selected cases, at the contractor's option, the location of the SDP as identified by its eight character Network Site Code (see Section C.3.2.2.10).

The Broadband DSL Access price determined by the Network Site Code shall not be higher than the Broadband DSL Access price determined by the

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SWC CLLITM code. For any specific Broadband DSL Access type, all locations served from the same wire center shall have the same prices, unless excepted as in (b) above. Broadband DSL Access prices for any SDPs served from a given wire center shall not be increased except as follows. Broadband DSL Access prices for an SDP may change as a result of SWC changes, additions, deletions, or redefinitions only if the new SWC resulting from the change, addition, deletion or redefinition is more than one mile from the previous SWC.

Any proposed increase in Broadband DSL Access prices resulting from such changes shall be subject to a fair and reasonable analysis and approval by the Government. The contractor shall give a minimum of six months notice of such changes, emergency conditions excepted.

Table B.3.2.1-1 through Table B.3.2.1-6 provide the format for pricing information for Broadband DSL Access circuits. NRCs shall not vary by SWC, but may vary by domestic region. Non-domestic Broadband DSL Access fixed prices shall be ICB.

Table 0-1. Domestic Broadband DSL Access Prices (MRC)

CLIN*	Case Number**	SWC	Price	Price Start Date	Price Stop Date	Price Replaced Date

* CLINs are listed by circuit type in Table B.3.2.1-6

** Case Number is applicable for ICB CLINs only

Table 0-2. Domestic Broadband DSL Access Prices (NRC)

NRC CLIN*	Case Number**	Domestic Region ID***	Price	Price Start Date	Price Stop Date	Price Replaced Date

* CLINs are listed by circuit type in Table B.3.2.1-6

** Case Number is applicable for ICB CLINs only

*** Domestic Region ID's are defined in Table B.6.6-1

Table 0-3. Domestic Broadband DSL Access by Network Site Code(1) Exception Prices

CLIN*	Case Number**	Network Site Code***	Physical Address of Site				Price	Price Start Date	Price Stop Date	Price Replaced Date
			City	State	Street	Zip				

* CLINs are listed by circuit type in Table B.3.2.1-6

** Case Number is applicable to ICB CLINs only

*** Sites listed in this table with a monthly recurring price provided will incur this price in lieu of the SWC price provided in Table B.3.2.1-1. The price from this table shall not exceed the corresponding price from Table B.3.2.1-1

Table 0-4. Non-Domestic Broadband DSL Access Prices (MRC)

MRC CLIN*	Case Number**	Country/ Jurisdiction ID***	Price	Currency	Price Start Date	Price Stop Date	Price Replaced Date

* CLINs are listed by circuit type in Table B.3.2.1-6

** Case Number is applicable for ICB CLINs only

*** Country/Jurisdiction IDs are defined in Table B.6.6-1

Table 0-5. Non-Domestic Broadband DSL Access Prices (NRC)

NRC CLIN*	Case Number**	Country/ Jurisdiction ID***	Price	Currency	Price Start Date	Price Stop Date	Price Replaced Date

(1) Initially, this table shall be completed using street addresses as provided by the Government. The addresses shall be replaced by Network Site Codes provided by the Government after award. See Section B.6.5.

* CLINs are listed by circuit type in Table B.3.2.1-6

** Case Number is applicable for ICB CLINs only

*** Country/Jurisdiction IDs are defined in Table B.6.6-1

Table 0-6. Broadband DSL Access Pricing Instructions

NRC CLIN Routine	NRC CLIN Critical* (Optional)	MRC CLIN Routine	MRC CLIN Critical* (Optional)	Description	Charging Unit
0760130	0760230	0760330	0760430	ADSL (1.536 Mbps / 384 kbps)	Per Line
0760131	0760231	0760331	0760431	ADSL (3 Mbps/ 512 kbps)	Per Line
0760134 (Optional)	0760234	0760334 (Optional)	0760434	ADSL (6 Mbps / 768 kbps)	Per Line
0760141 (Optional)	0760241	0760341 (Optional)	0760441	ADSL (9 Mbps/768 kbps)	Per Line
0760135	0760235	0760335	0760435	SDSL (192 kbps / 192 kbps)	Per Line
0760136	0760236	0760336	0760436	SDSL (384 kbps / 384 kbps)	Per Line
0760137	0760237	0760337	0760437	SDSL (768 kbps / 768 kbps)	Per Line
0760138	0760238	0760338	0760438	SDSL (1.536 Mbps / 1.536 Mbps)	Per Line
0760139 (Optional)	0760239	0760339 (Optional)	0760439	SDSL (2.3 Mbps / 2.3 Mbps)	Per Line
0760140 (Optional)	0760240	0760340 (Optional)	0760440	IDSL (144 kbps / 144 kbps)	Per Line

* Critical prices are ICB

IPS Domestic Port Prices

Table B.2.4.1.3.1-3 provides the format for IPS domestic, i.e., CONUS/OCONUS, port prices for Internet service. Table B.2.4.1.3.1-4 provides the applicable charging units for the IPS domestic port types for Internet service. Domestic dial-up access will connect to the contractor's IPS network through the domestic dial-up port. The contractor shall price the domestic dial-up port based on a flat monthly recurring charge for unlimited usage.

Domestic dedicated access will connect to the contractor's IPS network through a domestic dedicated access port. Agencies may also connect domestic independent access to any domestic port (except to embedded access ports). The contractor shall price domestic dedicated access ports based on a monthly recurring charge. The Country/Jurisdiction IDs are provided in Section B.6.6.

Table 0-7. IPS Domestic Port Prices – Internet

CLIN	Case Number*	Country/ Jurisdiction ID**	Price	Price Start Date	Price Stop Date	Price Replaced Date

*   Case number applies to ICB CLINs only

** For Country/Jurisdiction ID codes, see Section B.6.6

Table 0-8. IPS Domestic Port Pricing Instructions - Internet

MRC Routine	MRC Critical	Description	Charging Unit
0744001	0744170	Analog Dial-Up (up tp 56/64 kbps)-CONUS	Per port
0744002	0744171	Embedded – Analog Dial-up (up to 56/64 kbps) - CONUS	Per port
0744003	0744172	Embedded – ISDN (at 64 kbps) - CONUS	Per port
0744004	0744173	Embedded – ISDN (at 128 kbps) - CONUS	Per port
0744005	0744174	Embedded – ADSL (at 1.536 Mbps/384 kbps -CONUS	Per port
0744006	0744175	Embedded –ADSL (at 3 Mbps/512 kbps) -CONUS	Per port
0744007	0744176	Embedded – ADSL (at 6 Mbps/768 kbps) - CONUS	Per port
0744008	0744177	Embedded – SDSL (at 1.536 Mbps/1.536 Mbps) – CONUS	Per port
0744010 (Optional)	0744179 (Optional)	Embedded – Cable High-speed (at 256 kbps/256 kbps) - CONUS	Per port
0744011 (Optional)	0744180 (Optional)	Embedded-Cable High-speed (at 1.54 Mbps/384 kbps) - CONUS	Per port
0744012 (Optional)	0744181 (Optional)	Embedded – Cable High-speed (at 5 Mbps/512 kbps) – CONUS	Per port
0744013 (Optional)	0744182 (Optional)	Embedded-Cable High-speed (at 10 Mbps/768 kbps)-CONUS	Per port
0744014 (Optional)	0744183 (Optional)	Embedded – MWLANS (Wireless) – up to 54 Mbps-CONUS	Per port
0744015 (Optional)	0744184 (Optional)	Embedded – Broadband Wireless – up to 19.2 kbps - CONUS	Per port, ICB
0744016 (Optional)	0744185 (Optional)	Embedded – Broadband Wireless – up to 1.54 Mbps - CONUS	Per port, ICB
0744017 (Optional)	0744186 (Optional)	Embedded – Broadband Wireless – up to 43 Mbps - CONUS	Per port, ICB
0744018	0744187	Embedded – Satellite – up to 19.2 kbps	Per port
0744019	0744188	Embedded – Satellite – up to 1.54 Mbps - CONUS	Per port
0744020	0744189	Embedded – Satellite – up to 43 Mbps - CONUS	Per port
0744086	0744255	Analog Dial-up (up to 56/64 kbps) - OCONUS	Per port
0744087	0744256	Embedded – Analog Dial-up (up to 56/64 kbps) - OCONUS	Per port
0744088	0744257	Embedded-ISDN (at 64 kbps) - OCONUS	Per port
0744089	0744258	Embedded – ISDN (at 128 kbps) - OCONUS	Per port
0744090	0744259	Embedded – ADSL (at 1.536 Mbps/384 kbps) - OCONUS	Per port
0744091	0744260	Embedded – ADSL (at 3 Mbps/512 kbps) -OCONUS	Per port
0744092	0744261	Embedded – ADSL (at 6 Mbps/768 kbps) -OCONUS	Per port
0744093	0744262	Embedded – SDSL (at 1.536 Mbps/1.536 Mbps) - OCONUS	Per port
0744168	0744337	Ethernet – 1 Gbps - OCONUS	Per port
0744169 (Optional)	0744338 (Optional)	Ethernet – 10 Gbps - OCONUS	Per port

NBIP-VPNS Transport

Table B.2.7.3.3-1 provides the format for NBIP-VPNS port prices. Tables B.2.7.3.3-2 through B.2.7.3.3-4 provide the instructions for CONUS, OCONUS and non-domestic pricing.

Table 0-9. NBIP-VPNS Port Prices

CLIN	Case Number*	Country/ Jurisdiction ID**	Price	Price Start Date	Price Stop Date	Price Replaced Date

* Case Number applies to ICB CLINs only

** For Country/Jurisdiction IDs, see Table B.6.6-1

Table 0-10. NBIP-VPNS Port Pricing Instructions (OCONUS)

CLIN (Routine)	CLIN (Critical)	Description	Charging Unit (unless stated elsewhere)
0213501	0217101	Embedded – Analog dial-up (56 kbps), Critical is ICB	MRC per port
0213502	0217102	Embedded – ISDN dial-up (64 kbps), Critical is ICB	MRC per port
0213503	0217103	Embedded – ISDN dial-up (128 kbps), Critical is ICB	MRC per port
0213504	0217104	Embedded – ISDN dial backup (64 kbps), Critical is ICB	MRC per port
0213505	0217105	Embedded – ISDN dial backup (128 kbps), Critical is ICB	MRC per port
0213510	0217110	Embedded – ADSL (1.54 Mbps/384 kbps), Critical is ICB	MRC per port

12.0 Bonding Requirements

Not applicable.

13.0 Invoicing Requirements

In order for you to receive payment, receipts must be completed and all ORIGINAL invoices must be submitted to Accounts Payable. In the event an original invoice was sent to the Verizon end user, it will be the responsibility of the Verizon end user to ensure the original invoice is forwarded to Accounts Payable.

A valid invoice MUST contain the following:

Supplier Name
Invoice Number
Invoice Date

Remittance Address
Purchase Order Number
Dollar amount broken out by line item of the Purchase Order

The payment terms for such work will be Net 30 days from date of an authorized invoice.

Send ORIGINAL INVOICE to
Verizon Business
P.O. Box 770
Ashburn, VA 20146-0770

Please send a COPY of the INVOICE to
Verizon Business
Federal - AP
2485 Natomas Park Drive, Suite 450
Sacramento, CA 95831
Jenifer.Mojonnier@verizonbusiness.com

Failure to follow the above directions may result in delay of payment.

14.0 Applicable Documents

GCI ICDs

GCI ICD_P_II_SPIM_v2.8_06072007.doc

GCI SV_7 2_ICD_GCI_v4 0.doc

GCI ICD_GCI_ASR_v2.1_01182007.doc

GCI Pricing

See attached excel worksheet.

Verizon will provide any working documents that may be required to complete the work effort. All content will be the exclusive property of Verizon. "GCI" will secure prior approval from Verizon before any materials are shared publicly. Because Verizon will have provided content and approve on all material, Verizon will have sole responsibility for accuracy of contents.

15.0 Vendor Outsourced Activity

No third party subcontractor shall be added to a Statement of Work by the Consultant without obtaining prior approval from Verizon's Primary contact above.

16.0 SOW Change of Scope Procedure (if applicable)

Any change to this Statement of Work shall be provided in writing and accepted by both Parties before being accepted and included as a part of this SOW Agreement.

17.0 Acceptance Criteria

Acceptance shall be given when all of the deliverables have been received or completed, including receipt of all documents and data produced during this project. Approval of invoice for work performed is acknowledgement of acceptance criteria.

The parties agree that this engagement letter/SOW describes certain Services to be performed by GCI for Verizon.GCI acknowledges and agrees that the Services described herein shall not commence until GCI receives from Verizon a Purchase Order incorporating this engagement letter/SOW. **THERE IS NO BINDING OBLIGATION BETWEEN** GCI **AND VERIZON WITH REGARD TO THE SPECIFIC PROJECT DESCRIBED IN THIS SOW UNTIL THE CORRESPONDING PURCHASE ORDER IS ISSUED. FAILURE TO OBTAIN BOTH A VALID PURCHASE ORDER AND AN APPROVED ENGAGEMENT LETTER OR SOW WILL RESULT IN VERIZON HAVING NO LIABILITY OF ANY KIND FOR ANY PERFORMANCE OF SERVICES DESCRIBED HEREIN.**

In WITNESS WHEREOF, the parties have entered into this Statement of Work as a part of an agreement.

Verizon Services Corporation	**General Communication, Inc.**
By: ______________________	By: ______________________
{Signature}	{Signature}
	Richard Westlund
{Printed Name}	{Printed Name}
	Senior VP & General Manager
{Title}	{Title}
{Date}	{Date}

Exhibit A

SCOPE OF WORK

WLNAA

(7 OF 14)

STATEMENT OF WORK

<u>GCI Wireline Access Service (WLNAA)</u>
<u>Networx Universal Contract Volume I, Section 3.3.2</u>

1.0 Objective

Verizon has selected GCI to meet the requirements for Wireline Access Arrangement (WLNAA). GCI will comply with all requirements for C.2.16.2.1 as outlined on the following pages.

2.0 Background

Wireline Access Arrangement connects an Agency location with dedicated, reliable bandwidth to contractor's network. The range of line speeds and reliability options provided within this access arrangement category allow Agency users to satisfy their diverse needs for accessing contractor's networks. The following sections provide the requirements for WLNAA.

3.0 Project Scope

GCI is only providing the local and Alaska LD for this service. VZB is providing the long distance portion of the service.

Technical Requirements

Section C.2.16.2.1.1.4 of Networx Universal RFP

GCI shall offer a technical solution which meets the requirements of GSA's Networx Universal and Enterprise RFPs (heretofore referred to as Networx RFPs) Section C.2.16.2.1, Networx Wireline Access Arrangement, as well as provide pricing in the structure provided for in Section B.3.1-1 to 9, Section B.2.4.1.3.1-3, and Section B.2.7.3.3-3 of the Networx RFPs. If GCI does not provide any of the services described in Section C.2.16.2.1, then it will be GCI's responsibility to identify a teaming partner or solution to meet all of the requirements in Section C.2.16.2.1 as it relates to Networx Wireline Access Arrangement, as it pertains to Alaska coverage.

GCI shall work with Verizon on how it will provide Management and Operations (MOPS) data to support Verizon's ability to deliver a MOPS solution and MOPS deliverables under the Networx contract(s), as defined by the requirements on Section C.3 of the Networx RFPs. This will include developing a data interchange interface with Verizon to support the MOPS requirements. Data interchange between Verizon and GCI will be defined prior to contract award and must support the requirement for Networx

vendors to provide an Operational Capabilities Demonstration prior to contract award.

Verizon will provide all network connectivity for these services unless otherwise specified.

Service Overview

Verizon has selected GCI to meet the requirements for Wireline Access Arrangement (WLNAA). GCI will comply with all requirements for C.2.16.2.1 as outlined on the following pages.

Access Characteristics and Performance

Volume I, Section 3.3.2 of Networx Universal Contract

Introduction. Verizon is committed to providing the best and most secure interconnections between the customer site, (SDP), aggregation points, and ultimately the Verizon service POP. Verizon partners are required to go through extensive evaluations including; security in the network, ability to provide diverse routes, financial stability, and guidelines for timely installations and restoration. Verizon has established direct relationships with every major ILEC and over fifty competitive carriers, many of which qualify as small carriers. Verizon will add additional carriers as required to meet GSA requirements, to meet access diversity, and network security. Below are our standards for access to out POPs and the various access methods that Verizon maintains to assure best available access for GSA and other customers.

Verizon complies with all access requirements, including all amendments that affect or modify those requirements.

Verizon POPs. Verizon is committed to security within our POPs, where Verizon restricts the access to our critical backbone network. Security measures include establishing the ability to reroute traffic in case of a catastrophic loss of a POP, two methods of back-up power for all locations through use of UPS and generators, requiring carriers to meet at diverse locations in secure telecommunications vaults, and restricting of the premise access by personnel and registered vendors. Specifically, Verizon personnel are the only individuals allowed in the facility without being escorted, and only those employees that have been accepted by a card reader will be allowed in the facility. All vendors must phone in for an appointment for routine maintenance and have emergency contacts that will meet the vendor for emergency restoration. Wherever possible, each POP has a fence surrounding the facility, does not contain external windows, and has camera surveillance at all times. All connections from access networks to the backbone network, is done by Verizon personnel using the state of the art equipment to track and record that actual cross connections within the facility.

Access Arrangements. Access capacity is required to reach the customer premises from the POP. The preferred method is for Verizon to access the customers premises through our owned local network If Verizon has the customers building on-net , such as is the case with numerous government buildings, the circuit remains within Verizon's network all the way and no outside access carrier is required. While this is the preferred method, the following describe best practices that Verizon currently uses to assure GSA has the best method possible to connect end-user buildings to the backbone network

The second method is for Verizon to connect to its own local carrier (MFS, Brooks, Verizon Metro, ICI) at the Pop and carry the circuit on net to the customers serving wire center, where it is handed to the LEC. Verizon normally hands off to the LEC at the DS-3 or higher level, and purchases multiplexing service from the LEC. The LEC carries the circuit to the customer premises at the multiplexed level and terminates the traffic there. In these instances, customer SWCs are connected back to the Verizon POP via individual protected 4 fiber SONET rings. In some rare instances, there may be more than one SWC on a ring, but that is extremely uncommon.

The third method of obtaining access is to interconnect with a Competitive Local Exchange Carrier (CLEC) within the Verizon POP. In this scenario, Verizon will hand to the CLEC and the CLEC will carry the traffic to the customer premises if the customer premises is on net to the CLEC. In this instance, Verizon will do its own multiplexing within the POP and cause the CLEC to transport and terminate the circuit at the required speed.

The fourth method is a variation of the second method. In this case, the circuit is handed to the CLEC in the Verizon POP and the CLEC transports the circuit to the customer Serving Wire Center, where it is handed to the LEC. In this instance the circuit is handed to the CLEC at the DS-3 or above level, and the CLEC transports at that level. Verizon then purchases multiplexing service from the LEC at the SWC and the LEC transports to the customer premises at the multiplexed level.

The fifth method of obtaining access interface and capacity is through the Local exchange Carrier (LEC). The circuit is handed to the LEC at the Verizon POP and the LEC then carries the circuit to the customer premises. In these cases, Verizon will generally hand off to the LEC at the DS-3 level, and purchase multiplexing service from the LEC. The LEC will transport the circuit to the customer premises at the multiplexed (muxed) level and terminate there.

The sixth method is for Verizon to use its owned network as far as it can, hand off to a CLEC in most cases via a cage to cage connection in a bell end offices let the CLEC carry the circuit to its extended offices where Verizon will then order a cross connect onto the LEC who carries the circuit onto the customer premise. At the point of hand off between the CLEC and Verizon to the LEC, Verizon would purchase a mux from the LEC for DS1 and DS0

capacity. The LEC will continue on at the multiplexed level to be terminated at the customer premises.

In the first six methods, Verizon strives for access providers to provide diversity wherever available whether at the customer site, using ring topology to reduce potential of an outage, or through a diverse rout to connect to the Verizon backbone locations.

A seventh method, broadband use only, is for Verizon to use a partner's access methodology: cable, DSL, or metro Ethernet, to connect to the partner's aggregation point normally within th4e closest SWC, and connect to Verizon either through a layer 2 dedicated access point or through an arranged layer 3 connection, whichever is available. Verizon will then connect the access circuit to the Verizon backbone network through the nearest interconnection point or POP, whichever is closer. Verizon's broadband carriers continue to meet and exceed industry standards in timely installation, restoration, route diversity, and scalability to meet GSA requirements. Verizon and our partners maintain an extremely high geographic coverage assuring that GSA not only has quality interconnections but that this method will of access will be a viable in as large a footprint as requested.

Assuring Best Practices. In the methods where Verizon is the only carrier, Verizon is in full and complete control of the circuit end to end and maintains industry standards through alarming and monitoring in its Tulsa Oklahoma Network Operations Center.

Where LEC access is involved, the LEC is required by tariff and by FCC regulation to maintain standards. Verizon has an entire department in Alpharetta GA. whose sole function is to monitor LEC activities and report thereon. This department has regular meetings with the individual carriers to assure that they are meeting security requirements as mandated by Verizon and individual contracts, installation and maintenance guidelines, along with updating escalation contacts between both parties in the potential event of a catastrophic event. These good practices led Verizon to quickly reconnect services after the 09/11 events in both New York, and Washington, DC.

For CLECs, interconnect standards are set by contract. While Verizon contracts are subject to privacy rules, it can be safely stated that all CLECs are required to meet industry standards for service and reliability and are normally held to a two hour mean time to repair, which exceeds GSA requirements and is among the most aggressive in the industry. Verizon also generally requires a maximum of 20 day installation guideline which is above industry best practices and has been able to obtain this higher standard based on our current relations with our partners and suppliers. Protected circuits are controlled much more tightly. CLEC interfaces are monitored at our Cary, N.C. Network Operations Center. Any outage of a DS-3 or above , whether it be at a customer site directly or through an aggregation circuit, must be reported within a very short time period, and each carrier must keep

an outage log which contains the date and time of the outage, cause, resolution and time of resolution. Each carrier is further required to report, on request, any actions taken to avoid a recurrence. Verizon has very strict contractual control and penalties for failure to meet and maintain industry standards. Verizon has periodic meetings with the carriers to assure that all requirements meet current industry best practices and assure that any perceived shortfall in meeting Verizon standards will be remedied within a very short period of time. Verizon currently maintains well over 50 direct relations with CLECs that have agreed to these standards and continues to seek additional carriers that can expand our relations with quality interconnection and end-user connections as Verizon currently mandates. In addition, Verizon maintains relations through aggregators, to assure access to smaller carriers who will also agree to best industry practices. Finally, about thirty percent of our CLEC partners currently are small or diverse carriers.

Technical Capabilities

Section C.2.16.2.1.1.4 of Networx Universal RFP

GCI will comply with all technical requirements for C.2.16.2.1 as follows.

FLAG DOES NOT MAP TO NETWORX PROPOSAL/CONTRACT

The following Wireline Access Arrangement capabilities are mandatory unless marked optional:

WLNAA Technical Capabilities

1. Integrated access of different services (e.g., VS, IPS, and CS)
   a. Over pre-allocated channels for channelized transmission service (e.g., Channelized T1)
   b. Over the same channel (e.g., Unchannelized T3, SONET OC-3c) of IP packets for Converged IP Services
   c. Over the same access circuits for both VS and TFS.
2. Transparent to any protocol used by the Government furnished property (GFP).
3. Transparent to all bit sequences transmitted by the GFP
4. Network-derived clocking.

The following categories of WLNAA access arrangement shall be supported:

a. T1. This category of WLNAA access arrangement shall support a line rate of 1.544 Mbps, which may be used to provide channelized or unchannelized T1 access arrangement as follows:

(1) Channelized T1. In this mode, 24 separate DS0s clear channels of 56/64 kb/s shall be supported.

(2) Unchannelized T1. In this mode, a single 1.536 Mbps information payload shall be supported.

b. Fractional T1. This category of WLNAA access arrangement shall support two, four, six, eight, or twelve adjacent DS0 clear channels over an interface of T1 with a line rate of 1.544 Mbps.

c. ISDN PRI. This category of WLNAA shall support 23 separate DS0 clear channels of 56/64 kbps over an interface of ISDN PRI (23B+D) with a line rate of 1.544 Mbps.

d. T3. This category of WLNAA shall support a line rate of 44.736 Mbps, which may be used to provide channelized or unchannelized T3 access arrangement as follows:

(1) Channelized T3. In this mode, 28 separate DS1 channels of 1.536 Mbps information payload rate shall be supported.

(2) Unchannelized T3. In this mode, a single 43.008 Mbps payload shall be supported.

e. Fractional T3. This category of WLNAA shall support three, four, five, or seven adjacent DS1 clear-channels.

f. E1 (Non-domestic). This category of WLNAA shall support a line rate of 2.048 Mbps, which may be used to provide channelized or unchannelized E1 service as follows:

(1) Channelized E1. In this mode, 30 separate DS0 clear channels shall be supported.

(2) Unchannelized E1. In this mode, a single 1.92 Mbps information payload shall be supported.

g. E3 (Non-domestic). This category of WLNAA shall support a line rate of 34.368 Mbps, which may be used to provide channelized or unchannelized E3 service as follows:

(1) Channelized E3. In this mode, 16 separate E1 channels shall be supported.

(2) Unchannelized E3. In this mode, a single 30.72 Mbps information payload shall be supported.

h. SONET OC-3. This category of WLNAA shall support a line rate of 155.520 Mbps, which may be used to provide channelized OC-3 or concatenated OC-3c access arrangement as follows:

(1) Channelized OC-3. In this mode, three separate OC-1 channels, each with an information payload data rate of 49.536 Mbps, shall be supported.

(2) Concatenated OC-3c. In this mode, a single channel equivalent to information payload data rate of 148.608 Mbps shall be supported.

i. SONET OC-12 (Optional). This category of WLNAA shall support a line rate of 622.080 Mbps, which may be used to provide channelized OC-12 or concatenated OC-12c access arrangement as follows.

(1) Channelized OC-12. In this mode, 4 separate OC-3 channels, each with an information payload data rate of 148.608 Mbps, shall be supported.

(2) Concatenated OC-12c. In this mode, a single channel equivalent to an information payload data rate of 594.432 Mbps shall be supported.

j. SONET OC-48 (Optional). This category of WLNAA shall support a line rate of 2.488 Gbps, which may be used to provide channelized OC-48 or concatenated OC-48c service as follows:

(1) Channelized OC-48. In this mode, 4 separate OC-12 channels, each with an information payload data rate of 594.432 Mbps, shall be supported.

(2) Concatenated OC-48c. In this mode, a single channel equivalent to an information payload data rate of 2.377728 Gbps shall be supported.

k. SONET OC-192 (Optional). This category of WLNAA shall support a line rate of 10 Gbps, which may be used to provide channelized OC-192 or concatenated OC-192c service as follows:

(1) Channelized OC-192. In this mode, 4 separate OC-48 channels, each with an information payload data rate of 2.488 Gbps, shall be supported.

(2) Concatenated OC-192c. In this mode, a single channel equivalent to an information payload data rate of 9.510912 Gbps shall be supported.

l. Dial Access Line. This category of WLNAA shall support 2 wire analog lines and trunks without access integration for voice service (VS).

m. DS0. This category of WLNAA shall support information payload data rates of 56 kbps and 64 kbps.

n. Subrate DS0. This category of WLNAA shall support Subrate DS0 at information payload data rates of 4.8, 9.6, and 19.2 kbps.

o. Optical Wavelength. Bi-directional wavelengths (WDM and ASTN) connections to an optical network for the following speeds:

a. OC-48

b. OC-192

c. OC-768 (Optional)

p. Dark Fiber (Optional). Dark Fiber shall support the following capabilities:

(1) Deployed fiber shall support both single-mode and multimode fibers

(2) Deployed fibers shall be capable of supporting a minimum of 80 DWDM wavelengths or user data with spacing as specified in ITU-T G.694.1

(3) Deployed fibers shall be capable of operating in the “C”, and “L” bands. Support for the “S” band will also be required when commercially available.

Other Contract Requirements

Volume FLAG Section FLAG of Networx Contract

In preparation of the proposal response, GCI shall describe how it will support Verizon in responding to the Price Management Mechanism as defined in Section H.7 of the Networx Universal RFPs.

Interfaces

Section C.2.16.1.2.3.1 of Networx Universal RFP

GCI shall describe how it will provide all of the interfaces identified in Section C.2.16.2.1.3 of the Networx RFPs.

Wireline Access Arrangement Interfaces

GCI will comply with all applicable interfaces required for Wireline Access Arrangement, as follows:

The User-to-Network Interfaces (UNIs) at the SDP, as defined in the Section C.2.16.2.1.3.1, are mandatory unless indicated otherwise:

Table 6.1-1. Wireline Access Arrangement Interfaces

UNI Type	Interface Type and Standard	Payload Data Rate or Bandwidth	Signaling Type
1	ITU-TSS V.35	Up to 1.92 Mbps	Transparent
2	EIA RS-449	Up to 1.92 Mbps	Transparent
3	EIA RS-232	Up to 19.2 kbps	Transparent
4	EIA RS-530	Up to 1.92 Mbps	Transparent
5	T1 (with ESF) [Std: Telcordia SR-TSV-002275; ANSI T1.403)	Up to 1.536 Mbps	Transparent
6	ISDN PRI [Std: ANSI T1.607/610]	Up to 1.472 Mbps	Transparent
7	T3 [Std: Telcordia GR-400-CORE]	Up to 43.008 Mbps	Transparent
8	E1 (Std:ITU-TSS	Up to 1.92 Mbps G.702) (Non-domestic)	Transparent
9	E3 (Std: ITU-TSS G.702) (Non-domestic)	Up to 30.72 Mbps	Transparent

UNI Type	Interface Type and Standard	Payload Data Rate or Bandwidth	Signaling Type
10	SONET OC-3 (Std: ANSI T1.105 and 106)	148.608 Mbps	Transparent
11	SONET OC-3c (Std: ANSI T1.105 and 106)	148.608 Mbps	Transparent
12	SONET OC-12 (Std: ANSI T1.105 and 106) (Optional)	594.432 Mbps	Transparent
13	SONET OC-12c (Std: ANSI T1.105 and 106) (Optional)	594.432 Mbps	Transparent
14	SONET OC-48 (Std: ANSI T1.105 and 106) (Optional)	2.377728 Gbps	Transparent
15	SONET OC-48c (Std: ANSI T1.105 and 106) (Optional)	2.377728 Gbps	Transparent
16	SONET OC-192 (Std: ANSI T1.105 and 106) (Optional)	9.510912 Gbps	Transparent
17	SONET OC-192c (Std: ANSI T1.105 and 106) (Optional)	9.510912 Gbps	Transparent

Service Level Agreements

Volume II, Appendix B.3, Attachment 1 of Networx Universal Contract

GCI shall describe how it will meet the Performance Metrics as defined by Section C.2.5.1.4.1 of the Networx RFPs for the individual services.

Private Line Service SLA

- **Availability.** Availability is captured for each Circuit id. Availability is calculated as follows.

$$\text{Availability} = \frac{\text{total expected Available time (Tex)} - \text{total outage time (Tou)}}{\text{Total Expected Available time (Tex)}}$$

Availability metrics are calculated for the Agency Bureau level by summing up Tex and Tou for all the circuit id under the Agency Bureau for a calendar month and reported as a percentage.

Availability metrics are calculated for the Agency level by summing up Tex and Tou for all the Circuit ID under the Agency for a calendar month and reported as a percentage.

Performance Metrics

Section C.2.5.1.4 of Networx Universal RFP

The performance levels and acceptable quality level (AQL) of key performance indicators (KPIs) for Private Line Service circuits in Section C.2.5.1.4.1 are mandatory unless marked optional:

Table 7.2-1. Private Line Service Performance Metrics

Key Performance Indicator (KPI)	Service Level	Performance Standard (Threshold)	Acceptable Quality Level (AQL)	How Measured
Availability (POP-to-POP) (Optional)	Routine Critical	99.8% 99.98%	>99.8% >99.98%	See Note 1
Availability (SDP-to-SDP)	Routine Critical	99.4% 99.98%	>99.4% >99.98%	
Time to Restore	With Dispatch	8 hours	< 8 hours	See Note 2
	Without Dispatch	4 hours	< 4 hours	

Notes:

(1) Availability.

a. For data rates of T1 and higher, a service is considered unavailable when a PLS circuit experiences 10 consecutive severely errored seconds (SES) [Standard: Telcordia PUB GR-418-CORE]. An unavailable circuit is considered available when restoration activities have been completed and 30 consecutive minutes have passed without any errored seconds to account for stability and proving period. However, if there is no error second encountered during the proving period of 30 minutes, this will not be counted towards the circuit unavailable time

b. For data rates lower than T1, cumulative outage time is calculated based on trouble ticket data.

c. PLS availability is calculated as a percentage of the total reporting interval time that PLS is operationally available to the Agency. Availability is computed by the standard formula:

$$\textit{Availability} = \frac{RI(HR) - COT(HR)}{RI(HR)} \times 100$$

Critical level of Service for availability only applies to T1 and above data rates.

(2) Refer to Section C.3.3.1.2.4 for definition and how to measure.

Service Quality and Performance Metrics

Volume I, Section 4.1.7.2.1 of Networx Universal Contract

GCI will comply with all performance metric requirements for PLS.

Verizon complies with all performance metric requirements for this service. This includes support for availability with AQLs> 99.8% for routine POP-to-POP service, > 99.4% for routine SDP-to-SDP service, and > 99.98% for both POP-to-POP (Optional) and SDP-to-SDP critical service levels as required in RFP Section C.2.5.1.4. Verizon will accomplish this by utilizing stringent commercial practices for dedicated point-to-point private line access facilities along with transport over our self-healing backbone for routine applications. For critical applications, we will provision an equivalent backup point-to-point circuit using diversely routed access facilities and POP diversity.

Monitoring and Measuring KPIs and AQLs

Volume I, Section 4.1.7.2.2 of Networx Universal Contract

Verizon monitors and measures compliance with KPIs and AQLs as follows:

- **Availability (POP-to-POP).** PLS utilize the performance measurement capabilities of Verizon's Digital Cross-Connect Systems. This performance data is continuously reported to Verizon's Network Management System (NMS). "Rules" in that system recognize major alarms or when service degrades below the allowable performance limits (e.g., bit error rates); this data is sent to NMS surveillance personnel. Timestamps for the alarms or service degradation are recorded along with the restoration timepoints. The difference between these timestamps is considered out-of-service time and is used to calculate the service availability. This is recorded and made available for reporting to the applicable Agency. Per Note 1a of the RFP Section C.2.5.1.4.1, Verizon understands that for data rates of T1 and higher, a service is considered unavailable when a PLS circuit experiences 10 consecutive severely errored seconds (SES) [Standard: Telcordia PUB GR-418-CORE]. Per Note 1b. Verizon understands that for data rates lower than T1, cumulative outage time is calculated based on trouble ticket data.

- **Availability (SDP-to-SDP).** PLS utilize the performance measurement capabilities of premise based equipment selected for this capability. Like the equipment at Verizon's POPs, the performance data is continuously reported to Verizon's NMS. Arrangements similar to Availability (POP-to-POP) above will be used to recognize and calculate availability. This is recorded and made available for reporting to the Networx customer. Verizon creates "rules" in the NMS host such that a trouble ticket is automatically opened when an out-of-service condition is recognized. Verizon's Operations personnel then troubleshoot and repair the failure and close the trouble ticket. The time stamps between the start of the out-of-service condition and the time it is returned to service is used to

calculate the "time to restore" KPI. This is recorded and made available for reporting to the applicable Agency.

- **Time to Restore.** Maintenance/operations personnel staff each Verizon POP. Verizon's average time for technicians to arrive on any trouble site in the network is one hour. In addition to stationing personnel at critical points in the network, Verizon improves network restoration capabilities through the addition of DXCs, redundant routes, and spare capacity. The techniques and technologies that Verizon uses to improve the network's restoration capabilities include Real-Time Restoration and NMCs. Real-Time Restoration (RTR) is a centralized, automated system that controls DXC-3/3s. RTR allows Verizon to quickly detect and isolate network disruptions, produce and deliver preplanned reroutes, implement these pre-plans to restore traffic, and normalize traffic once the network is repaired. Real Time

Restoration is currently Verizon's main restoration platform. Currently, Verizon can restore 100 DS3s in less than 15 minutes using RTR.

The service availability for Verizon-provided access circuits will meet, and in many cases exceed, 99.8 percent. LECs and CAPs typically provide access to Verizon's Private Line transport network and services. These access arrangements are private line circuits with tariffs specifying quality assurance for availability of service. LECs typically base their tariffs on two technical references, TR-NWT-000341 for Digital Data Service (i.e., subrate DS0) and TR-INS-000342 for Terrestrial Data Service (i.e., T1). These two references define availability as the amount of time the service is usable by the end user. TR-INS-000342 defines an annual availability objective of 99.925 percent for Special Access Arrangements (private lines) at the DS1 rate, and an Errored Free Second (EFS) availability objective of 99.75 percent over a 24-hour period. TR-NWT-000341 states that DDS service availability varies by region and is not defined in the document. For DDS, the annual availability objective and EFS performance depends on the local access provider's tariff for a specific service area. Typical commercial tariffs for local access define the service availability objective for DDS as 99.9 percent and 99.925 percent for TDS 1.544 High Capacity Digital Service (HICAP). Verizon's SONET-based local city networks and SONET access facilities provided by CAPs and LECs have service availability objectives that typically meet or exceed 99.995 percent.

Features

Section C.2.5.1.2 of Networx Universal RFP

GCI shall describe how it will provide all of the features identified in Section C.2.16.2.1.2-1 of the Networx RFPs. GCI shall also price the required features per B.3.1-9 and provide in the required format.

8.1 Features

FLAG DOES NOT MAP TO NETWORX PROPOSAL/CONTRACT

The following Private Line Service features listed in Section C.2.5.1.2.1 are mandatory unless marked optional:

Table 8.1-1. Private Line Service Features

ID Number	Name of Feature	Description
1	Multipoint Connection	The contractor shall allow interconnection of three or more subscribers' premises as follows: Branch-Off. In this mode, all SDPs shall be treated as one shared medium and each point shall be able to autonomously send and receive data. The CPE application will ensure master/slave mode of operation (e.g., polling scheme used in IBM 3270 mode of data communication). Drop-and-Insert. In this mode, previously specified channels of a channelized T1, T3, SONET OC-3, or SONET OC-12 service category shall be able to be dropped off and new channels shall be able to be simultaneously picked up or inserted.
2	Special Routing	The contractor shall provide different routes for PLS circuits based on the following arrangements: 1. Transport Diversity. Between connecting POPs, the contractor shall supply two or more physically separated routes for PLS circuits. These diverse routes shall not share common telecommunications facilities or offices. The contractor shall maintain a minimum separation of 30 feet throughout all diverse routes. The Government recognizes that uncompromised (i.e., adhering to the minimum separation requirements as described above) diversity may not be available in some locations. Where uncompromised diversity is not available, the contractor shall exert best efforts to propose an acceptable arrangement along with documentation describing the compromise. Each pair of circuits that must be diverse from each other constitutes a relationship pair. For example, three circuits ordered as being diverse from each other constitute three relationship pairs, i.e., 1 and 2, 1 and 3, and 2 and 3. If diversity is not available or the compromised diversity is not acceptable to the Government, it shall be negotiated on an individual case basis. 2. Transport Avoidance. Between connecting POPs, the contractor shall supply the capability for a customer to define a geographic location or route on the network to avoid. The Government recognizes that avoidance may not be available in some locations. Where avoidance is not available, the contractor shall exert best efforts to propose an acceptable arrangement along with documentation describing the reasons for the unavailability. The contractor shall establish an internal control (i.e., electronic flagging of routes) to prevent accidental dismantling of diversified/avoidance routes, especially during routine route optimization initiatives by the contractor. The contractor shall provide, within 30 calendar days of the implementation of transport diversity or avoidance, and again thereafter whenever a change is made, a graphical representation (e.g., diagrams/maps) of transport circuit routes to show where diversity or avoidance has been implemented. The contractor shall provide, at least 30 calendar days in advance of implementation, written notification to the Agency

ID Number	Name of Feature	Description
		(with a copy to the PMO) requesting Government approval of any proposed reconfiguration of routes that were previously configured for transport diversity or avoidance. When a user selects an explicit diversity and/or avoidance, the performance level of the PLS circuit will be specified by the user at the service ordering time.
3	Analog Line Conditioning [Optional]	The contractor shall provide voice grade C (e.g., C3) and D (e.g., D6) conditioning for analog lines (Standard: Telcordia Pubs: TR-NWT-000335 and TR-NWT-000965).

4	Low Bit Rate Voice [Optional]	The contractor shall allow for voice at 32 Kbps and for analog data at 4.8 Kbps utilizing contractor provided equipment and shall conform to Adaptive Differential Pulse Code Modulation (ADPCM) according to North American adaptation of ITU-TSS recommendation G.721 (compression of a ITU-TSS B.711 voice band signal at 32 Kbps) as modified by ANSI.
5	7.5 kHz Audio	The contractor shall allow a 7.5 kHz audio signal, delivered and received in analog form, which shall be compressed by the contractor provided equipment for transmission over a DS0 channel. The audio quality shall not be less than what is available using ADPCM compression technology (standard: ITU-TSS G.726).

Training

Volume II, Section 3.11 of Networx Universal Contract

GCI shall offer sales training to the Verizon Government Markets sales organization to facilitate the selling of GCI High-Speed Service both under the FTS2001 contract umbrella as well as Networx.

GCI shall offer training materials to Verizon and its customers in order to support Verizon's ability to deliver training to Networx customers as defined by Section C.3.7 of the Networx RFPs.

Training Content

GCI will provide content for WLNAA training in accordance with the requirements of RFP Section C.3.7.2.

Training Development

Team Verizon's solution for training development meets or exceeds all requirements found in RFP Section C.3.7.2.1.

Training Availability

Team Verizon's solution for training availability meets or exceeds all requirements found in RFP C.3.7.2.2.

Training Maintenance

Team Verizon's solution for training maintenance meets or exceeds all requirements found in RFP C.3.7.2.6.

Within 30 business days following any changes to Team Verizon's Networx program that would result in any changes or modifications to the training program, all affected training material will be updated and made available to the Government. These modifications will be provided at no cost.

Partner Meetings/Sales Opportunities

FLAG DOES NOT MAP TO NETWORX PROPOSAL/CONTRACT.

GCI shall support meetings with Verizon Networx Partners.

GCI shall assign sales representatives to support the FTS2001 and Networx opportunities. GCI shall support Sales Opportunity Reviews to ensure collaborative planning.

4.0 Project Term

This agreement will run concurrent with Verizon's Networx Universal and Enterprise contracts with the GSA. Time period will be upon issuance of a Purchase Order thru 2011.

5.0 Deliverables

See Project Scope.

6.0 Contact Information

VerizonBusiness
Name
Title
Address
City, State Zip
Phone number
Fax number
Email address

Supplier Name - GCI
Name - Laura Rykaczewski
Title - Senior Account Manager
Address
City, State Zip
Phone number - 907 868 5351
Fax number - 907 868 6292
Email address - lrykaczewski@gci.com

7.0 Project Staffing

Not applicable.

8.0 Work Performance

- Security – N/A
- Hours & Overtime – Pre-approval of time/materials above what is identified in the Cost & Schedule section is required when they impact project costs
- Travel & Expense Guidelines – N/A

9.0 Assumptions/Risks/Dependencies

Refer to Exhibit B prime contract "flow down provisions"

10.0 Verizon Responsibilities

-

See Project Scope

11.0 Cost and Schedule (TBD)

The value of this SOW is estimated to be approximately $X,XXX,XXX.00 for the term of the SOW.

Year 1 (2007) = $
Year 2 (2008) = $
Year 3 (2009) = $
Year 4 (2010) = $

Pricing Structure

Section B.3.1 of Networx Universal RFP

GCI shall provide competitive pricing to Verizon. GCI shall comply with the Pricing Structure outlined in Section 3.1-1 to 9, B.2.4.1.3.1-3, and B.2.7.3.3-3 of the Networx RFPs.

Wireline Access Arrangement

The technical requirements for Wireline Access are specified in Section C.2.16.

The price for providing Wireline Access shall comprise of one or more of the following elements:

a. Non-Recurring Charge

b. Monthly Recurring Charge

c. Feature Charges

Other provisioning prices that are applicable to use of services connected via Wireline Access are included in the service-specific price tables in Section B.2.

For pricing purposes, the physical address of the SDP location will determine the wire center used for the provision of wireline and DSL broadband dedicated access.

Domestic Wireline Access prices depend on the specific access type used to provide the connection and either:

d. The eight character CLLI™ code of the Serving Wire Center (SWC) serving the SDP; or

e. In selected cases, at the contractor's option, the location of the SDP as identified by its eight character Site Code (see Section C.3.2.2.10).

The Wireline Access price determined by the Site Code shall not be higher than the Wireline Access price determined by the SWC CLLI™ code. For any specific Wireline Access type, all locations served from the same SWC shall have the same prices, unless excepted as in (e) above. Wireline Access prices for any SDPs served from a given wire center shall not be increased except as follows. Wireline Access prices for an SDP may change as a result of SWC changes, additions, deletions, or redefinitions only if the new SWC resulting from the change, addition, deletion or redefinition is more than one mile from the previous SWC.

Any proposed increase in access prices resulting from such changes shall be subject to a fair and reasonable analysis and approval by the Government. The contractor shall give a minimum of six months notice of such changes, emergency conditions excepted.

Tables B.3.1-1 through Table B.3.1-6 provide the format for pricing information for Wireline Access circuits. NRCs shall not vary by SWC, but may vary by domestic region.

Table 0-1. Domestic Wireline Access Prices (MRC)

MRC CLIN*	Case Number**	SWC	Price Start Date	Price Stop Date	Price Replaced Date	Price

* CLINs are listed by Wireline Access type in Table B.3.1-6

** Case Number is applicable to ICB CLINs only

Table 0-2. Domestic Wireline Access Prices (NRC)

NRC CLIN*	Case Number**	Domestic Region ID***	Price	Price Start Date	Price Stop Date	Price Replaced Date

* CLINs are listed by Wireline Access type in Table B.3.1-6

** Case Number is applicable to ICB CLINs only

*** Domestic region IDs are defined in Table B.6.6-1

Table 0-3. Domestic Wireline Access by Network Site Code(2) MRC Exception Prices

CLIN*	Case Number**	Network Site Code***	Physical Address of Site				Price	Price Start Date	Price Stop Date	Price Replaced Date
			City	State	Street	Zip				

* CLINs are listed by dedicated access type in Table B.3.1-6

** Case Number is applicable to ICB CLINs only

*** Sites listed in this table with a monthly recurring price provided will incur this price in lieu of the SWC price provided in Table B.3.1-1. The price from this table shall not exceed the corresponding price from Table B.3.1-1

Table 0-4. Non-Domestic Wireline Access Prices (MRC)

CLIN*	Case Number**	Country/ Jurisdiction ID***	Network Site Code	Price	Currency	Price Start Date	Price Stop Date	Price Replaced Date

(2) Initially, this table shall be completed using street addresses as provided by the Government. The addresses shall be replaced by Network Site Codes provided by the Government after award. See Section B.6.5.

* CLINs are listed by Wireline Access type in Table B.3.1-6

** Case Number is applicable for ICB CLINs only

*** Country/Jurisdiction IDs are defined in Table B.6.6-1

Table 0-5. Non-Domestic Wireline Access Prices (NRC)

CLIN*	Case Number**	Country/ Jurisdiction ID***	Network Site Code	Price	Currency	Price Start Date	Price Stop Date	Price Replaced Date

* CLINs are listed by Wireline Access type in Table B.3.1-6

** Case Number is applicable for ICB CLINs only

*** Country/Jurisdiction IDs are defined in Table B.6.6-1

Table 0-6. Wireline Access Pricing Instructions

NRC CLIN Routine	NRC CLIN Critical* (Optional)	MRC CLIN Routine	MRC CLIN Critical* (Optional)	Description	Charging Unit	Notes
0760101	0760201	0760301	0760401	Analog (4 kHz)	Per Circuit	
0760102	0760202	0760302	0760402	Subrate DS0 @ 4.8 kbs	Per Circuit	

0760103	0760203	0760303	0760403	Subrate DS0 @ 9.6 kbs	Per Circuit	
0760104	0760204	0760304	0760404	DS0 (56/64 kbs)	Per Circuit	
0760106	0760206	0760306	0760406	FT1 - DS0 x 2	Per Circuit	
0760107	0760207	0760307	0760407	FT1 - DS0 x 4	Per Circuit	
0760108	0760208	0760308	0760408	FT1 - DS0 x 6	Per Circuit	
0760109	0760209	0760309	0760409	FT1 - DS0 x 8	Per Circuit	
0760110	0760210	0760310	0760410	FT1 - DS0 x 12	Per Circuit	
0760111	0760211	0760311	0760411	T1 (1.536 Mbs)	Per Circuit	

NRC CLIN Routine	NRC CLIN Critical* (Optional)	MRC CLIN Routine	MRC CLIN Critical* (Optional)	Description	Charging Unit	Notes
0760112	0760212	0760312	0760412	ISDN PRI	Per Circuit	
0760113	0760213	0760313	0760413	FT3 - DS1 x 3	Per Circuit	
0760114	0760214	0760314	0760414	FT3 - DS1 x 4	Per Circuit	
0760115	0760215	0760315	0760415	FT3 - DS1 x 5	Per Circuit	
0760116	0760216	0760316	0760416	FT3 - DS1 x 7	Per Circuit	
0760117	0760217	0760317	0760417	T3 (43.008 Mbs)	Per Circuit	
0760118	0760218	0760318	0760418	SONETS OC-3	Per Circuit	ICB**
0760119	0760219	0760319	0760419	SONETS OC-3c	Per Circuit	ICB**
0760120 (Optional)	0760220	0760320 (Optional)	0760420	SONETS OC-12	Per Circuit	ICB**
0760121 (Optional)	0760221	0760321 (Optional)	0760421	SONETS OC-12c	Per Circuit	ICB**
0760122 (Optional)	0760222	0760322 (Optional)	0760422	SONETS OC-48	Per Circuit	ICB**
0760123 (Optional)	0760223	0760323 (Optional)	0760423	SONETS OC-48c	Per Circuit	ICB**
0760124 (Optional)	0760224	0760324 (Optional)	0760424	SONETS OC-192	Per Circuit	ICB**
0760125 (Optional)	0760225	0760325 (Optional)	0760425	SONETS OC-192c	Per Circuit	ICB**
0760126	0760226	0760326	0760426	Dial Access Line	Per Circuit	
0760127	0760227	0760327	0760427	E1	Per Circuit	
0760128	0760228	0760328	0760428	E3	Per Circuit	
0760170	0760270	0760370	0760470	OWS OC-48	Per Circuit	ICB**
0760171	0760271	0760371	0760471	OWS OC-192	Per Circuit	ICB**
0760172 (Optional)	0760272	0760372 (Optional)	0760472	OWS OC-768	Per Circuit	ICB**
0760173 (Optional)	0760273	0760373 (Optional)	0760473	DFS Single Fiber Strand	Per Strand	ICB**
0760174 (Optional)	0760274	0760374 (Optional)	0760474	DFS Fiber Pair	Per Fiber Pair	ICB**

* Critical prices are ICB

** All optical wireline access CLINs shall be ICB

WLNAA Feature Prices

Table B.3.1-7 through Table B.3.1-9 provide the format for pricing information for the features available with Wireline Access.

Table 0-7. Domestic Wireline Access Feature Prices

CLIN*	Case Number**	Domestic Region ID***	Price	Price Start Date	Price Stop Date	Price Replaced Date

*   See feature pricing instructions in Table B.3.1-9 for the applicable charging mechanisms and charging units for each feature

**   Case Number is applicable for ICB CLINs only

*** Domestic Region IDs are given in Table B.6.6-1

Table 0-8. Non-Domestic Wireline Access Feature Prices

CLIN*	Case Number**	Country/ Jurisdiction ID***	Price	Currency	Price Start Date	Price Stop Date	Price Replaced Date

*   See feature pricing instructions in Table B.3.1-9 for the applicable charging mechanisms and charging units for each feature

**   Case Number is applicable for ICB CLINs only

*** Country/Jurisdiction IDs are defined in Table B.6.6-1

Table 0-9. Wireline
Access Feature Pricing Instructions

CLIN	Description	Charging Unit	Notes
0769002	Access Route or Path Diversity	MRC	ICB
0769003	Access Route or Path Diversity	NRC	ICB
0769004	Access Route or Path Avoidance	MRC	ICB
0769005	Access Route or Path Avoidance	NRC	ICB

IPS Domestic Port Prices

Table B.2.4.1.3.1-3 provides the format for IPS domestic, i.e., CONUS/OCONUS, port prices for Internet service. Table B.2.4.1.3.1-4 provides the applicable charging units for the IPS domestic port types for Internet service. Domestic dial-up access will connect to the contractor's IPS network through the domestic dial-up port. The contractor shall price the domestic dial-up port based on a flat monthly recurring charge for unlimited usage.

Domestic dedicated access will connect to the contractor's IPS network through a domestic dedicated access port. Agencies may also connect domestic independent access to any domestic port (except to embedded access ports). The contractor shall price domestic dedicated access ports based on a monthly recurring charge. The Country/Jurisdiction IDs are provided in Section B.6.6.

Table 0-10. IPS Domestic Port Prices – Internet

CLIN	Case Number*	Country/ Jurisdiction ID**	Price	Price Start Date	Price Stop Date	Price Replaced Date

*   Case number applies to ICB CLINs only

**   For Country/Jurisdiction ID codes, see Section B.6.6

Table 0-11. IPS Domestic Port Pricing Instructions - Internet

MRC Routine	MRC Critical	Description	Charging Unit
0744365	0744414	Dedicated DS0 – OCONUS	Per port
0744366	0744415	Dedicated FT1 (2XDS0) – OCONUS	Per port
0744367	0744416	Dedicated FT1 (3XDS0) – OCONUS	Per port
0744368	0744417	Dedicated FT1 (4XDS0) – OCONUS	Per port
0744369	0744418	Dedicated FT1 (5XDS0) – OCONUS	Per port
0744370	0744419	Dedicated FT1 (6XDS0) – OCONUS	Per port

0744371	0744420	Dedicated FT1 (7XDS0) – OCONUS	Per Port
0744372	0744421	Dedicated FT1 (8XDS0) – OCONUS	Per port
0744373	0744422	Dedicated T1 – OCONUS	Per port
0744374	0744423	Dedicated FT3 (2XDS1) – OCONUS	Per port

MRC Routine	MRC Critical	Description	Charging Unit
0744375	0744424	Dedicated FT3 (3XDS1) – OCONUS	Per port
0744376	0744425	Dedicated FT3 (4XDS1) – OCONUS	Per port
0744377	0744426	Dedicated FT3 (5XDS1) – OCONUS	Per port
0744378	0744427	Dedicated FT3 (6XDS1) – OCONUS	Per port
0744379	0744428	Dedicated FT3 (7XDS1) – OCONUS	Per port
0744380	0744429	Dedicated FT3 (8XDS1) – OCONUS	Per port
0744383	0744432	Dedicated T3 – OCONUS	Per port
0744384	0744433	Dedicated OC3c (155 Mbps) – OCONUS	Per port
0744385	0744434	Dedicated OC12c (622 Mbps) – OCONUS	Per port
0744386	0744435	Dedicated OC48c (2.5 Gbps) – OCONUS	Per port
0744387	0744436	Dedicated OC192c (10 Gbps) – OCONUS	Per port
0744086	0744255	Analog Dial-up (up to 56/64 kbps) – OCONUS	Per port
0744087	0744256	Embedded – Analog Dial-up (up to 56/64 kbps) - OCONUS	Per port
0744088	0744257	Embedded-ISDN (at 64 kbps) - OCONUS	Per port
0744089	0744258	Embedded – ISDN (at 128 kbps) - OCONUS	Per port

NBIP-VPNS Transport

Table B.2.7.3.3-1 provides the format for NBIP-VPNS port prices. Tables B.2.7.3.3-2 through B.2.7.3.3-4 provide the instructions for CONUS, OCONUS and non-domestic pricing.

Table 0-12. NBIP-VPNS Port Prices

CLIN	Case Number*	Country/ Jurisdiction ID**	Price	Price Start Date	Price Stop Date	Price Replaced Date

* Case Number applies to ICB CLINs only

** For Country/Jurisdiction IDs, see Table B.6.6-1

Table 0-13. NBIP-VPNS Port Pricing Instructions (OCONUS)

CLIN (Routine)	CLIN (Critical)	Description	Charging Unit (unless stated elsewhere)
0213501	0217101	Embedded – Analog dial-up (56 kbps), Critical is ICB	MRC per port
0213502	0217102	Embedded – ISDN dial-up (64 kbps), Critical is ICB	MRC per port
0213503	0217103	Embedded – ISDN dial-up (128 kbps), Critical is ICB	MRC per port
0213504	0217104	Embedded – ISDN dial backup (64 kbps), Critical is ICB	MRC per port
0213505	0217105	Embedded – ISDN dial backup (128 kbps), Critical is ICB	MRC per port
0213571	0217145	64 kbps (DS0)	MRC per port
0213572	0217146	FT1 (2 x DS0)	MRC per port

0213573	0217147	FT1 (3 x DS0)	MRC per port
0213574	0217148	FT1 (4 x DS0)	MRC per port
0213575	0217149	FT1 (5 x DS0)	MRC per port
0213576	0217150	FT1 (6 x DS0)	MRC per port
0213545	0217151	T1	MRC per port
0213546	0217152	FT3 (2 x T1)	MRC per port
0213547	0217153	FT3 (3 x T1)	MRC per port
0213548	0217154	FT3 (4 x T1)	MRC per port
0213549	0217155	FT3 (5 x T1)	MRC per port
0213550	0217156	FT3 (6 x T1)	MRC per port
0213551	0217157	FT3 (7 x T1)	MRC per port
0213552	0217158	FT3 (8 x T1)	MRC per port
0213553	0217159	FT3 (9 x T1)	MRC per port
0213554	0217160	FT3 (10 x T1)	MRC per port
0213555	0217161	T3	MRC per port
0213561	0217167	OC-3c	MRC per port
0213562	0217168	OC-12c	MRC per port
0213563	0217169	OC-48c	MRC per port
0213564	0217170	OC-192c	MRC per port

12.0 Bonding Requirements

Not applicable.

13.0 Invoicing Requirements

In order for you to receive payment, receipts must be completed and all ORIGINAL invoices must be submitted to Accounts Payable. In the event an original invoice was sent to the Verizon end user, it will be the responsibility of the Verizon end user to ensure the original invoice is forwarded to Accounts Payable.

A valid invoice MUST contain the following:

Supplier Name
Invoice Number
Invoice Date
Remittance Address
Purchase Order Number
Dollar amount broken out by line item of the Purchase Order

The payment terms for such work will be Net 30 days from date of an authorized invoice.

Send ORIGINAL INVOICE to

Verizon Business
P.O. Box 770
Ashburn, VA 20146-0770

Please send a COPY of the INVOICE to

Verizon Business
Federal - AP
2485 Natomas Park Drive, Suite 450
Sacramento, CA 95831
Jenifer.Mojonnier@verizonbusiness.com

Failure to follow the above directions may result in delay of payment.

14.0 Applicable Documents

GCI ICDs

GCI ICD_P_II_SPIM_v2.8_06072007.doc

GCI SV_7 2_ICD_GCI_v4 0.doc

GCI ICD_GCI_ASR_v2.1_01182007.doc

GCI Pricing

See attached excel worksheet.

Verizon will provide any working documents that may be required to complete the work effort. All content will be the exclusive property of Verizon. "GCI" will secure prior approval from

Verizon before any materials are shared publicly. Because Verizon will have provided content and approve on all material, Verizon will have sole responsibility for accuracy of contents.

15.0 Vendor Outsourced Activity

No third party subcontractor shall be added to a Statement of Work by the Consultant without obtaining prior approval from Verizon's Primary contact above.

16.0 SOW Change of Scope Procedure (if applicable)

Any change to this Statement of Work shall be provided in writing and accepted by both Parties before being accepted and included as a part of this SOW Agreement.

17.0 Acceptance Criteria

Acceptance shall be given when all of the deliverables have been received or completed, including receipt of all documents and data produced during this project. Approval of invoice for work performed is acknowledgement of acceptance criteria.

The parties agree that this engagement letter/SOW describes certain Services to be performed by GCI for Verizon. GCI acknowledges and agrees that the Services described herein shall not commence until GCI receives from Verizon a Purchase Order incorporating this engagement letter/SOW. **THERE IS NO BINDING OBLIGATION BETWEEN** GCI **AND VERIZON WITH REGARD TO THE SPECIFIC PROJECT DESCRIBED IN THIS SOW UNTIL THE CORRESPONDING PURCHASE ORDER IS ISSUED. FAILURE TO OBTAIN BOTH A VALID PURCHASE ORDER AND AN APPROVED ENGAGEMENT LETTER OR SOW WILL RESULT IN VERIZON HAVING NO LIABILITY OF ANY KIND FOR ANY PERFORMANCE OF SERVICES DESCRIBED HEREIN.**

In WITNESS WHEREOF, the parties have entered into this Statement of Work as a part of an agreement.

Verizon Services Corporation	**General Communication, Inc.**
By: ______	By: ______
{Signature}	{Signature}
	Richard Westlund
{Printed Name}	{Printed Name}
	Senior VP & General Manager
{Title}	{Title}
{Date}	{Date}

Exhibit A

SCOPE OF WORK

ETHERNET

(8 OF 14)

STATEMENT OF WORK

GCI Broadband Ethernet Access Arrangement (ETHER)
Networx Universal Contract Volume I, Section 3.3.2

1.0 Objective

Verizon has selected GCI to meet the requirements for Broadband Ethernet Access Arrangement (ETHER). GCI will comply with all requirements for C.2.16.2.2.1.4 as outlined on the following pages.

2.0 Background

Broadband Access Arrangement connects an Agency location with dedicated, reliable broadband bandwidth to contractor's data network over communication facilities, such as digital subscriber line (DSL), Ethernet Access, Cable High-Speed Service, and Fiber-To-The-Premises (FTTP) service. The range of broadband line speeds (e.g., 256 kbps to up to 1Gbps) and reliability options provided within this access arrangement category will allow Government users to satisfy their diverse needs for accessing contractor's data networks. With this access arrangement, applications such as desktop video conferencing, distance learning, transferring of large files can be realized.

3.0 Project Scope

GCI is only providing the local and Alaska LD for this service. VZB is providing the long distance portion of the service.

Technical Requirements

Section C.2.16.2.2.1.4 of Networx Universal RFP

GCI shall offer a technical solution which meets the requirements of GSA's Networx Universal and Enterprise RFPs (heretofore referred to as Networx RFPs)

Section C.2.16.2.2.1.4, Broadband Ethernet Access Arrangement, as well as provide pricing in the structure provided for in Section B.3.2.2-1 to 5, Section B.2.4.1.3.1-3, and Section B.2.7.3.3-3 of the Networx RFPs. If GCI does not provide any of the services described in Section C.2.16.2.2.1.4, then it will be GCI's responsibility to identify a teaming partner or solution to meet all of the requirements in Section C.2.16.2.2.1.4 as it relates to Broadband Ethernet Access Arrangement, as it pertains to Alaska coverage.

GCI shall work with Verizon on how it will provide Management and Operations (MOPS) data to support Verizon's ability to deliver a MOPS solution and MOPS deliverables under the Networx contract(s), as defined by the requirements on Section C.3 of the Networx RFPs. This will include

developing a data interchange interface with Verizon to support the MOPS requirements. Data interchange between Verizon and GCI will be defined prior to contract award and must support the requirement for Networx vendors to provide an Operational Capabilities Demonstration prior to contract award.

Verizon will provide all network connectivity for these services unless otherwise specified.

Service Overview

Verizon has selected GCI to meet the requirements for Broadband Ethernet Access Arrangement (ETHER). GCI will comply with all requirements for C.2.16.2.2.1.4 as outlined on the following pages.

Technical Capabilities

Section C.2.16.2.2.1.4 of Networx Universal RFP

FLAG DOES NOT MAP TO NETWORX PROPOSAL/CONTRACT

GCI will comply with all technical requirements for C.2.16.2.2.1.4 as follows.

The following Broadband Access Arrangement capabilities are mandatory unless marked optional:

Broadband Access Arrangements.

b. Ethernet Access [Optional]. If offered, this category of access arrangement shall:

i. Provide access to Ethernet service/network through the use of data link layer 2 protocol and be transparent to the upper layer protocols (i.e. layer 3 and above) for:

(1) Ethernet LAN at 10 Mbps
(2) Ethernet LAN at 100 Mbps
(3) Ethernet LAN at 1 Gbps
(4) Ethernet LAN at 10 Gbps (Optional).

ii. Comply with the following standards for Ethernet Access as

i. IEEE 802.3, including 10 Base-T/TX/FX, 100 Base-TX/FX, 1000 Base-T/FX/L/LX/B/BX/PX, and 10 Gigabit Ethernet (IEEE 802.3ae and 10 GbE)

ii. Support the following payload data rates for the Ethernet Access link

(1) 10 Mbps
(2) 100 Mbps
(3) 1 Gbps
(4) 10 Gbps (Optional)

Other Contract Requirements

Volume FLAG Section FLAG of Networx Universal Contract

In preparation of the proposal response, GCI shall describe how it will support Verizon in responding to the Price Management Mechanism as defined in Section H.7 of the Networx Universal RFPs.

Interfaces

Section C.2.16.2.2.3.1 of Networx Universal RFP

GCI shall describe how it will provide all of the interfaces identified in Section C.2.16.2.2.3.1 of the Networx RFPs.

Broadband Access Arrangement Interfaces

GCI will comply with all applicable interfaces required for Broadband Ethernet Access, as follows:

The User-to-Network Interfaces (UNIs) at the SDP as defined in the Section C.2.16.2.2.3.1, are mandatory unless marked optional:

Table 6.1-1. Broadband Access Arrangement Interfaces

UNI Type	Interface Type and Standard	Payload Data Rate or Bandwidth	Protocol Type
1	10 Base-T/TX/FX(Std: IEEE 802.3)	Link bandwidth: Up to 10 Mbps	IP (v4/v6) IEEE 802.3 Ethernet MAC (for bridging)

2	100 Base-TX/FX (Std: IEEE 802.3)	Link bandwidth: Up to 100 Mbps	IP (v4/v6) IEEE 802.3 Ethernet MAC (for bridging)
3	1000 Base-T/L/LX/B/BX/PX (Std: IEEE 802.3)	Link bandwidth: Up to 1 Gbps	IP (v4/v6) IEEE 802.3 Ethernet MAC (for bridging)
4 [Optional]	10 GbE (Std: IEEE 802.3)	Link bandwidth: Up to 10 Gbps	IP (v4/v6) IEEE 802.3 Ethernet MAC (for bridging)
5	ITU-TSS V.35	Link bandwidth: Up to 1.92 Mbps	Transparent IP (v4/v6)
6	USB 2.0 (Std: USB Implementers' Forum)	Link bandwidth: Up to 30 Mbps [maximum USB 2.0 bandwidth is 480 Mbps]	Transparent IP (v4/v6)
7 [Optional]	T1[Std: Telcordia SR- TSV-002275; ANSI T1.403]	Up to 1.536 Mbps	Transparent IP (v4/v6)

UNI Type	Interface Type and Standard	Payload Data Rate or Bandwidth	Protocol Type
8 [Optional]	ISDN BRI (Multirate) [Standard: ANSI T1.607 and 610]	144 kbps	ITU-TSS Q.931 IP (v4/v6)

NOTE: IPv6 shall be supported when offered commercially by the contractor.

Service Level Agreements

Volume II, Appendix B.3, Attachment 1 of Networx Universal Contract

GCI shall describe how it will meet the Performance Metrics as defined by Section C.2.4.1.4.1 of the Networx RFPs for the individual services.

Internet Protocol Service SLA

- **Availability.** Availability is captured for each port number. Availability is calculated as follows.

$$\text{Availability} = \frac{\text{total expected Available time (Tex)} - \text{total outage time (Tou)}}{\text{Total Expected Available time (Tex)}}$$

Availability metrics are calculated for the Agency Bureau level by summing up Tex and Tou for all the port numbers under the Agency Bureau for a calendar month and reported as a percentage.

Availability metrics are calculated for the Agency level by summing up Tex and Tou for all the port numbers under the Agency for a calendar month and reported as a percentage.

- **Latency.** Latency is the backbone delay experienced across the Networx network. It is the average time for IP packets to travel over the Networx core network. The Backbone Latency metric does not apply for DSL, Cable High Speed, Wireless, and Satellite access methods. Latency metrics are collected at different sits in the backbone. The monthly average of latency measures collected at sites in the backbone are aggregated to arrive at Continental US and Outside Continental US values.

These values are not aggregated and assigned for a particular Agency Bureau or Agency. The SLA measures at CONUS / OCONUS levels are applicable to the agencies and agency bureau based on their location.

- **Jitter.** Jitter is the variation in backbone delay experienced across the Networx network. Jitter metrics are collected at different sites in the backbone. The monthly average of Jitter measures collected at sites in the backbone are aggregated to arrive at Continental US and Outside Continental US values.

These values are not aggregated and assigned for a particular Agency Bureau or Agency. The SLA measures at CONUS / OCONUS levels are applicable to the agencies and agency bureau based on their location.

- **Packet Delivery Rate.** Packet delivery rate (PDR) for a frame is calculated as IP packets delivered and accepted versus the number of IP packets transmitted across the Networx network.. PDR metrics are collected at different sites in the backbone. The monthly average of PDR measures collected at sites in the backbone are aggregated to arrive at Continental US and Outside Continental US values.

These values are not aggregated and assigned for a particular Agency Bureau or Agency. The SLA measures at CONUS / OCONUS levels are applicable to the agencies and agency bureau based on their location.

Performance Metrics

Section C.2.4.1.4 of Networx Universal RFP

Performance

The performance levels and acceptable quality level (AQL) of key performance indicators (KPIs) for IPS in Section C.2.4.1.4.1 are mandatory unless marked optional.

Table 7.2.1-1. Performance Metrics for IPS

Key Performance Indicator (KPI)	Service Level	Performance Standard (Threshold)	Acceptable Quality Level (AQL)	How Measured
Av(Port)	Routine	99.95%	³ 99.95%	See Note 1
	Critical	99.995%	³ 99.995%	
Latency (CONUS)	Routine	60 ms	£ 60 ms	See Note 2
	Critical	50 ms	£ 50 ms	
GOS(Data Delivery Rate)	Routine	99.95%	³ 99.95%	See Note 3
	Critical	99.995%	³ 99.995%	
Time to Restore	Without Dispatch	4 hours	£ 4 hours	See Note 4
	With Dispatch	8 hours	£ 8 hours	

Notes:

(1) Port availability is measured end-to-end and calculated as a percentage of the total reporting interval time that the port is operationally available to the Agency. Availability is computed by the standard formula:

$$Av(Port) = \frac{RI(HR) - COT(HR)}{RI(HR)} \times 100$$

For *critical user type*, the contractor would provide essentially 100% uptime for customer's Internet connection with high availability equipment, redundancy, automatic restoration, and reconfiguration.

(2) Latency is the backbone delay experienced across the Networx network. It is the average time for IP packets to travel over the Networx core network. The Backbone Latency metric does not apply for DSL, Cable High Speed, Wireless, and Satellite access methods. The Internet Control Message Protocol (ICMP) test can be used to calculate packet delivery and latency. The ICMP test consists of sending, every five minutes, a series of five test packets between Networx core service aggregation points (i.e., POPs). The test results are analyzed to determine packet loss vs. successful delivery and speed of delivery. Relevant standards: RFC 1242 and RFC 2285.

(3) Network packet delivery is a measure of IP packets successfully sent and received over the Networx core network. The data delivery rate can be measured with the ICMP test.

(4) See Section C.3.3.1.2.4 for the definitions and measurement guidelines.

Service Quality and Performance Metrics

Volume I, Section 4.2.7.2.1 of Networx Universal Contract

GCI will comply with all performance metric requirements for IPS.

Verizon is offering IPS as a monitored network service to meet the reporting requirements for real-time network performance metrics (latency, grade of service, jitter). Verizon will comply with the requirements in Section C.2.1.6.2. For all IP-based network services, the applicable POP-to-POP performance requirements to be used will be those defined in Section C.2.4.1 (IPS).

IPS performance metrics will be measured based on the following criteria:

- **Availability.** We monitor IPS Availability (Av) using our Enterprise Trouble Management System (ETMS). Each outage is entered into a trouble ticket and recorded in ETMS. The elapsed time for each outage is measured as the difference between the timestamps when the outage is repaired and when the ticket was opened, minus any time: (1) due to scheduled network configuration change or planned maintenance; or (2) as agreed to by the customer and Verizon, that service restoration cannot be worked due to customer-caused delays. We report Av on a monthly aggregate basis per agency using the following formula where S=IPS service, RI=reporting interval, COT=cumulative outage time, and HR=hours:

$$Av(S) = \frac{RI(HR) - COT(HR)}{RI(HR)} \times 100$$

- **Latency.** We monitor IPS latency between Verizon IPS POPs using a combination of User Datagram Protocol (UDP), Internet Control Message Protocol (ICMP) and SNMP. Verizon sends a series of test packets to measure latency. We report latency results in near real-time and provide aggregate reports (daily, weekly, monthly) for the previous month.

- **Grade of Service.** We monitor IPS packet loss between Verizon IPS POPs using a combination of UDP, ICMP and SNMP. Verizon sends a series of test packets to measure packet loss. We report packet loss results in near real-time and provide aggregate reports for the previous month.

- **Time to Restore.** We monitor IPS Time to Restore (TTR) using our ETMS. Verizon calculates outages as discussed under Availability, above. We report TTR on a per-incident basis.

Training

Volume II, Section 3.11 of Networx Universal Contract

GCI shall offer sales training to the Verizon Government Markets sales organization to facilitate the selling of GCI High-Speed Service both under the FTS2001 contract umbrella as well as Networx.

GCI shall offer training materials to Verizon and its customers in order to support Verizon's ability to deliver training to Networx customers as defined by Section C.3.7 of the Networx RFPs.

Training Content

GCI will provide content for ETHER training in accordance with the requirements of RFP Section C.3.7.2.

Training Development

Team Verizon's solution for training development meets or exceeds all requirements found in RFP Section C.3.7.2.1.

Training Availability

Team Verizon's solution for training availability meets or exceeds all requirements found in RFP C.3.7.2.2.

Training Maintenance

Team Verizon's solution for training maintenance meets or exceeds all requirements found in RFP C.3.7.2.6.

Within 30 business days following any changes to Team Verizon's Networx program that would result in any changes or modifications to the training program, all affected training material will be updated and made available to the Government. These modifications will be provided at no cost.

Partner Meetings/Sales Opportunities

FLAG DOES NOT MAP TO NETWORX PROPOSAL/CONTRACT.

GCI shall support meetings with Verizon Networx Partners.

GCI shall assign sales representatives to support the FTS2001 and Networx opportunities. GCI shall support Sales Opportunity Reviews to ensure collaborative planning.

4.0 Project Term

This agreement will run concurrent with Verizon's Networx Universal and Enterprise contracts with the GSA. Time period will be upon issuance of a Purchase Order thru 2011.

5.0 Deliverables

See Project Scope.

6.0 Contact Information

VerizonBusiness
Name
Title
Address
City, State Zip
Phone number
Fax number
Email address

Supplier Name - GCI
Name - Laura Rykaczewski
Title - Senior Account Manager
Address
City, State Zip
Phone number - 907 868 5351
Fax number - 907 868 6292
Email address - lrykaczewski@gci.com

7.0 Project Staffing

Not applicable.

8.0 Work Performance

- Security – N/A
- Hours & Overtime – Pre-approval of time/materials above what is identified in the Cost & Schedule section is required when they impact project costs
- Travel & Expense Guidelines – N/A

9.0 Assumptions/Risks/Dependencies

Refer to Exhibit B prime contract "flow down provisions"

10.0 Verizon Responsibilities

See Project Scope

11.0 Cost and Schedule (TBD)

The value of this SOW is estimated to be approximately $X,XXX,XXX.00 for the term of the SOW.

Year 1 (2007) = $
Year 2 (2008) = $
Year 3 (2009) = $
Year 4 (2010) = $

Pricing Structure

Section B.3.2.2 of Networx Universal RFP

GCI shall provide competitive pricing to Verizon. GCI shall comply with the Pricing Structure outlined in Section B.3.2.2-1 to 5, B.2.4.1.3.1-3, and B.2.7.3.3-3 of the Networx RFPs.

Broadband Ethernet Access (Optional)

Broadband Ethernet Access

Prices for Domestic Broadband Ethernet Access shall be based on distance from the SWC serving the SDP to the designated connecting POP. (The formula for calculating distance is given in Section B.1). It is not required that all POPs support Broadband Ethernet Access. The contractor shall provide and maintain an up-to-date list of POPs that support Broadband Ethernet Access. This information shall be provided in Table B.6.5-8, using the acronym BBEthAA to identify Ethernet Access. Broadband Ethernet Access pricing includes a distance-sensitive component, based on the mileage

between the SWC serving the SDP and the serving POP. Broadband Ethernet Access is the only access arrangement that includes distance-sensitive pricing. Non-domestic Broadband Ethernet Access prices shall be ICB.

Table B.3.2.2-1 through Table B.3.2.2-5 provide the format for pricing information for Broadband Ethernet Access.

Table 0-1. Domestic Broadband Ethernet Access Prices (MRC)

CLIN*	Case Number**	Domestic Region ID***	Price	Price Start Date	Price Stop Date	Price Replaced Date

* CLINs are listed by circuit type in Table B.3.2.2-5

** Case Number is applicable ICB CLINs only

*** Domestic Region IDs are given in Table B.6.6-1

Table 0-2. Domestic Broadband Ethernet Access Prices (NRC)

CLIN*	Case Number **	Domestic Region ID***	Price	Price Start Date	Price Stop Date	Price Replaced Date

* CLINs are listed by circuit type in Table B.3.2.2-5

** Case Number is applicable to ICB CLINs only

*** Domestic Region IDs are given in Table B.6.6-1

Table 0-3. Non-Domestic Broadband Ethernet Access Prices (MRC)

CLIN*	Case Number**	Country/ Jurisdiction ID***	Price	Currency	Price Start Date	Price Stop Date	Price Replaced Date

* CLINs are listed by circuit type in Table B.3.2.2-5

** Case Number is applicable to ICB CLINs only

*** Country/Jurisdiction IDs are given in Table B.6.6-1

Table 0-4. Non-Domestic Broadband Ethernet Access Prices (NRC)

CLIN*	Case Number**	Country/ Jurisdiction ID***	Price	Currency	Price Start Date	Price Stop Date	Price Replaced Date

* CLINs are listed by circuit type in Table B.3.2.2-5

** Case Number is applicable to ICB CLINs only

*** Country/Jurisdiction IDs are given in Table B.6.6-1

Table 0-5. Broadband Ethernet Access Pricing Instructions

NRC CLIN Routine	NRC CLIN Critical* (Optional)	MRC CLIN Routine	MRC CLIN Critical* (Optional)	Description	Charging Unit
0760151	0760251	0760351	0760451	Ethernet LAN – 10 Mbps - Fixed	Per access line
0760152	0760252	0760352	0760452	Ethernet LAN– 100 Mbps - Fixed	Per access line
0760153	0760253	0760353	0760453	Ethernet LAN – 1 Gbps - Fixed	Per access line
0760154 (Optional)	0760254	0760354 (Optional)	0760454	Ethernet LAN–10 Gbps - Fixed	Per access line
		0760355	0760455	Ethernet LAN- 10 Mbps - Mileage	Per mile per access line
		0760356	0760456	Ethernet LAN – 100 Mbps - Mileage	Per mile per access line
		0760357	0760457	Ethernet LAN Channel – 1 Gbps - Mileage	Per mile per access line
		0760358 (Optional)	0760458	Ethernet LAN – 10 Gbps - Milieage	Per mile per access line

* Critical prices are ICB

IPS Domestic Port Prices

Table B.2.4.1.3.1-3 provides the format for IPS domestic, i.e., CONUS/OCONUS, port prices for Internet service.Table B.2.4.1.3.1-4 provides the applicable charging units for the IPS domestic port types for Internet service. Domestic dial-up access will connect to the contractor's IPS network through the domestic dial-up port. The contractor shall price the domestic dial-up port based on a flat monthly recurring charge for unlimited usage.

Domestic dedicated access will connect to the contractor's IPS network through a domestic dedicated access port. Agencies may also connect domestic independent access to any domestic port (except to embedded access ports). The contractor shall price domestic dedicated access ports based on a monthly recurring charge. The Country/Jurisdiction IDs are provided in Section B.6.6.

Table 0-6. IPS Domestic Port Prices – Internet

CLIN	Case Number*	Country/ Jurisdiction ID**	Price	Price Start Date	Price Stop Date	Price Replaced Date

* Case number applies to ICB CLINs only

** For Country/Jurisdiction ID codes, see Section B.6.6

Table 0-7. IPS Domestic Port Pricing Instructions - Internet

MRC Routine	MRC Critical	Description	Charging Unit

0744341	0744390	Dedicated DS0 – CONUS	Per port
0744342	0744391	Dedicated FT1 (2XDS0) – CONUS	Per port
0744343	0744392	Dedicated FT1 (3XDS0) – CONUS	Per port
0744344	0744393	Dedicated FT1 (4XDS0) – CONUS	Per port
0744345	0744394	Dedicated FT1 (5XDS0) – CONUS	Per port
0744346	0744395	Dedicated FT1 (6XDS0) – CONUS	Per port
0744347	0744396	Dedicated FT1 (7XDS0) – CONUS	Per Port
0744348	0744397	Dedicated FT1 (8XDS0) – CONUS	Per port
0744349	0744398	Dedicated T1 – CONUS	Per port
0744350	0744399	Dedicated FT3 (2XDS1) – CONUS	Per port

MRC Routine	MRC Critical	Description	Charging Unit
0744351	0744400	Dedicated FT3 (3XDS1) – CONUS	Per port
0744352	0744401	Dedicated FT3 (4XDS1) – CONUS	Per port
0744353	0744402	Dedicated FT3 (5XDS1) – CONUS	Per port
0744354	0744403	Dedicated FT3 (6XDS1) – CONUS	Per port
0744355	0744404	Dedicated FT3 (7XDS1) – CONUS	Per port
0744356	0744405	Dedicated FT3 (8XDS1) – CONUS	Per port
0744359	0744408	Dedicated T3 – CONUS	Per port
0744360	0744409	Dedicated OC3c (155 Mbps) – CONUS	Per port
0744361	0744410	Dedicated OC12c (622 Mbps) – CONUS	Per port
0744362	0744411	Dedicated OC48c (2.5 Gbps – CONUS)	Per port
0744363	0744412	Dedicated OC192c (10 Gbps – CONUS)	Per port
0744365	0744414	Dedicated DS0 – OCONUS	Per port
0744366	0744415	Dedicated FT1 (2XDS0 – OCONUS)	Per port
0744081	0744250	Ethernet - 1 Mbps-CONUS	Per port
0744082	0744251	Ethernet – 10 Mbps-CONUS	Per port
0744083	0744252	Ethernet – 100 Mbps-CONUS	Per port
0744084	0744253	Ethernet – 1 Gbps-CONUS	Per port
0744085 (Optional)	0744254 (Optional)	Ethernet – 10 Gbps-CONUS	Per port
0744165	0744334	Ethernet – 1 Mbps - OCONUS	Per port
0744166	0744335	Ethernet – 10 Mbps - OCONUS	Per port
0744167	0744336	Ethernet – 100 Mbps - OCONUS	Per port
0744168	0744337	Ethernet – 1 Gbps - OCONUS	Per port
0744169 (Optional)	0744338 (Optional)	Ethernet – 10 Gbps - OCONUS	Per port

NBIP-VPNS Transport

Table B.2.7.3.3-1 provides the format for NBIP-VPNS port prices. Tables B.2.7.3.3-2 through B.2.7.3.3-4 provide the instructions for CONUS, OCONUS and non-domestic pricing.

Table 0-8. NBIP-VPNS Port Prices

CLIN	Case Number*	Country/ Jurisdiction ID**	Price	Price Start Date	Price Stop Date	Price Replaced Date

* Case Number applies to ICB CLINs only

** For Country/Jurisdiction IDs, see Table B.6.6-1

Table 0-9. NBIP-VPNS Port Pricing Instructions (OCONUS)

CLIN (Routine)	CLIN (Critical)	Description	Charging Unit (unless stated elsewhere)
0213556	0217162	Ethernet – 1 Mbps	MRC per port
0213557	0217163	Ethernet – 10 Mbps	MRC per port
0213558	0217164	Ethernet – 100 Mbps	MRC per port
0213559	0217165	Ethernet – 1000 Mbps	MRC per port
0213560 (Optional)	0217166 (Optional)	Ethernet – 10G (Optional)	MRC per port

12.0 Bonding Requirements

Not applicable.

13.0 Invoicing Requirements

In order for you to receive payment, receipts must be completed and all ORIGINAL invoices must be submitted to Accounts Payable. In the event an original invoice was sent to the Verizon end user, it will be the responsibility of the Verizon end user to ensure the original invoice is forwarded to Accounts Payable.

A valid invoice MUST contain the following:

Supplier Name
Invoice Number
Invoice Date

Remittance Address
Purchase Order Number
Dollar amount broken out by line item of the Purchase Order

The payment terms for such work will be Net 30 days from date of an authorized invoice.

Send ORIGINAL INVOICE to

Verizon Business
P.O. Box 770
Ashburn, VA 20146-0770

Please send a COPY of the INVOICE to

Verizon Business
Federal - AP
2485 Natomas Park Drive, Suite 450
Sacramento, CA 95831
Jenifer.Mojonnier@verizonbusiness.com

Failure to follow the above directions may result in delay of payment.

14.0 Applicable Documents

GCI ICDs

GCI ICD_P_II_SPIM_v2.8_06072007.doc

GCI SV_7 2_ICD_GCI_v4 0.doc

GCI ICD_GCI_ASR_v2.1_01182007.doc

GCI Pricing

See attached excel worksheet.

Verizon will provide any working documents that may be required to complete the work effort. All content will be the exclusive property of Verizon. “GCI” will secure prior approval from Verizon before any materials are shared publicly. Because Verizon will have provided content and approve on all material, Verizon will have sole responsibility for accuracy of contents.

15.0 Vendor Outsourced Activity

No third party subcontractor shall be added to a Statement of Work by the Consultant without obtaining prior approval from Verizon’s Primary contact above.

16.0 SOW Change of Scope Procedure (if applicable)

Any change to this Statement of Work shall be provided in writing and accepted by both Parties before being accepted and included as a part of this SOW Agreement.

17.0 Acceptance Criteria

Acceptance shall be given when all of the deliverables have been received or completed, including receipt of all documents and data produced during this project. Approval of invoice for work performed is acknowledgement of acceptance criteria.

The parties agree that this engagement letter/SOW describes certain Services to be performed by GCI for Verizon. GCI acknowledges and agrees that the Services described herein shall not commence until GCI receives from Verizon a Purchase

Order incorporating this engagement letter/SOW. **THERE IS NO BINDING OBLIGATION BETWEEN** GCI **AND VERIZON WITH REGARD TO THE SPECIFIC PROJECT DESCRIBED IN THIS SOW UNTIL THE CORRESPONDING PURCHASE ORDER IS ISSUED. FAILURE TO OBTAIN BOTH A VALID PURCHASE ORDER AND AN APPROVED ENGAGEMENT LETTER OR SOW WILL RESULT IN VERIZON HAVING NO LIABILITY OF ANY KIND FOR ANY PERFORMANCE OF SERVICES DESCRIBED HEREIN.**

In WITNESS WHEREOF, the parties have entered into this Statement of Work as a part of an agreement.

Verizon Services Corporation	**General Communication, Inc.**
By: ______________________	By: ______________________
{Signature}	{Signature}
______________________	Richard Westlund
{Printed Name}	{Printed Name}
______________________	Senior VP & General Manager
{Title}	{Title}
______________________	______________________
{Date}	{Date}

Exhibit A

SCOPE OF WORK

CABLE

(9 OF 14)

STATEMENT OF WORK

GCI Cable Modem Access Service (CBL)
Networx Universal Contract Volume I, Section 3.3.2

1.0 Objective

Verizon has selected GCI to meet the requirements for Cable High-Speed Service (CBL). GCI will comply with all requirements for C.2.16.2.2.1.4 as outlined on the following pages for Alaska customers.

2.0 Background

Broadband Access Arrangement connects an Agency location with dedicated, reliable broadband bandwidth to contractor's data network over communication facilities, such as digital subscriber line (DSL), Ethernet Access, Cable High-Speed Service, and Fiber-To-The-Premises (FTTP) service. The range of broadband line speeds (e.g., 256 kbps to up to 1Gbps) and reliability options provided within this access arrangement category will allow Government users to satisfy their diverse needs for accessing contractor's data networks. With this access arrangement, applications such as desktop video conferencing, distance learning, transferring of large files can be realized.

3.0 Project Scope

GCI is only providing the local and Alaska LD for this service. VZB is providing the long distance portion of the service.

Technical Requirements

Section C.2.16.2.2.1.4 of Networx Universal RFP

GCI shall offer a technical solution which meets the requirements of GSA's Networx Universal and Enterprise RFPs (heretofore referred to as Networx RFPs) Section C.2.16.2.2.1.4, Cable High-Speed Service, as well as provide pricing in the structure provided for in Section B.3.2.3-1 to 5, Section B.2.4.1.3.1-3, and Section B.2.7.3.3-3 of the Networx RFPs. If GCI does not provide any of the services described in Section C.2.16.2.2.1.4, then it will be GCI's responsibility to identify a teaming partner or solution to meet all of the requirements in Section C.2.16.2.2.1.4 as it relates to Cable High-Speed Service, as it pertains to Alaska coverage.

GCI shall work with Verizon on how it will provide Management and Operations (MOPS) data to support Verizon's ability to deliver a MOPS solution and MOPS deliverables under the Networx contract(s), as defined by the requirements on Section C.3 of the Networx RFPs. This will include developing a data interchange interface with Verizon to support the MOPS requirements. Data interchange between Verizon and GCI will be defined prior to contract award and must support the requirement for Networx vendors to provide an Operational Capabilities Demonstration prior to contract award.

Verizon will provide all network connectivity for these services unless otherwise specified.

Service Overview

Verizon has selected GCI to meet the requirements for Cable High-Speed Service (CBL). GCI will comply with all requirements for C.2.16.2.2.1.4 as outlined on the following pages for Alaska customers.

Access Characteristics and Performance

Volume I, Section 3.3.2 of Networx Universal Contract

Introduction. Verizon is committed to providing the best and most secure interconnections between the customer site, (SDP), aggregation points, and ultimately the Verizon service POP. Verizon partners are required to go through extensive evaluations including; security in the network, ability to provide diverse routes, financial stability, and guidelines for timely installations and restoration. Verizon has established direct relationships with every major ILEC and over fifty competitive carriers, many of which qualify as small carriers. Verizon will add additional carriers as required to meet GSA requirements, to meet access diversity, and network security. Below are our standards for access to out POPs and the various access methods that Verizon maintains to assure best available access for GSA and other customers.

Verizon complies with all access requirements, including all amendments that affect or modify those requirements.

Verizon POPs. Verizon is committed to security within our POPs, where Verizon restricts the access to our critical backbone network. Security measures include establishing the ability to reroute traffic in case of a catastrophic loss of a POP, two methods of back-up power for all locations through use of UPS and generators, requiring carriers to meet at diverse locations in secure telecommunications vaults, and restricting of the premise access by personnel and registered vendors. Specifically, Verizon personnel are the only individuals allowed in the facility without being escorted, and only those employees that have been accepted by a card reader will be allowed in the facility. All vendors must phone in for an appointment for routine maintenance and have emergency contacts that will meet the vendor for emergency restoration. Wherever possible, each POP has a fence surrounding the facility, does not contain external windows, and has camera surveillance at all times. All connections from access networks to the

backbone network, is done by Verizon personnel using the state of the art equipment to track and record that actual cross connections within the facility.

Access Arrangements. Access capacity is required to reach the customer premises from the POP. The preferred method is for Verizon to access the customers premises through our owned local network If Verizon has the customers building on-net , such as is the case with numerous government buildings, the circuit remains within Verizon's network all the way and no outside access carrier is required. While this is the preferred method, the following describe best practices that Verizon currently uses to assure GSA has the best method possible to connect end-user buildings to the backbone network

The second method is for Verizon to connect to its own local carrier (MFS, Brooks, Verizon Metro, ICI) at the Pop and carry the circuit on net to the customers serving wire center, where it is handed to the LEC. Verizon normally hands off to the LEC at the DS-3 or higher level, and purchases multiplexing service from the LEC. The LEC carries the circuit to the customer premises at the multiplexed level and terminates the traffic there. In these instances, customer SWCs are connected back to the Verizon POP via individual protected 4 fiber SONET rings. In some rare instances, there may be more than one SWC on a ring, but that is extremely uncommon.

The third method of obtaining access is to interconnect with a Competitive Local Exchange Carrier (CLEC) within the Verizon POP. In this scenario, Verizon will hand to the CLEC and the CLEC will carry the traffic to the customer premises if the customer premises is on net to the CLEC. In this instance, Verizon will do its own multiplexing within the POP and cause the CLEC to transport and terminate the circuit at the required speed.

The fourth method is a variation of the second method. In this case, the circuit is handed to the CLEC in the Verizon POP and the CLEC transports the circuit to the customer Serving Wire Center, where it is handed to the LEC. In this instance the circuit is handed to the CLEC at the DS-3 or above level, and the CLEC transports at that level. Verizon then purchases multiplexing service from the LEC at the SWC and the LEC transports to the customer premises at the multiplexed level.

The fifth method of obtaining access interface and capacity is through the Local exchange Carrier (LEC). The circuit is handed to the LEC at the Verizon POP and the LEC then carries the circuit to the customer premises. In these cases, Verizon will generally hand off to the LEC at the DS-3 level, and purchase multiplexing service from the LEC. The LEC will transport the circuit to the customer premises at the multiplexed (muxed) level and terminate there.

The sixth method is for Verizon to use its owned network as far as it can, hand off to a CLEC in most cases via a cage to cage connection in a bell end offices let the CLEC carry the circuit to its extended offices where Verizon will

then order a cross connect onto the LEC who carries the circuit onto the customer premise. At the point of hand off between the CLEC and Verizon to the LEC, Verizon would purchase a mux from the LEC for DS1 and DS0 capacity. The LEC will continue on at the multiplexed level to be terminated at the customer premises.

In the first six methods, Verizon strives for access providers to provide diversity wherever available whether at the customer site, using ring topology to reduce potential of an outage, or through a diverse rout to connect to the Verizon backbone locations.

A seventh method, broadband use only, is for Verizon to use a partner's access methodology: cable, DSL, or metro Ethernet, to connect to the partner's aggregation point normally within th4e closest SWC, and connect to Verizon either through a layer 2 dedicated access point or through an arranged layer 3 connection, whichever is available. Verizon will then connect the access circuit to the Verizon backbone network through the nearest interconnection point or POP, whichever is closer. Verizon's broadband carriers continue to meet and exceed industry standards in timely installation, restoration, route diversity, and scalability to meet GSA requirements. Verizon and our partners maintain an extremely high geographic coverage assuring that GSA not only has quality interconnections but that this method will of access will be a viable in as large a footprint as requested.

Assuring Best Practices. In the methods where Verizon is the only carrier, Verizon is in full and complete control of the circuit end to end and maintains industry standards through alarming and monitoring in its Tulsa Oklahoma Network Operations Center.

Where LEC access is involved, the LEC is required by tariff and by FCC regulation to maintain standards. Verizon has an entire department in Alpharetta GA. whose sole function is to monitor LEC activities and report thereon. This department has regular meetings with the individual carriers to assure that they are meeting security requirements as mandated by Verizon and individual contracts, installation and maintenance guidelines, along with updating escalation contacts between both parties in the potential event of a catastrophic event. These good practices led Verizon to quickly reconnect services after the 09/11 events in both New York, and Washington, DC.

For CLECs, interconnect standards are set by contract. While Verizon contracts are subject to privacy rules, it can be safely stated that all CLECs are required to meet industry standards for service and reliability and are normally held to a two hour mean time to repair, which exceeds GSA requirements and is among the most aggressive in the industry. Verizon also generally requires a maximum of 20 day installation guideline which is above industry best practices and has been able to obtain this higher standard based on our current relations with our partners and suppliers. Protected circuits are controlled much more tightly. CLEC interfaces are monitored at

our Cary, N.C. Network Operations Center. Any outage of a DS-3 or above , whether it be at a customer site directly or through an aggregation circuit, must be reported within a very short time period, and each carrier must keep an outage log which contains the date and time of the outage, cause, resolution and time of resolution. Each carrier is further required to report, on request, any actions taken to avoid a recurrence. Verizon has very strict contractual control and penalties for failure to meet and maintain industry standards. Verizon has periodic meetings with the carriers to assure that all requirements meet current industry best practices and assure that any perceived shortfall in meeting Verizon standards will be remedied within a very short period of time. Verizon currently maintains well over 50 direct relations with CLECs that have agreed to these standards and continues to seek additional carriers that can expand our relations with quality interconnection and end-user connections as Verizon currently mandates. In addition, Verizon maintains relations through aggregators, to assure access to smaller carriers who will also agree to best industry practices. Finally,
about thirty percent of our CLEC partners currently are small or diverse carriers.

Summary. Verizon provides access by combining the best methods available at the customer site, access to the nearest interconnection site and finally to the closest Verizon POP. Within the POP, Verizon maintains industry best practices, in assuring diversity, access restriction to personnel, power back-up, and maintains disaster plans in case of a potential catastrophic event. Verizon requires both ILEC and CLECs to maintain higher standards than industry standards for meeting installation timelines, security, diversity, mean time to repair, (2 hour versus industry standard 4 hour) and service quality. Verizon meets with these organizations to assure that any perceived shortfall is quickly remedied. Verizon maintains our Network Operations Center in Tulsa Oklahoma, and monitors other vendors through our Cary, NC Network Monitoring site. Verizon has a dedicated workforce in Alpharetta, GA, whose entire function is to monitor and meet with carriers to assure that all access means meet or exceed industry best practices. Verizon continues to reach out to additional carriers that can meet these standards, and nearly 30% of the present CLEC carriers represent small and diverse business partners.

Verizon complies with the Wireline Access Arrangement (WLNAA) mandatory stipulated RFP requirement for support of DS0 at payload data rates of 56Kbps and 64Kbps. Verizon also complies with the Wireline Access Arrangement (WLNAA) mandatory stipulated RFP requirements for support of Subrate DS0 at information payload data rates of 4.8, 9.6, and 19.2 Kbps.

Arrangements for Traffic Exchange with other Service Providers

Volume I, Section 3.3.3 of Networx Universal Contract

Verizon's IP network features an ever-increasing number of direct links to other service providers. Currently, we deploy our peering interconnection

links in the US over multiple OC-12c or OC-48c lines. Typical base capacity deployment in our direct peering relationships consists of a minimum of four OC-12c circuits distributed over a geographically diverse area. These high capacity circuits ensure an excess of peering capacity to mitigate outages and handle future growth.

For direct peering, private interconnections allow Verizon and its peers to determine the precise speed, location, and protocol by which we meet. Through these arrangements Verizon assures greater control over the quality of service at each interconnection point since we do not rely on a third-party to maintain the equipment in the middle. Verizon uses direct peerings in more than ten locations in North America, five locations in the Europe, Middle East and Africa region, and four locations in the Asia-Pacific region.

For public peering, managed data centers maintained by third party vendors typically serve as the exchange points. Peering at public exchanges provides a relatively high level of aggregation at a greatly reduced per-peer cost in comparison to direct interconnects. Verizon maintains over 23 gigabytes of public peering capacity globally, and appears at most of the major public exchange points in countries in which we have an IP presence. By monitoring our actual performance, we ensure the quality and reliability of the service provided through the public exchange. Regulatory requirements set standards for performance and Verizon ensures that the vendors meet each of those requirements. Where LEC access is involved, tariff and FCC regulations stipulate that the LEC must maintain industry standards.

Technical Capabilities

Section C.2.16.2.2.1.4 of Networx Universal RFP

FLAG DOES NOT MAP TO NETWORX PROPOSAL/CONTRACT

GCI will comply with all technical requirements for C.2.16.2.2.1.4 as follows.

The following Broadband Access Arrangement capabilities are mandatory unless marked optional:

Broadband Access Arrangements.

c. **Cable High-Speed Service** [Optional]**.** If offered, this category of access arrangement shall:

   i. Provide data rates of 256 Kbps to 30 Mbps as follows:

      i. From 256 Kbps to a maximum of 5 Mbps (Standard: DOCSIS 1.0)

      ii. From 256 kbps to a maximum of 10 Mbps (Standard: DOCSIS 1.1)

iii. From 256 kbps to a maximum of 30 Mbps (Standard: DOCSIS 2.0) (Optional).

ii. Comply with the following DOCSIS (Cable Labs) standards as applicable

(1) DOCSIS 1.0

(2) DOCSIS 1.1

(3) DOCSIS 2.0

Other Contract Requirements

Volume FLAG Section FLAG of Networx Universal Contract

In preparation of the proposal response, GCI shall describe how it will support Verizon in responding to the Price Management Mechanism as defined in Section H.7 of the Networx Universal RFPs.

Interfaces

Section C.2.16.2.2.3.1 of Networx Universal RFP

GCI shall describe how it will provide all of the interfaces identified in Section C.2.16.2.2.3.1 of the Networx RFPs.

Broadband Access Arrangement Interfaces

GCI will comply with all applicable interfaces required for Cable High-Speed Service, as follows:

The User-to-Network Interfaces (UNIs) at the SDP as defined in the Section C.2.16.2.2.3.1, are mandatory unless marked optional:

Table 6.1-1. Broadband Access Arrangement Interfaces

UNI Type	Interface Type and Standard	Payload Data Rate or Bandwidth	Protocol Type
1	10 Base-T/TX/FX (Std: IEEE 802.3)	Link bandwidth: Up to 10 Mbps	IP (v4/v6) IEEE 802.3 Ethernet MAC (for bridging)
2	100 Base-TX/FX (Std: IEEE 802.3)	Link bandwidth: Up to 100 Mbps	IP (v4/v6) IEEE 802.3 Ethernet MAC (for bridging)
3	1000 Base-T/L/LX/B/BX/PX (Std: IEEE 802.3)	Link bandwidth: Up to 1 Gbps	IP (v4/v6) IEEE 802.3 Ethernet MAC (for bridging)
4 [Optional]	10 GbE (Std: IEEE 802.3)	Link bandwidth: Up to 10 Gbps	IP (v4/v6) IEEE 802.3 Ethernet MAC (for bridging)
5	ITU-TSS V.35	Link bandwidth: Up to 1.92 Mbps	Transparent IP (v4/v6)
6	USB 2.0 (Std: USB Implementers' Forum)	Link bandwidth: Up to 30 Mbps [maximum USB 2.0 bandwidth is 480 Mbps]	Transparent IP (v4/v6)
7 [Optional]	T1 [Std: Telcordia SR- TSV-002275; ANSI T1.403]	Up to 1.536 Mbps	Transparent IP (v4/v6)
8 [Optional]	ISDN BRI (Multirate) [Standard: ANSI T1.607 and 610]	144 kbps	ITU-TSS Q.931 IP (v4/v6)

NOTE: IPv6 shall be supported when offered commercially by the contractor.

Service Level Agreements

GCI shall describe how it will meet the Performance Metrics as defined by Section C.2.4.1.4.1 of the Networx RFPs for the individual services.

Internet Protocol Service SLA

- **Availability.** Availability is captured for each port number. Availability is calculated as follows.

Availability = total expected Available time (Tex) – total outage time (Tou)

Total Expected Available time (Tex)

Availability metrics are calculated for the Agency Bureau level by summing up Tex and Tou for all the port numbers under the Agency Bureau for a calendar month and reported as a percentage.

Availability metrics are calculated for the Agency level by summing up Tex and Tou for all the port numbers under the Agency for a calendar month and reported as a percentage.

- **Latency.** Latency is the backbone delay experienced across the Networx network. It is the average time for IP packets to travel over the Networx core network. The Backbone Latency metric does not apply for DSL, Cable High Speed, Wireless, and Satellite access methods. Latency metrics are collected at different sits in the backbone. The monthly average of latency measures collected at sites in the backbone are aggregated to arrive at Continental US and Outside Continental US values.

These values are not aggregated and assigned for a particular Agency Bureau or Agency. The SLA measures at CONUS / OCONUS levels are applicable to the agencies and agency bureau based on their location.

- **Jitter.** Jitter is the variation in backbone delay experienced across the Networx network. Jitter metrics are collected at different sites in the backbone. The monthly average of Jitter measures collected at sites in the backbone are aggregated to arrive at Continental US and Outside Continental US values.

These values are not aggregated and assigned for a particular Agency Bureau or Agency. The SLA measures at CONUS / OCONUS levels are applicable to the agencies and agency bureau based on their location.

- **Packet Delivery Rate.** Packet delivery rate (PDR) for a frame is calculated as IP packets delivered and accepted versus the number of IP packets transmitted across the Networx network.. PDR metrics are collected at different sites in the backbone. The monthly average of PDR measures collected at sites in the backbone are aggregated to arrive at Continental US and Outside Continental US values.

These values are not aggregated and assigned for a particular Agency Bureau or Agency. The SLA measures at CONUS / OCONUS levels are applicable to the agencies and agency bureau based on their location.

Performance Metrics

Section C.2.4.1.4 of Networx Universal RFP

Performance

The performance levels and acceptable quality level (AQL) of key performance indicators (KPIs) for IPS in Section C.2.4.1.4.1 are mandatory unless marked optional.

Table 7.2.1-1. Performance Metrics for IPS

Key Performance Indicator (KPI)	Service Level	Performance Standard (Threshold)	Acceptable Quality Level (AQL)	How Measured
Av(Port)	Routine Critical	99.95% 99.995%	≥ 99.95% ≥ 99.995%	See Note 1
Latency (CONUS)	Routine Critical	60 ms 50 ms	≤ 60 ms ≤ 50 ms	See Note 2
GOS(Data Delivery Rate)	Routine Critical	99.95% 99.995%	≥ 99.95% ≥ 99.995%	See Note 3
Time to Restore	Without Dispatch With Dispatch	4 hours 8 hours	≤ 4 hours ≤ 8 hours	See Note 4

Notes:

(1) Port availability is measured end-to-end and calculated as a percentage of the total reporting interval time that the port is operationally available to the Agency. Availability is computed by the standard formula:

$$Av(Port) = \frac{RI(HR) - COT(HR)}{RI(HR)} \times 100$$

For *critical user type*, the contractor would provide essentially 100% uptime for customer's Internet connection with high availability equipment, redundancy, automatic restoration, and reconfiguration.

(2) Latency is the backbone delay experienced across the Networx network. It is the average time for IP packets to travel over the Networx core network. The Backbone Latency metric does not apply for DSL, Cable High Speed, Wireless, and Satellite access methods. The Internet Control Message Protocol (ICMP) test can be used to calculate packet delivery and latency. The ICMP test consists of sending, every five minutes, a series of five test packets between Networx core service aggregation points (i.e., POPs). The test results are analyzed to determine packet loss vs. successful delivery and speed of delivery. Relevant standards: RFC 1242 and RFC 2285.

(3) Network packet delivery is a measure of IP packets successfully sent and received over the Networx core network. The data delivery rate can be measured with the ICMP test.

(4) See Section C.3.3.1.2.4 for the definitions and measurement guidelines.

Service Quality and Performance Metrics

Volume I, Section 4.2.7.2.1 of Networx Universal Contract

GCI will comply with all performance metric requirements for IPS.

Verizon is offering IPS as a monitored network service to meet the reporting requirements for real-time network performance metrics (latency, grade of service, jitter). Verizon will comply with the requirements in Section C.2.1.6.2. For all IP-based network services, the applicable POP-to-POP performance requirements to be used will be those defined in Section C.2.4.1 (IPS).

IPS performance metrics will be measured based on the following criteria:

- **Availability.** We monitor IPS Availability (Av) using our Enterprise Trouble Management System (ETMS). Each outage is entered into a trouble ticket and recorded in ETMS. The elapsed time for each outage is measured as the difference between the timestamps when the outage is repaired and when the ticket was opened, minus any time: (1) due to scheduled network configuration change or planned maintenance; or (2) as agreed to by the customer and Verizon, that service restoration cannot be worked due to customer-caused delays. We report Av on a monthly aggregate basis per agency using the following formula where S=IPS

service, RI=reporting interval, COT=cumulative outage time, and HR=hours:

$$Av(S) = \frac{RI(HR) - COT(HR)}{RI(HR)} \times 100$$

- **Latency.** We monitor IPS latency between Verizon IPS POPs using a combination of User Datagram Protocol (UDP), Internet Control Message Protocol (ICMP) and SNMP. Verizon sends a series of test packets to measure latency. We report latency results in near real-time and provide aggregate reports (daily, weekly, monthly) for the previous month.

- **Grade of Service.** We monitor IPS packet loss between Verizon IPS POPs using a combination of UDP, ICMP and SNMP. Verizon sends a series of test packets to measure packet loss. We report packet loss results in near real-time and provide aggregate reports for the previous month.

- **Time to Restore.** We monitor IPS Time to Restore (TTR) using our ETMS. Verizon calculates outages as discussed under Availability, above. We report TTR on a per-incident basis.

Training

Volume II, Section 3.11 of Networx Universal Contract

GCI shall offer sales training to the Verizon Government Markets sales organization to facilitate the selling of GCI High-Speed Service both under the FTS2001 contract umbrella as well as Networx.

GCI shall offer training materials to Verizon and its customers in order to support Verizon's ability to deliver training to Networx customers as defined by Section C.3.7 of the Networx RFPs.

Training Content

GCI will provide content for CBL training in accordance with the requirements of RFP Section C.3.7.2.

Training Development

Team Verizon's solution for training development meets or exceeds all requirements found in RFP Section C.3.7.2.1.

Training Availability

Team Verizon's solution for training availability meets or exceeds all requirements found in RFP C.3.7.2.2.

Training Maintenance

Team Verizon's solution for training maintenance meets or exceeds all requirements found in RFP C.3.7.2.6.

Within 30 business days following any changes to Team Verizon's Networx program that would result in any changes or modifications to the training program, all affected training material will be updated and made available to the Government. These modifications will be provided at no cost.

Partner Meetings/Sales Opportunities

GCI shall support meetings with Verizon Networx Partners.

GCI shall assign sales representatives to support the FTS2001 and Networx opportunities. GCI shall support Sales Opportunity Reviews to ensure collaborative planning.

4.0 Project Term

This agreement will run concurrent with Verizon's Networx Universal and Enterprise contracts with the GSA. Time period will be upon issuance of a Purchase Order thru 2011.

5.0 Deliverables

See Project Scope.

6.0 Contact Information

VerizonBusiness
Name
Title
Address
City, State Zip
Phone number
Fax number
Email address

Supplier Name - GCI
Name - Laura Rykaczewski
Title - Senior Account Manager
Address
City, State Zip
Phone number - 907 868 5351
Fax number - 907 868 6292
Email address - lrykaczewski@gci.com

7.0 Project Staffing

Not applicable.

8.0 Work Performance

- Security – N/A
- Hours & Overtime – Pre-approval of time/materials above what is identified in the Cost & Schedule section is required when they impact project costs
- Travel & Expense Guidelines – N/A

9.0 Assumptions/Risks/Dependencies

Refer to Exhibit B prime contract "flow down provisions"

10.0 Verizon Responsibilities

See Project Scope

11.0 Cost and Schedule (TBD)

The value of this SOW is estimated to be approximately $X,XXX,XXX.00 for the term of the SOW.

Year 1 (2007) = $
Year 2 (2008) = $
Year 3 (2009) = $
Year 4 (2010) = $

Pricing Structure

Section B.3.2.3 of Networx Universal RFP

GCI shall provide competitive pricing to Verizon. GCI shall comply with the Pricing Structure outlined in Section B.3.2.3-1 to 5, B.2.4.1.3.1-3, and B.2.7.3.3-3 of the Networx RFPs.

Broadband Cable High Speed Access (Optional)

Prices for Cable High Speed Access shall not vary by location within each domestic region (See Section B.6.6). Tables B.3.2.3-1 through B.3.2.3-5 provide the format for pricing information for Broadband Cable High Speed Access. Non-domestic Broadband Cable High Speed Access fixed prices shall be ICB.

12.0 Bonding Requirements

Not applicable.

13.0 Invoicing Requirements

In order for you to receive payment, receipts must be completed and all ORIGINAL invoices must be submitted to Accounts Payable. In the event an original invoice was sent to the Verizon end user, it will be the responsibility of the Verizon end user to ensure the original invoice is forwarded to Accounts Payable.

A valid invoice MUST contain the following:

Supplier Name
Invoice Number
Invoice Date

Remittance Address
Purchase Order Number
Dollar amount broken out by line item of the Purchase Order

The payment terms for such work will be Net 30 days from date of an authorized invoice.

Send ORIGINAL INVOICE to

Verizon Business
P.O. Box 770
Ashburn, VA 20146-0770

Please send a COPY of the INVOICE to

Verizon Business
Federal - AP
2485 Natomas Park Drive, Suite 450
Sacramento, CA 95831
Jenifer.Mojonnier@verizonbusiness.com

Failure to follow the above directions may result in delay of payment.

14.0 Applicable Documents

<u>GCI ICDs</u>

GCI ICD_P_II_SPIM_v2.8_06072007.doc

GCI SV_7 2_ICD_GCI_v4 0.doc

GCI ICD_GCI_ASR_v2.1_01182007.doc

<u>GCI Pricing</u>

See attached excel worksheet.

Verizon will provide any working documents that may be required to complete the work effort. All content will be the exclusive property of Verizon. "GCI" will secure prior approval from Verizon before any materials are shared publicly. Because Verizon will have provided content and approve on all material, Verizon will have sole responsibility for accuracy of contents.

15.0 Vendor Outsourced Activity

No third party subcontractor shall be added to a Statement of Work by the Consultant without obtaining prior approval from Verizon's Primary contact above.

16.0 SOW Change of Scope Procedure (if applicable)

Any change to this Statement of Work shall be provided in writing and accepted by both Parties before being accepted and included as a part of this SOW Agreement.

17.0 Acceptance Criteria

Acceptance shall be given when all of the deliverables have been received or completed, including receipt of all documents and data produced during this project. Approval of invoice for work performed is acknowledgement of acceptance criteria.

The parties agree that this engagement letter/SOW describes certain Services to be performed by GCI for Verizon. GCI acknowledges and agrees that the Services described herein shall not commence until GCI receives from Verizon a Purchase Order incorporating this engagement letter/SOW. **THERE IS NO BINDING OBLIGATION BETWEEN GCI AND VERIZON WITH REGARD TO THE SPECIFIC PROJECT DESCRIBED IN THIS SOW UNTIL THE CORRESPONDING PURCHASE ORDER IS ISSUED. FAILURE TO OBTAIN BOTH A VALID PURCHASE ORDER AND AN APPROVED ENGAGEMENT LETTER OR SOW WILL RESULT IN VERIZON HAVING NO LIABILITY OF ANY KIND FOR ANY PERFORMANCE OF SERVICES DESCRIBED HEREIN.**

In WITNESS WHEREOF, the parties have entered into this Statement of Work as a part of an agreement.

Verizon Services Corporation	**{INSERT VENDOR}**
By: ______________________	By: ______________________
{Signature}	{Signature}
{Printed Name}	{Printed Name}
{Title}	{Title}
{Date}	{Date}

Exhibit A

SCOPE OF WORK

NBIP - VPNS

(10 OF 14)

STATEMENT OF WORK

GCI Network-Based IP VPN Service (NBIP-VPNS)
Networx Universal Contract Volume I, Section 4.2.2

1.0 Objective

Verizon has selected GCI to meet the requirements for Network-Based IP VPN Services (NBIP-VPNS). GCI will comply with all requirements for C.2.7.3 as outlined on the following pages.

2.0 Background

The contractor's Network-based IP VPNs provides secure, reliable transport of Agency applications across the provider's high-speed unified multi-service IP-enabled backbone infrastructure.

3.0 Project Scope

GCI is only providing the local and Alaska LD for this service. VZB is providing the long distance portion of the service.

Technical Requirements

Section C.2.7.3.1.4 of Networx Universal RFP

GCI shall offer a technical solution which meets the requirements of GSA's Networx Universal and Enterprise RFPs (heretofore referred to as Networx RFPs) Section C.2.7.3 (NBIPVPN) as well as provide pricing in the structure provided for in RFP Section B.2.7.3.3, Tables B.2.7.3.3-1 and 3 as it pertains to OCONUS requirements. If GCI does not provide any of the services described in Section C.2.7.3 then it will be GCI's responsibility to identify a teaming partner or solution to meet all of the requirements in Section C.2.7.3 as it relates to (NBIPVPN), as it pertains to Alaska coverage.

GCI shall work with Verizon on how it will provide Management and Operations (MOPS) data to support Verizon's ability to deliver a MOPS solution and MOPS deliverables under the Networx contract(s), as defined by the requirements on Section C.3 of the Networx RFPs. This will include developing a data interchange interface with Verizon to support the MOPS requirements. Data interchange between Verizon and GCI will be defined prior to contract award and must support the requirement for Networx vendors to provide an Operational Capabilities Demonstration prior to contract award.

Verizon will provide all network connectivity for these services unless otherwise specified.

Service Overview

Verizon has selected GCI to meet the requirements for Network-Based IP VPN Services (NBIP-VPNS). GCI will comply with all requirements for C.2.7.3 as outlined on the following pages.

Description of Approach to Service Delivery

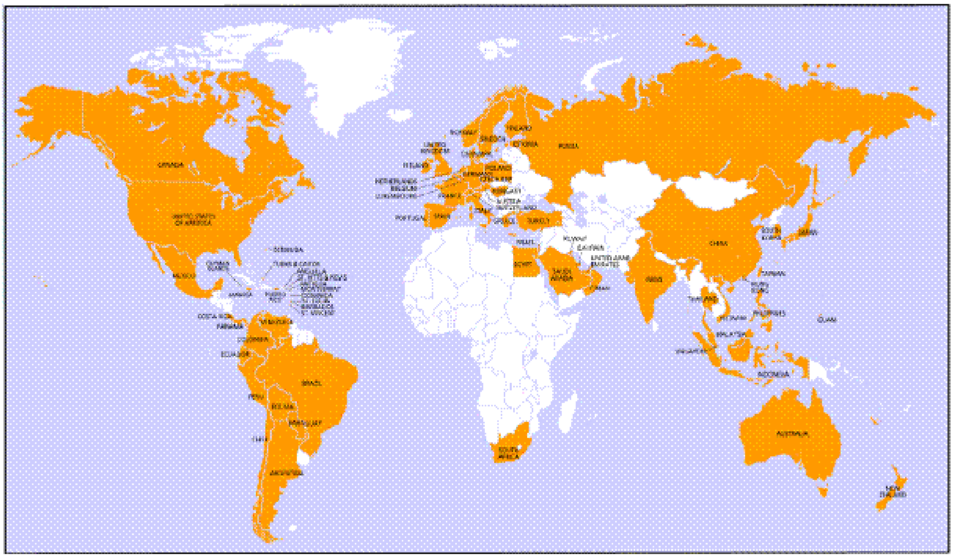
Volume I, Section 4.2.2.1.1 of Networx Universal Contract

Verizon's NBIP-VPNS encompasses a number of components to provide the most secure, reliable, and ubiquitous network available. Verizon's NBIP-VPNS global coverage is shown in Figure 3.1.1-1 below. The cornerstone of this offering is Verizon's Multi Protocol Label Switching (MPLS)-powered NBIP-VPNS network. The network uses a private, dedicated infrastructure to establish RFC 2547bis MPLS VPNs that facilitate large scale deployments while simplifying the configuration complexity and performance limitations of private-line circuits and other VPN technologies. MPLS integrates the performance and traffic management capabilities of Layer 2 switching with the scalability and flexibility of Layer 3 routing. RFS 2547bis separates customer traffic by VPN. The result is a NBIP-VPNS that provides security equivalent to a Layer 2 network combined with the scalability, advanced IP features and any-to-any connectivity of a Layer 3 network.

Verizon's NBIP-VPNS network is a "battle-tested" network with seven years of experience serving government customers. Repeatedly at the forefront of delivering new technologies, the NBIP-VPNS network supports standards defined by Internet Protocol version four (IPv4), IP version six (IPv6), IP Multicast, and IP Class of Service (CoS). The NBIP-VPNS platform provides customers with superior monitoring and reporting tools so that there is never any doubt about the health and performance of the service being provided. Designed with a focus on security, the NBIP-VPNS network is built with a layered security architecture that meets the requirements specified by the National Security Agency's (NSA's) "Defense In Depth" Information Assurance Technical Framework. Additionally, Verizon ensures its security posture is maintained by routinely employing independent third parties to perform formal security assessments using Government-approved assessment methodologies. Due to this rigorous approach to security, customer networks riding the NBIP-VPNS have been fully certified and accredited to carry DoD sensitive information, as required by the DoD Instruction 5200.40, Defense Information Technology Security Certification and DoD Manual 8510.1-M, DITSCAP Application Manual. Verizon's Secure Internetworking Gateway (SIG) enables remote and traveling workers as well as trusted business partners to gain access to private customer networks through a secure IPSEC tunnel using DES, 3DES or AES encryption. Users are able to connect to SIG from any Internet connection, including dial,

broadband, and dedicated access, with no restrictions on who is providing the access. SIG supports dedicated "always-on" tunnels terminated to hardware at remote sites and VPN client-based access for traveling users. Two SIG platforms are available allowing connections from either Cisco or Nortel VPN clients. Multiple strong authentication methods such as RADIUS, PKI, Smartcard, and x.509 ensure access is granted only to authorized personnel. Once authenticated, SIG allows users to access private networks such as NBIP-VPNS network, Frame Relay, and ATM through direct interconnections with the Secure Internetworking Gateway. We complete our offering with a full featured Network-Based Firewall. This stateful firewall allows protected two-way communication between the customer's NBIP-VPNS network and the Internet while maintaining capabilities found on traditional premise-based firewalls. Features include: NAT/PAT, user authentication, URL filtering, DOS protection, logging, and high availability.

Figure 3.1.1-1. Verizon NBIP-VPNS Global Coverage



Technical Capabilities

Volume I, Section 4.2.2.3.1.1 of Networx Universal Contract

GCI will comply with all technical requirements for C.2.7.3.1.4 as follows.

1 Verizon is compliant with each listed tunneling standard.

2 Verizon's SIG supports encrypted connections back to private networks via DES, 3DES or AES encryption.

3 Verizon's SIG supports RADIUS, token, PKI Certificates, Smartcard and x.509-based authentication.

4 Verizon supports IPv4 as both the encapsulating and encapsulated protocol on the NBIP-VPNS network.

5 Verizon will support IPv6 as both the encapsulating and encapsulated protocol on the NBIP-VPNS network when commercially available.

6 Verizon's QoS offering is in full compliance with the IETF DiffServ RFCs, and provides the Per Hop Behavior (PHB) envisioned. There are three COS priorities offered. Customers gain access to these traffic priorities based on the IP precedence settings or DiffServ Code Point (DSCP) settings that they apply to their IP traffic.

7 Verizon supports QoS for ATM VCs, Frame Relay DLCIs, MPLS-based access, Multilink Multiclass PPP, and 802.1d Prioritized Ethernet. Although QoS is not currently supported on Satellite Broadband access and QoS enabled wireless (IEEE 802.1E) has not been standardized at this time, when they are commercially available, we will support them.

8a Not proposed.

8b Verizon's NBIP-VPNS platform supports QoS based on the DiffServ model for aggregated flows.

9 Verizon supports direct connection to NBIP-VPNS PE routers and all of the specified access methods via the SIG. The subscribing Agency will establish SIG connectivity by ordering the Internet Gateway Service feature. Once established, the SIG becomes a cost-effective, shared resource for all Internet-based access methods, such as dial-up, DSL, Cable, MWLANS, and satellite.

10 Verizon supports fast dial at 56K analog and 128K ISDN access.

11 **VPN Routing.** The CE exchanges routing information with the PE via dynamic or static routing. MD5 authentication is supported over dynamic sessions. Customer VPN specific routes are exchanged between PE routers and are imported into the Virtual Routing and Forwarding (VRF) tables based on Route Target filters. Route Targets are set as communities within the BGP advertisements and are specific to each VPN site. This ensures that routes in a particular VPN are separated from other VPN routes. Only PE routers with a VRF configured for the specific VPN will install the routes into the VRF for that VPN. VPN routes are also advertised with a specific label. This label is called the VPN label and is used by the egress PE to determine which VPN/interface the data packet belongs to. The PE handles all core routing for the customer VPN resulting in reduced network administrative burden for the customer.

VPN Forwarding. A full mesh of MPLS LSPs is created among devices on the network for infrastructure communications. In a VPN environment, the VPN label is pushed onto the label stack before the outer MPLS label is pushed. Packets are forwarded throughout the

network by swapping the outer MPLS label in the packet header. This ensures that only the egress PE will see the inner VPN label and will associate this label with the interface to which to forward packets. Since the inner VPN label defines the VPN/customer interface, this method of forwarding ensures that a customer's traffic will never be forwarded outside of its VPN. Unlike some of our competitors' offerings, Verizon's NBIP-VPNS service accomplishes all this without any need to build PVCs within the service cloud. All clients of the NBIP-VPNS can rest assured that only their sites have the ability to exchange traffic with their sites. Verizon's NBIP-VPNS service is truly a Virtual Private Network (VPN) within a private and dedicated network service platform.

12 To ensure that the security posture of the NBIP-VPNS network is maintained, Verizon continually conducts formal security assessments of the NBIP-VPNS network. These assessments are conducted by independent third-party organizations, using Government-approved assessment methodologies such as the National Security Agency's Information Security (INFOSEC) Assessment Methodology (IAM). The following is a partial list of the parties that have

evaluated the network:

- SphereCom Enterprises Inc., full NSA IAM assessment
- ACS Defense, on behalf of U.S. Navy SPAWAR
- U.S. Navy SPAWAR, Analysis of security policies
- Naval Research Lab, Analysis of security policies
- DoD High Performance Computing Program Modernization Office, full DITSCAP accreditation

This continual focus on security is a fundamental premise of the security Concept of Operations (CONOPS) for NBIP-VPNS service. Based upon this rigorous focus on security, the U.S. Government has selected NBIP-VPNS service as the transport medium for various critical network systems used by the U.S. Navy and Marine Corps (NMCI), the Department of Defense research communities (DREN), and others.

13 Verizon is responsible for monitoring and resolving problems associated with the network infrastructure components, including all Verizon provided circuits. The entire network is proactively monitored on a 24x7 basis. We notify Agencies of any downtime, and provide notification in the event of a major network outage. In addition, Agency-designated representatives will have access to administrative tools to view topology, operational state, order status and other parameters for their VPN through Verizon's secure web portal.

14 Verizon's SIG provides mobile users with secure access to private networks through a variety of different authentication methods. It is possible to connect to many different sites through one connection.

15 Verizon supports multiple VPNs by allowing permanent and temporary access methods granted to authenticated users as required. Access technologies include but are not limited to DSL; local ISPs; cable high-speed access; dedicated; and satellite broadband.

16 Verizon routinely provides its customers with the engineering and business consulting services they need to make informed decisions about bandwidth and CPE design.

17 Not proposed.

18 Please see the response to Item 11 above.

19 SIG supports the inclusion of encryption, decryption, and key management profiles.

20 Verizon's NBIP-VPNS will provide transparent transport for agency-provided security mechanisms as long as offered traffic is IP routable.

21 Verizon supports various managed and unmanaged authentication options that may be provided by Verizon, third party vendors, or the subscribing Agency.

Other Contract Requirements

Volume FLAG Section FLAG of Networx Universal Contract

In preparation of the proposal response, GCI shall describe how it will support Verizon in responding to the Price Management Mechanism as defined in Section H.7 of the Networx Universal RFPs.

Interfaces

Section C.2.7.3.3 of Networx Universal RFP

GCI shall describe how it will provide all of the interfaces identified in Section C.2.7.3.3 of the Networx RFPs.

NBIP-VPNS Interfaces

GCI will comply with all applicable interfaces required for NBIP-VPNS, as follows:

The User-to-Network-Interfaces (UNI) at the SDP, as defined in Section C.2.7.3.3.1 for Intranet and Extranet VPNs are mandatory, as required in J.2.1, J.2.2, and J.2.3 for Geographic Coverage, unless marked optional.

Table 6.1-1. Interface for Intranet and Extranet Network-Based IP VPNs

UNI Type	Interface/Access Type	Network-Side Interface	Protocol Type (See Note 1)
1	Ethernet Interface	1. 1 Mbps up to 1 GbE (Gigabit Ethernet) 2. 10 GbE (Optional)	IPv4/v6 over Ethernet
2	Private Line Service	1. DS0 2. Fractional T1	IPv4/v6 over PLS

		3. T1 4. T3 5. Fractional T3 6. OC-3c 7. OC-12c 8. OC-48c 9. OC-192c	

3	IP over SONET Service	1. OC-3c 2. OC-12c 3. OC-48c 4. OC-192c	IP/PPP over SONET

Notes:

1. Reserved

2. IPv6 shall be supported when offered commercially by the contractor.

3. Where E-1/E-3 carrier service is provided, appropriate corresponding payload data rates apply.

The User-to-Network-Interfaces (UNI) at the SDP, as defined in Section C.2.7.3.3.2 for Remote Access VPNs are mandatory, as required in J.2.1, J.2.2, and J.2.3 for Geographic Coverage, unless marked optional.

Table 6.1-2. Interface for Remote Access Network-Based IP VPNs

UNI Type	Interface/Access Type	Network-Side Interface	Protocol Type (See Note 1)
1	Voice Service	Analog dialup at 56 kbps	Point-to-Point Protocol, IPv4/v6
2	DSL Service	xDSL access at 1.5 to 6 Mbps downlink, and 384 Kbps to 1.5 Mbps uplink	Point-to-Point Protocol, IPv4/v6
3	Cable high speed access	320 Kbps up to 10 Mbps	Point-to-Point Protocol, IPv4/v6
4	Multimode/Wireless LAN Service	See Section C.2.14.3.3.1 MWLANS User-to-Network Interfaces	
5	Wireless Access	See Section C.2.16.2.3.3.1 Wireless Access Arrangement Interfaces	
6	Satellite Access	See Section C.2.16.2.4.3.1 Satellite Access Arrangement Interfaces	
7	Circuit Switched Data Service	1. ISDN at 64 Kbps 2. ISDN at 128 Kbps 3. ISDN dial backup at 64 Kbps 4. ISDN dial backup at 128 Kbps	Point-to-Point Protocol, IPv4/v6

Notes:

1. IPv6 shall be supported when the contractor makes this feature commercially available.

2. Where E-1/E-3 carrier service is provided, appropriate corresponding payload data rates apply.

Service Level Agreements

Volume II, Appendix B.3, Attachment 1 of Networx Universal Contract

GCI shall describe how it will meet the Performance Metrics as defined by Section C.2.7.3.4.1 of the Networx RFPs for the individual services.

Network-Based Internet Protocol Virtual Private Network Services SLA

· **Availability.** Availability is captured for each VPN. Availability is calculated as follows.

$$\text{Availability} = \frac{\text{total expected Available time } (T_{ex}) - \text{total outage time } (T_{ou})}{\text{Total Expected Available time (Tex)}}$$

Availability metrics are calculated for the Agency Bureau level by summing up Tex and Tou for all the VPNs under the Agency Bureau for a calendar month and reported as a percentage.

Availability metrics are calculated for the Agency level by summing up Tex and Tou for all the VPNs under the Agency Bureau for a calendar month and reported as a percentage.

· **Latency.** Latency value is the average round trip transmission between Agency premise routers for an IP VPN with all of its sites. Latency metric does not apply for DSL, Cable High Speed, Wireless, and Satellite access methods. Latency metric is collected for each metric at regular intervals and an average is calculated on a monthly basis.

Latency metric for an agency bureau is calculated as the monthly latency average of all VPNs associated with that agency bureau.

Latency metric for an agency is calculated as the monthly latency average of all VPNs associated with that agency.

· **Jitter.** Jitter is the average variation or difference in the delay between received packets on every IP VPN. The Jitter values are averaged over a month for each Connection.

Jitter value for a agency bureau is the monthly average values of all IP VPN connections belonging to that Agency Bureau.

Jitter value for a agency is the monthly average values of all IP VPN connections belonging to that Agency.

· **Packet Loss.** Packet loss is the number of packets lost versus the number of packets transmitted across the VPN. The ratio is the average for each month.

Packet loss for each agency bureau is the monthly average values of all VPN connections belonging to that Agency Bureau.

Packet loss the monthly average values of all VPN connections belonging to that Agency Bureau.

Performance Metrics

Section C.2.7.3.4 of Networx Universal RFP

Performance Metrics for Network-Based IP VPNs

GCI will comply with all performance metric requirements for NBIP-VPNS.

The performance levels and Acceptable Quality Level (AQL) of Key Performance Indicators (KPIs) for Network-based IP VPNs in Section C.2.7.3.4.1. are mandatory unless marked optional:

Table 7.2.1-1. Performance Metrics for Network-based IP VPNs

Key Performance Indicator (KPI)	Service Level	Performance Standard (Threshold)	Acceptable Quality Level (AQL)	How Measured
Latency (CONUS)	Routine	70 ms	≤ 70 ms	See Note 1
Latency (OCONUS)	Routine	150 ms	≤ 150 ms	See Note 2
Av(VPN)	Routine Critical	99.9% 99.99%	≥ 99.9% ≥ 99.99%	See Note 3
Time to Restore	Without Dispatch With Dispatch	4 hours 8 hours	≤ 4 hours ≤ 8 hours	See Note 4

Notes:

(1). Latency value is the average round trip transmission between Agency premise routers for an IP VPN with all of its CONUS sites. Latency metric does not apply for DSL, Cable High Speed, Wireless, and Satellite access methods. Relevant standards are RFC 1242 and RFC 2285. The contractor may propose to the Government more cost effective test and measurement technique alternatives that meet or exceed the requirements in RFC 1242 and RFC 2285.

(2). Latency value is the average round trip transmission between Agency premise routers for an IP VPN with its CONUS and OCONUS sites. Latency metric does not apply for DSL, Cable High Speed, Wireless, and Satellite access methods. Relevant standards are RFC 1242 and RFC 2285. The contractor may propose to the Government more cost

effective test and measurement technique alternatives that meet or exceed the requirements in RFC 1242 and RFC 2285.

(3). VPN availability is measured end-to-end and calculated as a percentage of the total reporting interval time that the VPN is operationally available to the Agency. Availability is computed by the standard formula:

$$\mathit{Av(VPN)} = \frac{\mathit{RI(HR)} - \mathit{COT(HR)}}{\mathit{RI(HR)}} \quad \mathit{x100}$$

(4). See Section C.3.3.1.2.4 for the definitions and measurement guidelines.

Service Quality and Performance Metrics

Volume I, Section 4.2.2.2.2 of Networx Universal Contract

Verizon is offering NBIP-VPNS as a monitored network service to meet the reporting requirements for real-time network performance metrics (latency, grade of service, jitter). Verizon will comply with the requirements in Section C.2.1.6.2. When an agency orders NBIP-VPNS in which the technical performance requirements are specified on an SDP-to-SDP basis,(3) Verizon will use SEDs to meet the requirements and/or access to, or use of, the agency's customer-premises equipment or software to meet the requirements. The ordering agency may (1) elect to not order such SEDs and/or (2) elect to not permit Verizon access to, or any use of, the agency's customer-premises equipment or software for such purposes.

In these situation(s) and unless otherwise agreed to by Verizon and the user agency, Verizon, when directed by the user agency or by GSA, will monitor, measure, and report the performance of the service for KPI/AQL and for SLA purposes either (1) on an SDP-to-SDP basis, by defining the SDP for performance metric measurement purposes for affected location(s) as being located at the connecting POP(s) of the location(s), or (2) on a POP-to-POP basis. If directed to use the latter method, Verizon will comply with the following:

1. For all IP-based network services, the applicable POP-to-POP performance requirements to be used will be those defined in Section C.2.4.1 (IPS).

2. For all other services, the service-specific SDP-to-SDP performance metrics will be applied on a POP-to-POP basis unless a stipulated POP-to-POP performance metric already applies for the associated service(s).

Verizon's monitoring, measurement and reporting methodologies for NBIP-VPNS KPIs are described below.

(3) Including performance requirements specified on an end-to-end and/or agency premises-to-agency premises performance requirement basis.

· **Availability.** Verizon monitors NBIP-VPNS Availability (Av) using our Enterprise Trouble Management System (ETMS). Each outage is entered into a trouble ticket and recorded in ETMS. The elapsed time for each outage is measured as the difference between the timestamps when the outage is repaired and when the ticket was opened, minus any time: (1) due to scheduled network configuration change or planned maintenance; or (2) as agreed to by the customer and Verizon, that service restoration cannot be worked due to customer-caused delays. We report Av on a monthly aggregate basis per agency using the following formula where S=NBIP-VPNS service, RI=reporting interval, COT=cumulative outage time, and HR=hours:

$$Av(S) = \frac{RI(HR) - COT(HR)}{RI(HR)} \quad x100$$

· **Latency.** We monitor NBIP-VPNS latency between Agency CE routers using a combination of User Datagram Protocol (UDP), Internet Control Message Protocol (ICMP) and SNMP. Verizon sends a series of test packets to measure latency. We report latency results in near real-time and provide aggregate reports (daily, weekly, monthly) for the previous month.

· **Time to Restore.** We monitor NBIP-VPNS Time to Restore (TTR) using our ETMS. Verizon calculates outages as discussed under Availability, above. We report TTR on a per-incident basis.

Additional Metrics

Volume I, Section 4.2.2.2.4 of Networx Universal Contract

· **Grade of Service.** Verizon offers a NBIP-VPNS GOS metric for packet loss:

· $\leq$ 0.4% for best effort (BE) traffic

· $\leq$ .01% for Enhanced CoS (DiffServ Assured Forwarding – AF)

· $\leq$ ..005% for Premium CoS (DiffServ EF).

Verizon monitors NBIP-VPNS packet loss between Agency CE routers using a combination of UDP, ICMP and SNMP. A series of test packets is sent to measure packet loss. Verizon reports packet loss results in near real-time and provides aggregate reports for the previous month.

· **Jitter.** Verizon offers a NBIP-VPNS jitter metric of < 10 ms for Premium CoS (EF). Verizon will monitor NBIP-VPNS jitter for Premium CoS (DiffServ EF CoS) between Agency CE routers using a combination of UDP, ICMP and SNMP. A series of test packets is sent to measure jitter. Verizon reports jitter results in near real-time and provides aggregate reports as discussed above.

Features

Section C.2.7.3.2 of Networx Universal RFP

GCI shall describe how it will provide all of the features identified in section C.2.7.3.2, of the Networx RFP. GCI shall also price the required features per B 2.7.3.4-1 & and provide in the required format.

NBIP-VPNS Features

Volume I, Section 4.2.2.3.1.2 of Networx Universal Contract

GCI will comply with all feature requirements for C.2.7.3.2.1 as follows.

1 Verizon's NBIP-VPNS supports multiple CoSs corresponding to the Networx requirements for Premium, Enhanced and Standard. Premium CoS corresponds to DiffServ EF CoS; Enhanced CoS corresponds to DiffServ AF CoS; and Standard CoS corresponds to DiffServ BE CoS. Two drop priorities are supported for Enhanced CoS.

2 Verizon supports a number of designs that provide redundancy, failover, or load sharing. Customers may order diverse circuits to diverse nodes and/or routers on the NBIP-VPNS network. Through the use of BGP routing, load sharing and failover scenarios can be configured. In many cases, we can provide diverse access facilities. We support over 800 Government buildings today under the FTS2001 contract with Verizon local access facilities.

3 Verizon's SIG will be used to support all Internet Gateway requirements. SIG provides controlled and monitored access to and/or from NBIP-VPNS VPNs through a stateful, network-based firewall. The firewall offers many of the same features of traditional CPE-based firewalls, including but not limited to: NAT/PAT, User Authentication, URL filtering, DOS protection, Logging, and High Availability.

4 Verizon's NBIP-VPNS supports interworking with Verizon's Frame Relay, ATM and IPS networks. The optional Ethernet Service interworking service is not proposed.

5 Verizon and customer-generated encryption keys are supported with VPN mesh designs.

6 Agency traffic is logically separated but shares transmission facilities with other agencies.

7 Verizon supports the full range of security services specified, either as part of our SIG Internet gateway or as part of our Managed Security Services in Section C.2.10. The NBIP-VPNS network is closed and rides a separate switching infrastructure, and does not peer with the public Internet, most security services are not needed to protect from external attacks.

Training

Volume II, Section 3.11 of Networx Universal Contract

GCI shall offer sales training to the Verizon Government Markets sales organization to facilitate the selling of GCI High-speed Service both under the FTS2001 contract umbrella as well as Networx.

GCI shall offer training materials to Verizon and its customers in order to support Verizon's ability to deliver training to Networx customers as defined by Section C.3.7 of the Networx RFPs.

Training Content

GCI will provide content for NBIP-VPNS training in accordance with the requirements of RFP Section C.3.7.2.

Training Development

Team Verizon's solution for training development meets or exceeds all requirements found in RFP Section C.3.7.2.1.

Training Availability

Team Verizon's solution for training availability meets or exceeds all requirements found in RFP C.3.7.2.2.

Training Maintenance

Team Verizon's solution for training maintenance meets or exceeds all requirements found in RFP C.3.7.2.6.

Within 30 business days following any changes to Team Verizon's Networx program that would result in any changes or modifications to the training program, all affected training material will be updated and made available to the Government. These modifications will be provided at no cost.

Partner Meetings/Sales Opportunities

FLAG DOES NOT MAP TO NETWORX PROPOSAL/CONTRACT.

GCI shall support meetings with Verizon Networx Partners.

GCI shall assign sales representatives to support the FTS2001 and Networx opportunities. GCI shall support Sales Opportunity Reviews to ensure collaborative planning.

4.0 Project Term

This agreement will run concurrent with Verizon's Networx Universal and Enterprise contracts with the GSA. Time period will be upon issuance of a Purchase Order thru 2011.

5.0 Deliverables

See Project Scope.

6.0 Contact Information

VerizonBusiness
Name
Title
Address
City, State Zip
Phone number
Fax number
Email address

Supplier Name - GCI
Name - Laura Rykaczewski
Title - Senior Account Manager
Address
City, State Zip
Phone number - 907 868 5351
Fax number - 907 868 6292
Email address - lrykaczewski@gci.com

7.0 Project Staffing

Not applicable.

8.0 Work Performance

- Security – N/A
- Hours & Overtime – Pre-approval of time/materials above what is identified in the Cost & Schedule section is required when they impact project costs
- Travel & Expense Guidelines – N/A

9.0 Assumptions/Risks/Dependencies

Refer to Exhibit B prime contract "flow down provisions"

10.0 Verizon Responsibilities

See Project Scope

11.0 Cost and Schedule (TBD)

The value of this SOW is estimated to be approximately $X,XXX,XXX.00 for the term of the SOW.

Year 1 (2007) = $
Year 2 (2008) = $
Year 3 (2009) = $
Year 4 (2010) = $

Pricing Structure

Section B.2.7.3 of Networx Universal RFP

GCI shall provide competitive pricing to Verizon. GCI shall comply with the Pricing Structure outlined in Section B.2.7.3.3 of the Networx RFPs.

Network-Based IP VPN (NBIP-VPNS) Service

The technical requirements for NBIP-VPNS are described in Section C.2.7.3.

Network-Based IP VPN Price Structure

The price structure for NBIP-VPNS shall comprise the following elements:

a. Network Design and Engineering

b. Transport Charges

c. Feature Charges

The pricing associated with a NBIP-VPNS is dependent upon a number of factors such as number of sites, bandwidth requirements, security services, and the type of access. The CLIN associated with the network design and engineering service shall be ICB as shown in Table B.2.7.3.1-2.

Table 0-1. NBIP-VPNS Prices

CLIN	Case Number *	Price	Price Start Date	Price Stop Date	Price Replaced Date

* Applies to ICB CLINs only

Table 0-2. NBIP-VPNS Network Design and Engineering Pricing Instructions

Routine NRC CLIN	Critical NRC CLIN	Description	Charging Unit
0210001	0210004	Network Design and Engineering Service	ICB

Pricing for SEDs for the user to network interfaces shall be listed in RFP Section B.4.

NBIP-VPNS Access

For a remote access solution, several types of access arrangements are possible such as switched access for remote dial-up. The switched access may be from an independent source (e.g., another Government contract) which may form the basis for both dial-up and/or DSL access (for instance, in the case of a person telecommuting from home). Similarly, cable access may be from an independent source in case of a telecommuter. Any charges, if applicable, for interfacing with cable and DSL service shall be included in the port charges. The independent arrangement handles remote access which requires secure IPSec tunnels.

For Intranet and Extranet solutions, pricing for dedicated access is described in RFP Section B.3.

NBIP-VPNS Transport

Table B.2.7.3.3-1 provides the format for NBIP-VPNS port prices. Tables B.2.7.3.3-2 through B.2.7.3.3-4 provide the instructions for CONUS, OCONUS and non-domestic pricing.

Table 0-1. NBIP-VPNS Port Prices

CLIN	Case Number*	Country/ Jurisdiction ID**	Price	Price Start Date	Price Stop Date	Price Replaced Date

* Case Number applies to ICB CLINs only

** For Country/Jurisdiction IDs, see Table B.6.6-1

Table 0-2. NBIP-VPNS Port Pricing Instructions (OCONUS)

CLIN (Routine)	CLIN (Critical)	Description	Charging Unit (unless stated elsewhere)
0213501	0217101	Embedded – Analog dial-up (56 kbps), Critical is ICB	MRC per port
0213502	0217102	Embedded – ISDN dial-up (64 kbps), Critical is ICB	MRC per port
0213503	0217103	Embedded – ISDN dial-up (128 kbps), Critical is ICB	MRC per port
0213504	0217104	Embedded – ISDN dial backup (64 kbps), Critical is ICB	MRC per port
0213505	0217105	Embedded – ISDN dial backup (128 kbps), Critical is ICB	MRC per port
0213506 (Optional)	0217106 (Optional)	Embedded Cable – 384 kbps (Optional), Critical is ICB	MRC per port
0213507 (Optional)	0217107 (Optional)	Embedded Cable – 768 kbps (Optional), Critical is ICB	MRC per port
0213508 (Optional)	0217108 (Optional)	Embedded Cable – 5 Mbps (Optional), Critical is ICB	MRC per port
0213509 (Optional)	0217109 (Optional)	Embedded Cable – 10 Mbps (Optional), Critical is ICB	MRC per port
0213510	0217110	Embedded – ADSL (1.54 Mbps/384 kbps), Critical is ICB	MRC per port
0213511	0217111	Embedded – ADSL (3 Mbps/512 kbps), Critical is ICB	MRC per port
0213512	0217112	Embedded – ADSL (6 Mbps/768 kbps), Critical is ICB	MRC per port
0213513	0217113	Embedded – SDSL (1.54 Mbps/1.54 Mbps), Critical is ICB	MRC per port
0213514	0217114	Embedded – SDSL (768 kbps/768 kbps), Critical is ICB	MRC per port

CLIN (Routine)	CLIN (Critical)	Description	Charging Unit (unless stated elsewhere)
0213515	0217115	Embedded – SDSL (384 kbps/384 kbps), Critical is ICB	MRC per port
0213516 (Optional)	0217116 (Optional)	Embedded – MWLANS (Up to 54 Mbps) (Optional), Critical is ICB	MRC per port
0213517 (Optional)	0217117 (Optional)	Embedded – Broadband Wireless – up to 19.2 kbps) (Optional), Critical and Routine are ICB	MRC per port
0213518- (Optional)	0217118 (Optional)	Embedded – Broadband Wireless – up to 1.54 Mbps) (Optional), Critical and Routine are ICB	MRC per port
0213519 (Optional)	0217119 (Optional)	Embedded – Broadband Wireless – up to 43 Mbps) (Optional), Critical and Routine are ICB	MRC per port
0213520	0217120	Embedded – Satellite (Up to 19.2 kbps), Critical is ICB	MRC per port
0213521	0217121	Embedded – Satellite (Up to 1.54 Mbps), Critical is ICB	MRC per port
0213522	0217122	Embedded – Satellite (Up to 43 Mbps), Critical is ICB	MRC per port
0213523	0217123	Independent – Analog dial-up (56 kbps), Critical is ICB	MRC per port
0213524	0217124-	Independent – ISDN dial-up (64 kbps), Critical is ICB	MRC per port
0213525	0217125	Independent – ISDN dial-up (128 kbps), Critical is ICB	MRC per port
0213526	0217126	Independent – ISDN dial backup (64 kbps), Critical is ICB	MRC per port
0213527	0217127	Independent – ISDN dial backup (128 kbps), Critical is ICB	MRC per port
0213528	0217128	Independent Cable – 384 kbps, Critical is ICB	MRC per port
0213529	0217129	Independent Cable – 768 kbps, Critical is ICB	MRC per port
0213530	0217130	Independent Cable – 5 Mbps, Critical is ICB	MRC per port
0213531	0217131	Independent Cable – 10 Mbps, Critical is ICB	MRC per port

0213532	0217132	Independent – ADSL (1.54 Mbps/384 kbps), Critical is ICB	MRC per port
0213533	0217133	Independent – ADSL (3 Mbps/512 kbps), Critical is ICB	MRC per port
0213534	0217134	Independent – ADSL (6 Mbps/768 kbps), Critical is ICB	MRC per port

CLIN (Routine)	CLIN (Critical)	Description	Charging Unit (unless stated elsewhere)
0213535	0217135	Independent – SDSL (1.54 Mbps/1.54 Mbps), Critical is ICB	MRC per port
0213536	0217136	Independent – SDSL (768 kbps/768 kbps), Critical is ICB	MRC per port
0213537	0217137	Independent – SDSL (384 kbps/384 kbps), Critical is ICB	MRC per port
0213538	0217138	Independent – MWLANS (Up to 54 Mbps), Critical is ICB	MRC per port
0213539	0217139	Independent – Broadband Wireless – up to 19.2 kbps), Critical is ICB	MRC per port
0213540	0217140	Independent – Broadband Wireless – up to 1.54 Mbps), Critical is ICB	MRC per port
0213541	0217141	Independent – Broadband Wireless – up to 43 Mbps), Critical is ICB	MRC per port
0213542	0217142	Independent – Satellite (Up to 19.2 kbps), Critical is ICB	MRC per port
0213543	0217143-	Independent – Satellite (Up to 1.54 Mbps), Critical is ICB	MRC per port
0213544	0217144	Independent – Satellite (Up to 43 Mbps), Critical is ICB	MRC per port
0213571	0217145	64 kbps (DS0)	MRC per port
0213572	0217146	FT1 (2 x DS0)	MRC per port
0213573	0217147	FT1 (3 x DS0)	MRC per port
0213574	0217148	FT1 (4 x DS0)	MRC per port
0213575	0217149	FT1 (5 x DS0)	MRC per port
0213576	0217150	FT1 (6 x DS0)	MRC per port
0213545	0217151	T1	MRC per port
0213546	0217152	FT3 (2 x T1)	MRC per port
0213547	0217153	FT3 (3 x T1)	MRC per port
0213548	0217154	FT3 (4 x T1)	MRC per port
0213549	0217155	FT3 (5 x T1)	MRC per port
0213550	0217156	FT3 (6 x T1)	MRC per port
0213551	0217157	FT3 (7 x T1)	MRC per port
0213552	0217158	FT3 (8 x T1)	MRC per port
0213553	0217159	FT3 (9 x T1)	MRC per port
0213554	0217160	FT3 (10 x T1)	MRC per port
0213555	0217161	T3	MRC per port

CLIN (Routine)	CLIN (Critical)	Description	Charging Unit (unless stated elsewhere)
0213556	0217162	Ethernet – 1 Mbps	MRC per port
0213557	0217163	Ethernet – 10 Mbps	MRC per port
0213558	0217164	Ethernet – 100 Mbps	MRC per port
0213559	0217165	Ethernet – 1000 Mbps	MRC per port

0213560 (Optional)	0217166 (Optional)	Ethernet – 10G (Optional)	MRC per port
0213561	0217167	OC-3c	MRC per port
0213562	0217168	OC-12c	MRC per port
0213563	0217169	OC-48c	MRC per port
0213564	0217170	OC-192c	MRC per port

NBIP-VPNS Feature Prices

Table B.2.7.3.4-2 provides the pricing instructions for the features supported by NBIP-VPNS. Table B.2.7.3.4-1 provides the format for pricing purposes.

When the contractor does not use its own non-domestic IP network, the contractor shall provide non-domestic feature charges as pass-through of actual costs with no markup.

Table 0-1. NBIP-VPNS Feature Prices

CLIN	Case Number*	Country/ Jurisdiction ID**	Price	Price Start Date	Price Stop Date	Price Replaced Date

* Applies to ICB CLINs only

** For Country/Jurisdiction IDs, See Table B.6.6-1

Table 0-2. NBIP-VPNS–Feature Pricing Instructions

CLIN	Description	Charging Unit
0219001	Class of Service (CoS) - Premium	Surcharge per 64 Kbps (MRC)
0219002	Class of Service (CoS) – Enhanced	Surcharge per 64 Kbps (MRC)
	Class of Service (CoS) – Standard	NSP
	High availability option - Fault tolerance	See RFP Section B.4 (SED)
	High availability option - Load sharing	See RFP Section B.4 (SED)

CLIN	Description	Charging Unit
	High availability option - Fail-over protection	See RFP Section B.4 (SED)
	High availability option - Diverse access points to service provider's POPs.	See RFP Section B.3
0219003	Internet Gateway Service	ICB-MRC (depending upon bandwidth)
0219020	Interworking services - ATMS	NSP
0219021	Interworking services - FRS	NSP
0219022 (Optional)	Interworking services – Ethernet (Optional)	NSP
0219023	Interworking service – IPS	NSP
0219004	Key Management – Contractor	ICB-MRC
0219005	Key Management – Government Agency (Key Generation Only)	ICB-MRC
CLIN	Description	Charging Unit
0219010 (Optional)	Non-peered Private IP Network (Optional)	ICB
	Security service - Carrier grade managed stateful firewall services	RFP Section B.2.10.1
	Security service - Network scanning service	RFP Section B.2.10.3
	Security service - Managed Intrusion Detection service	RFP Section B.2.10.2
	Security service- Denial of Service (DoS) protection	RFP Section B.2.10.1
	Security service - Network Address Translation	RFP Section B.2.10.1
	Security service - Port Address Translation	RFP Section B.2.10.1
	Security service - Edge-to-edge encryption	RFP Section B.4

Security service- Replay attack protection	RFP Section B.2.10.2

12.0 Bonding Requirements

Not applicable.

13.0 Invoicing Requirements

In order for you to receive payment, receipts must be completed and all ORIGINAL invoices must be submitted to Accounts Payable. In the event an original invoice was sent to the Verizon end user, it will be the responsibility of the Verizon end user to ensure the original invoice is forwarded to Accounts Payable.

A valid invoice MUST contain the following:

Supplier Name	Remittance Address
Invoice Number	Purchase Order Number
Invoice Date	Dollar amount broken out by line item of the Purchase Order

The payment terms for such work will be Net 30 days from date of an authorized invoice.

Send ORIGINAL INVOICE to
Verizon Business
P.O. Box 770
Ashburn, VA 20146-0770

Please send a COPY of the INVOICE to

Verizon Business
Federal - AP
2485 Natomas Park Drive, Suite 450
Sacramento, CA 95831
Jenifer.Mojonnier@verizonbusiness.com

Failure to follow the above directions may result in delay of payment.

14.0 Applicable Documents

GCI ICDs

GCI ICD_P_II_SPIM_v2.8_06072007.doc

GCI SV_7 2_ICD_GCI_v4 0.doc

GCI ICD_GCI_ASR_v2.1_01182007.doc

GCI Pricing

See attached excel worksheet.

Verizon will provide any working documents that may be required to complete the work effort. All content will be the exclusive property of Verizon. "GCI" will secure prior approval from Verizon before any materials are shared publicly. Because Verizon will have provided content and approve on all material, Verizon will have sole responsibility for accuracy of contents.

15.0 Vendor Outsourced Activity

No third party subcontractor shall be added to a Statement of Work by the Consultant without obtaining prior approval from Verizon's Primary contact above.

16.0 SOW Change of Scope Procedure (if applicable)

Any change to this Statement of Work shall be provided in writing and accepted by both Parties

before being accepted and included as a part of this SOW Agreement.

17.0 Acceptance Criteria

Acceptance shall be given when all of the deliverables have been received or completed, including receipt of all documents and data produced during this project. Approval of invoice for work performed is acknowledgement of acceptance criteria.

The parties agree that this engagement letter/SOW describes certain Services to be performed by GCI for Verizon. GCI acknowledges and agrees that the Services described herein shall not commence until GCI receives from Verizon a Purchase Order incorporating this engagement letter/SOW. **THERE IS NO BINDING OBLIGATION BETWEEN** GCI **AND VERIZON WITH REGARD TO THE SPECIFIC PROJECT DESCRIBED IN THIS SOW UNTIL THE CORRESPONDING PURCHASE ORDER IS ISSUED. FAILURE TO OBTAIN BOTH A VALID PURCHASE ORDER AND AN APPROVED ENGAGEMENT LETTER OR SOW WILL RESULT IN VERIZON HAVING NO LIABILITY OF ANY KIND FOR ANY PERFORMANCE OF SERVICES DESCRIBED HEREIN.**

In WITNESS WHEREOF, the parties have entered into this Statement of Work as a part of an agreement.

Verizon Services Corporation	**General Communication, Inc.**
By: ______________________	By: ______________________

{Signature}	{Signature}
	Richard Westlund
{Printed Name}	{Printed Name}
	Senior VP & General Manager
{Title}	{Title}
{Date}	{Date}

Exhibit A

SCOPE OF WORK

PBIP - VPNS

(11 OF 14)

STATEMENT OF WORK

GCI Premises-Based IP VPN Services (PBIP-VPNS)
Networx Universal Contract Volume I, Section 4.2.1

1.0 Objective

Verizon has selected GCI to meet the requirements for Premises-Based IP VPN Services (PBIP-VPNS). GCI will comply with all requirements for C.2.7.2 as outlined on the following pages.

2.0 Background

Premises-based IP Virtual Private Networks (VPN) are typically IPSec tunnel-based, with customer edge (CE) devices encrypting and decrypting traffic before it enters and leaves the contractor's network. Because security is provided on an end-to-end basis, the contractor has no visibility into the IP tunnel. A Layer 3 IP VPN provides any-to-any connectivity because it relies on IP routing to build paths, which facilitates the creation of fully or partially meshed networks between CE devices across the contractor's cloud.

3.0 Project Scope

GCI is only providing the local and Alaska LD for this service. VZB is providing the long distance portion of the service.

Technical Requirements

Section 2.7.2.1.4 of Networx Universal RFP

GCI shall offer a technical solution which meets the requirements of GSA's Networx Universal and Enterprise RFPs (heretofore referred to as Networx RFPs) Section C.2.7.2, (PBIPVPN) as well as provide pricing in the structure provided for in Section B.2.7.2, Tables B.2.7.2.1-1 through 3 as it pertains to OCONUS requirements. If GCI does not provide any of the services described in Section C.2.7.2 then it will be GCI's responsibility to identify a teaming partner or solution to meet all of the requirements in Section C.2.7.2 as it relates to (PBIPVPN), as it pertains to Alaska coverage.

GCI shall work with Verizon on how it will provide Management and Operations (MOPS) data to support Verizon's ability to deliver a MOPS solution and MOPS deliverables under the Networx contract(s), as defined by the requirements on Section C.3 of the Networx RFPs. This will include developing a data interchange interface with Verizon to support the MOPS requirements. Data interchange between Verizon and GCI will be defined prior to contract award and must support the requirement for Networx

vendors to provide an Operational Capabilities Demonstration prior to contract award.

Verizon will provide all network connectivity for these services unless otherwise specified.

Service Overview

Verizon has selected GCI to meet the requirements for Premises-Based IP VPN Services (PBIP-VPNS). GCI will comply with all requirements for C.2.7.2 as outlined on the following pages.

Description of Approach to Service Delivery

Volume I, Section 4.2.1.1.1 of Networx Universal Contract

Verizon proposes to use its commercial IP VPN service offerings to meet the requirements of Section C.2.7.2, Premises-Based IP VPN services (PBIP-VPNS). We provide a set of secure, robust and feature rich set of IP VPN solutions to satisfy Networx requirements for:

- Intranet networks
- Extranet networks
- Remote access to Hub/HQ site for mobile/remote users.

Our PBIP-VPNS solutions are mature, turnkey service offerings based on proven technology and rigorously tested for security, interoperability, and performance. We can provision a broad range of access services to Agency locations including Dialup (56K, ISDN), Broadband (DSL, Cable, Wireless, Satellite), Dedicated (768 kbps up to OC48c), FR/ATM (T1-OC12), and Ethernet (1 Mbps to 1 Gbps). We work with Agencies to identify locations with special access needs, or qualify the Service Wiring Center (SWC) for available access speed and methods to connect to Points-of-Presence (POPs). We will implement managed routers with the appropriate VPN and security policies as requested by the Agency. Our scalable PBIP-VPNS are securely managed using integrated systems. Key elements include:

· The service delivery process begins with the Verizon Installation Engineer establishing and/or confirming the base router configuration.

  · Before the IP VPN router is shipped to an Agency location, a base router configuration is loaded that includes the interface, IP network, and routing configuration required to access the router remotely; secure router login and SNMP passwords; pre-shared keys and/or policies required for secure management, and; access controls limiting access to Verizon provisioning systems.

· The service delivery process concludes once the routers are shipped to the Agency site and VPN policy is applied.

  · VPN configuration is remotely deployed and encrypted/authenticated using pre-shared information created in the VPN Router/CPE base.

· Integrated systems allow for the secure deployment of VPN policy, as well as distribution of pre-shared keys, passwords, configuration, and policies.

  · **Configuration Server**. Automates base router configuration for new installations).

  · **Provisioning System.** Allows IP VPN to be centrally managed and scalable. Automates VPN management and node configuration.

  · **Change Management and Back-up Servers.** Allows Verizon to rapidly restore configurations to a single router or to an entire VPN topology).

  · **Tunnels.** SSH, HTTPs and IPSEC tunnels transfer data between systems.

Verizon PBIP-VPNS' are fully managed and provide the scalability, reliability, and security needed for site-to-site or remote-to-hub site VPNs; both fully-meshed and hub-and-spoke configurations are supported. Verizon supports industry standard IP Security (IPSEC) and Secure Sockets Layer (SSL) for authentication, encryption, and data integrity using FIPS 140-2 compliant equipment whenever available to meet Agency needs. After the provisioning of the Agency IPSEC/SSL VPN network, Verizon will monitor and manage the network 24x7 and provide support through our Government Network Operations Center (NOC) and Security Operations Center (SOC). Our PBIP-VPNS portfolio provides solutions that meet all GSA requirements. A number of different access arrangements are available that support standard access, failover, load sharing and diversity; including dual-homing a location to two diverse Verizon POPs. For large sites with high speed applications, we propose PBIP-VPNS Dedicated. Subscribing Agencies may order port speeds ranging from 768 kbps up to OC-48c and Ethernet. For smaller sites that are candidates for broadband access (DSL, Cable Modem, Wireless, Satellite), Verizon proposes PBIP-VPNS Broadband. Subscribing Agencies may connect via any combination of broadband services to a hubs/headquarters location using dedicated access (we require the hub/headquarter site to have a dedicated/wireline connection to meet SLAs for DSL broadband access.).

Remote Access. For Agencies with mobile, teleworker, or traveling users requiring access to Agency intranet systems, we propose Verizon's PBIP-VPNS Remote Access Services (RAS). This solution provides remote access connectivity and a secure IPSEC or SSL tunnel from an end user's workstation to the subscribing Agency's LAN. Verizon provides over 3,800 dial POPs; in addition to broadband DSL and Wireless services to meet coverage requirements. Both Cisco and Nortel SEDs are available that support from 1 to 5,000 concurrent tunnel connections. Our standard SEDs supplier for PBIP-VPNS is Cisco (and Nortel for remote access), but other vendors are available and supported on an individual case basis. Both Cisco and Nortel support L2TP, and IPSEC standards, allowing subscribing

Agencies to employ many different protocols, including TCP/IP, IPX, and/or AppleTalk. The VPN platforms support DES, 3DES, AES, and RC4 encryption, which enables the Networx customers to choose between better performance and stronger encryption. With PBIP-VPNS RAS service, subscribing agencies are responsible for creating and maintaining user accounts. Cisco and Nortel enable the use of Agency-hosted RADIUS servers, and allow for token and PKI authentication. Nortel also has an internal Lightweight Directory Access Protocol (LDAP) server that subscribing Agencies can use to manage service to their users. Verizon provides monitoring, management, and maintenance for RAS equipment, but designated agency administrators have access to logs that include a number of reports, including user, system, session, failed authorizations, and expired password reports. Our PBIP-VPNS SSL service is a managed remote access service (RAS) that combines Verizon's Dedicated Internet connectivity, RAS, Managed CPE, and VPN hardware/software management for a total and comprehensive VPN solution. PBIP-VPNS SSL service allows Networx users to connect to an SSL appliance located on the Agency's LAN through the SSL protocol already available on most web browsers. The solution is typically referred to as a "clientless" solution because users simply launch their web browser and authenticate through an Agency-branded web portal to securely access corporate-owned or provided browser-based applications. Java-based or SOCKS-based clients are also available, since not all applications are web-enabled. (SOCKS is a networking proxy protocol that enables hosts on one side of a SOCKS server to gain full access to hosts on the other side of the SOCKS server without requiring direct IP-reachability. SOCKS-based is often used as a network firewall, redirecting connection requests from hosts on opposite sides of a SOCKS server. The SOCKS server authenticates and authorizes requests, establishes a proxy connection, and relays data between hosts.) With remote access SSL solutions, users are granted access to specific applications, which makes these types of solutions attractive to subscribing Agencies that seek to provide connectivity to business or extranet partners as well as to employees.

Verizon has been delivering managed PBIP-VPNS solutions for more than seven years. We were the first provider to roll out a managed PBIP-VPNS, and we continue to lead the industry in the number of CPE nodes installed, which currently number more than 20,000. We have the experience, the technology, and the talent to implement and support VPNs of any size and scope. We were the first to implement a 10,000-node Managed IP VPN network using a combination of Broadband DSL and high-speed dedicated access services. The 10,000-node implementation was for Allstate Corporation (Allstate Client Reference). Ultimately, it isn't just hardware and software that sets our VPN offering apart. Allstate chose Verizon for several reasons: our experience and expertise, our commitment to excellence, the quality of our customer service support, our history of innovation, and the global reach and flexibility of our network. With our proven technology,

expertise, and focus on innovation, our comprehensive PBIP-VPNS portfolio addresses the key issues facing Government Agencies and commercial businesses today, including total cost of ownership (TCO), business continuity assurance, and cutting-edge service. Our IP VPNS services offer:

· **Security.** Privacy, encryption, and authentication with no impact on network performance.

· **Scalability.** Simplified installation, configuration, and re-configuration as the network demand.

- **Manageability.** Fully managed, logical data network, including proactive 24x7 management and reporting.
- **Flexibility.** A variety of access methods and fully meshed or hub-and-spoke network topologies to meet agency infrastructure requirements.
- **Performance.** Increased bandwidth efficiency, greater network resilience, improved quality of service, award winning customer service, and industry-leading SLAs.
- **Simplicity.** Easy-to-use network configuration or design process.

Technical Capabilities

Volume I, Section 4.2.1.3.1.1 of Networx Universal Contract

GCI will comply with all technical requirements for C.2.7.2.1.4 as follows.

1 Tunneling standards such as L2TP, GRE, IPSEC, and SSL/TLS are implemented using the PBIP-VPNS service portfolio. IPSEC is implemented under IP VPN Dedicated, Broadband, and Remote Access CPE-based. GRE is supported with high availability design, L2TP is supported as the tunneling protocol for the IP VPN Remote Access service; and SSL is supported using PBIP-VPNS SSL RAS.

2 Our PBIP-VPNS solutions using IP Security (IPSEC) implementation (DES, 3DES, AES) conform to all FIBS publication and modules, including FIPS PUB 46-3 and FIPS 140-2. RC4 encryption is also supported.

3 Networx Customers can use a variety of authentication mechanisms that utilize Remote Access IP VPN solutions. These mechanisms feature our RADIUS/authentication platform, Internal LDAP via Nortel Contivity Switch, Agency-hosted RADIUS/LDAP server, token integration using RSA Technology, and/or the PKI/X.509 system. For Internet dial access, subscribing agencies can leverage Verizon Internet Dial services). In addition, subscribing agencies can utilize Verizon Enterprise Service Management (ESM) system through a web interface to perform administration and management of user accounts. Once Internet access is accomplished, remote users with a VPN client (Cisco or Nortel) can authenticate to their hub/HQ VPN Switch/Concentrator to gain access to the VPN network. For PBIP-

VPNS SSL RAS solution, users will be authenticated to the Cisco Concentrator platform.

4 Verizon Managed PBIP-VPNS are easily scalable solutions featuring comprehensive access methods. Our PBIP-VPNS support hundreds of fully meshed sites, and thousands of sites in a hub-and-spoke topology at speeds from dialup 56K/128K, broadband (DSL, Cable, Wireless, Satellite) to dedicated Ethernet and T1 up to OC-3. Access methods may include:

4a For on-net access, we provide Rhythm’s DSL network (fully integrated to the US IP network). For off-net access, Covad and New Edge Networks extend our DSL offering.

4b Local ISP or 3rd party connectivity is supported with PBIP-VPNS solutions.

4c For Cable high speed access, we partner with Cox, TimeWarner, Charter, Comcast, and RCN to provide flexibility and streghten our access portfolio. Our broadband coverage includes Cable, DSL Satellite, and Wireless to meet and exceed GSA requirements.

4d With PBIP-VPNS, Verizon supports dedicated access speeds including Fractional T1, T1/E1, T3/E3, and OC-3/STM-1. For dedicated Ethernet, we support 1Mbps to 1Gbps at over 8,800 lit building globally, 70% of which are located in the US.

5 Verizon supports fast dial access connectivity at either 56Kbps or 128Kbps speeds. Under the PBIP-VPNS product portfolio, these fast dial capabilities are supported with PBIP-VPNS solutions using analog dial to achieve 56Kbps or ISDN for 128Kbps. Verizon coverage currently extends to over 3,800 dial POPs across the globe.

6 Verizon’s IP network offers subscribing Agencies multiple levels of data security as well as high-quality performance. We implement many layers of security, including physical, perimeter, host-based, personnel, and procedural security. To protect our network, we use a combination of traditional “defense in depth” approaches, along with perimeter security approaches. Verizon collocates its hub equipment in Telco facilities, all of which are subject to strong access restrictions. These facilities offer the highest degree of physical security. Our Internet network is also designed to keep transit traffic (e.g., IP packets being switched between hubs) away from any general-purpose computing systems (e.g., Verizon mail or news servers) that could be used to capture that transit traffic in the event of a security breach. We also use LAN switching equipment, rather than ordinary LAN hubs, to help ensure that even in the case of a server breach, capturing traffic not destined for the breached server would be very difficult. Verizon isolates its internal computing infrastructure from external access electronically as well as physically. Internal support

servers are kept separate (both physically and topologically) from Verizon’s IP backbone links and customer service servers (e.g., mail and news). We deploy extensive cryptographic authentication and encryption methods. These cryptographic techniques greatly reduce the possibility of passwords passing over the network in the clear, and in many cases eliminate the need for reusable passwords that can be compromised. In addition, we also deploy Kerberos encryption and authentication systems internally, while running Kerberos, SSH, SSL, and other IP encryption protocols for external connectivity. Connections to Verizon’s internal systems from outside the firewall are extremely limited, and reinforced by many layers of security protection.

In addition to using cryptography to authenticate users and encrypt traffic, Verizon also relies on Kerberos-authenticated applications to administer its service machines. This makes it extremely difficult for a potential attacker to compromise a password or modify management and configuration data. These systems run the minimum number of Internet services needed to perform their functions, thus limiting other possible points of attack. Our position in the Internet industry, combined with an Information Security Group that works closely with our vendors, gives us access to information on new attacks and methods to counter these attacks long before the general user community is aware of them.

The security of our IP network is critical to both Verizon and GSA, and our Information Security Group is devoted to maintaining that security. Verizon’s security staff includes engineers with extensive backgrounds in computer security policy and implementation. They maintain the proper levels of protection on the Verizon IP network, ensuring that all new projects and products comply with our rigid security standards and procedures. This group’s knowledge of the necessary technologies, and its relationships with the FBI, CERT, Secret Service, and other agencies, allow them to achieve this goal.

7 With Verizon PBIP-VPNS solutions, every subscribing agencies node, connection, and VPN tunnel is monitored and managed 24x7 from our Government NOC/SOC. The NOC/SOC monitors the status of each connection and interface and collects the SNMP traps, alarms, and alerts as well as performance statistics. Subscribing Agencies are proactively notified when the NOC/SOC identifies an outage or possible service issue. In addition, we provide subscribing Agencies with the administrative tools necessary to monitor and manage security policies. The administrative tools can be accessed through our customer VPN Management portal. With this capability, agencies will be able to view the network configuration, operational state, performance statistics of each VPN site and order status.

8 As part of Verizon PBIP-VPNS services, we take full responsibility for the design, implementation, monitoring, and management of the VPN network. Service elements include: Customer Premise Equipment (CPE); bandwidth; local loop; SLA management; reporting; real-time network management; and proactive problem resolution. In addition, we have a dedicated Government-specific VPN Engineering to help integrate our solutions into a subscribing Agency's VPN network infrastructure. Our VPN Engineering can implement any complex or custom designed solution required.

9 Verizon supports secure routing services with full routing capability on the VPN platform. The PBIP-VPNS solutions are based on a full functional router with VPN/IPSEC enabled. IP routing capabilities such as BGP, EIGRP, and OSPF are supported as dynamic routing protocols. GRE is supported as a tunneling protocol. A combination of GRE and any dynamic routing protocol can be used for high availability options such as load sharing, fault tolerance, and fail-over protection, etc. Centralized policy is stored and managed from our VPN NOC/SOC. Agency requests for changes to VPN policy can be submitted through our VPN Management web interface.

10 QoS is supported with Verizon PBIP-VPNS dedicated access service. At pre- or post-VPN installation, a subscribing Agency's VPN administrators can submit their request for QoS services. With the Cisco VPN platform, we have the ability to support many QoS features, such as Access Control List (ACL), Weighted Fair Queuing (WFQ), Priority Queuing (PQ), and Class-Based Weighted Fair Queuing (CBWFQ). For real-time application requirements, we can configure a combination of ACL, WFQ, PQ, or CBWFQ.

Other Contract Requirements

Volume FLAG Section FLAG of Networx Contract

In preparation of the proposal response, GCI shall describe how it will support Verizon in responding to the Price Management Mechanism as defined in Section H.7 of the Networx Universal RFPs.

Interfaces

Section C.2.7.2.3 of Networx Universal RFP

GCI shall describe how it will provide all of the interfaces identified in Section C.2.7.2.3 of the Networx RFPs.

PBIP-VPNS Interfaces

GCI will comply with all applicable interfaces required for PBIP-VPNS.

The User-to-Network-Interfaces (UNI) at the SDP, as defined in Section C.2.7.2.3.1 below for Intranet and Extranet VPNs are mandatory as required in J.2.1, J.2.2, and J.2.3 for Geographic Coverage, unless marked optional.

Interface for Intranet and Extranet Premises-Based IP VPNs

Table 6.2-1. Interface for Intranet and Extranet Premises-based IP VPNs

UNI Type	Interface/ Access Type	Network-Side Interface	Protocol Type (See Note 1)
1	Ethernet Interface	1. 1 Mbps up to 1 GbE (Gigabit Ethernet) 2. 10 GbE (Optional)	IPv4/v6 over Ethernet

Notes:

1. IPv6 shall be supported when offered commercially by the contractor.

2. Where E-1/E-3 carrier service is provided, appropriate corresponding payload data rates apply.

The User-to-Network-Interfaces (UNI) at the SDP, as defined in Section C.2.7.2.3.2 for Remote Access VPNs are mandatory as required in J.2.1, J.2.2, and J.2.3 for Geographic Coverage, unless indicated otherwise.

Interface for Remote Access Premises-Based IP VPNs

Table 6.3-1. Interface for Remote Access Premises-Based IP VPNs

UNI Type	Interface/ Access Type	Network-Side Interface	Protocol Type (See Note 1)
1	Voice Service	Analog dialup at 56 Kbps	Point-to-Point Protocol, IPv4/v6
2	DSL Service	xDSL access at 1.5 to 6 Mbps downlink, and 384 Kbps to 1.5 Mbps uplink	Point-to-Point Protocol, IPv4/v6
3	Cable high speed access	320 kbps up to 10 Mbps	Point-to-Point Protocol, IPv4/v6
4	Multimode/Wireless LAN Service	See Section C.2.14.3.3.1 MWLANS User-to- Network Interfaces	

5	Wireless Access	See Section C.2.16.2.3.3.1 Wireless Access Arrangement Interfaces	
6	Satellite Access	See Section C.2.16.2.4.3.1 Satellite Access Arrangement Interfaces	
7	Circuit Switched Data Service	1. ISDN at 64 Kbps 2. ISDN at 128 Kbps 3. ISDN dial backup at 64 Kbps 4. ISDN dial backup at 128 Kbps	Point-to-Point Protocol, IPv4/v6

Notes:

1. IPv6 shall be supported when the contractor makes this feature commercially available.

2. Where E-1/E-3 carrier service is provided, appropriate corresponding payload data rates apply.

Service Level Agreements

Volume II, Appendix B.3, Attachment 1 of Networx Universal Contract

GCI shall describe how it will meet the Performance Metrics as defined by Section C.2.7.2.4.1 of the Networx RFPs for the individual services.

Premises-Based Internet Protocol Virtual Private Network Services SLA

· **Availability.** Availability is captured for each VPN. Availability is calculated as follows.

$$\text{Availability} = \frac{\text{Total expected Available time (Tex)} - \text{total outage time (Tou)}}{\text{Total Expected Available time (Tex)}}$$

Availability metrics are calculated for the Agency Bureau level by summing up Tex and Tou for all the VPNs under the Agency Bureau for a calendar month and reported as a percentage.

Availability metrics are calculated for the Agency level by summing up Tex and Tou for all the VPNs under the Agency for a calendar month and reported as a percentage.

· **Latency.** Latency value is the average round trip transmission between Agency premise routers for an IP VPN with all of its sites. Latency metric does not apply for DSL, Cable High Speed, Wireless, and Satellite access methods. Latency metric is collected for each metric at regular intervals and an average is calculated on a monthly basis.

Latency metric for an agency bureau is calculated as the monthly latency average of all VPNs associated with that agency bureau

Latency metric for an agency is calculated as the monthly latency average of all VPNs associated with that agency.

Performance Metrics

Section C.2.7.2.4 of Networx Universal RFP

Performance Metrics for Premises-Based IP VPNs

GCI will comply with all performance metric requirements for this service.

The performance levels and Acceptable Quality Level (AQL) of Key Performance Indicators (KPIs) for Premises-based IP VPNs in Section C.2.7.2.4.1 are mandatory unless marked optional.

Table 7.2.1-1. Performance Metrics for Premises-Based IP VPNs

Key Performance Indicator (KPI)	Service Level	Performance Standard (Threshold)	Acceptable Quality Level (AQL)	How Measured
Av(VPN)	Routine	99.9%	>99.9%	See Note 1
Latency (CONUS)	Routine	120 ms	<120 ms	See Note 2
Latency (OCONUS)	Routine	300 ms	<300 ms	See Note 3

Time to Restore	Without Dispatch	4 hours	<4 hours	See Note 4
	With Dispatch	8 hours	<8 hours	

Notes:

(1) VPN availability is measured end-to-end and calculated as a percentage of the total reporting interval time that the VPN is operationally available to the Agency. Availability is computed by the standard formula:

$$Av(VPN) = \frac{RI(HR) - COT(HR)}{RI(HR)} \times 100$$

(2) Latency value is the average round trip transmission between Agency premise routers for an IP VPN with all of its CONUS sites. Latency metric does not apply for the access methods (UNI Types 1-7) in C.2.7.2.3.2 . Relevant standards are RFC 1242 and RFC 2285. The contractor may propose to the Government more cost effective test and measurement technique alternatives that meet or exceed the requirements in RFC 1242 and RFC 2285.

(3) Latency value is the average round trip transmission between Agency premise routers for an IP VPN with its CONUS and OCONUS sites. Latency metric does not apply for DSL, Cable High Speed, Wireless, and Satellite access methods. Relevant standards are RFC 1242 and RFC 2285. The contractor may propose to the Government more cost effective test and measurement technique alternatives that meet or exceed the requirements in RFC 1242 and RFC 2285

(4) See Section C.3.3.1.2.4 for the definitions and measurement guidelines.

Service Quality and Performance Metrics

Volume I, Section 4.2.1.2.1 of Networx Contract

GCI's PBIP-VPNS performance metrics are measured as follows:

· **Availability.** Verizon monitors PBIP-VPNS Availability (Av) using our Enterprise Trouble Management System (ETMS). Each outage is entered into a trouble ticket and recorded in ETMS. Elapsed time for each outage is measured as the difference between the timestamps when the outage is repaired and when the ticket was opened, minus: any time (1) due to scheduled network configuration change or planned maintenance; or (2) as agreed to by the customer and Verizon that service restoration cannot be worked due to customer-caused delays. Verizon reports Av on a monthly aggregate basis per agency using the following formula where S=PBIP-VPNS service, RI=reporting interval, COT=cumulative outage time, and HR=hours:

$$Av(S) = \frac{RI(HR) - COT(HR)}{RI(HR)} \times 100$$

· **Latency.** Verizon monitors PBIP-VPNS latency between Customer Edge (CE) routers using probe packets. A probe packet is sent in each VPN tunnel to measure latency. We report latency results in near real-time and provide aggregate reports (daily, weekly, monthly) for the previous month.

· **Time to Restore.** Verizon monitors PBIP-VPNS Time to Restore (TTR) using its ETMS. Verizon calculates outages as discussed under Availability, above. We report TTR on a per incident basis.

Features

Section C.2.7.2.2 of Networx Universal RFP

GCI shall describe how it will provide all of the features identified in section C.2. 7.2.2, of the Networx RFP. GCI shall also price the required features per FLAG TYPO IN SOW PDF B 2.7.2.4-1 & 2 and provide in the required format.

PBIP-VPNS Features

Volume I, Section 4.2.1.3.1.2 of Networx Universal Contract

GCI will comply with all feature requirements for C.2.7.2.2.1 as follows.

1 Verizon understands GSA's requirements for Premises-Based IP VPN Services, and we comply with all the feature requirements. Our solutions enhance subscribing Agencies' capabilities to meet rigid security requirements and mission-critical timelines, and will provide the flexibility to seamlessly interwork with other network services to meet Federal Enterprise Architecture (FEA) initiatives. As shown in Figure 8.0-1 below, Verizon's High Availability (HA) options for CPE under PBIP-VPNS support fault tolerance, load sharing, fail-over protection, and diverse access to Verizon Global IP Backbone These HA designs are flexible, and we have an engineering staff to support any custom design or non-standard configuration as needed. As a result, GSA will have the ability to keep its network and applications up at all times to meet mission-critical deadlines. GSA can choose several HA configurations based on the following:

1a Fault Tolerance by definition is providing redundancy to services while eliminating any disruption or downtime. Verizon supports this requirement by deploying dual CPE/VPN routers configured with Cisco Hot Standby Routing Protocol (HSRP). Also, Internal BGP (IBGP) or Open Shortest Path First (OSPF) is configured for stateful IP routing and dynamic failover. On the access link, there will be two IPS circuits provisioned. One is configured using a BGP Multi Exit Discriminator (MED) or Metric of '0' as primary/preferred. The secondary/ shadow circuit is configured with a MED/Metric of '10'. In a hub-and-spoke configuration topology, the hub site will have the fault

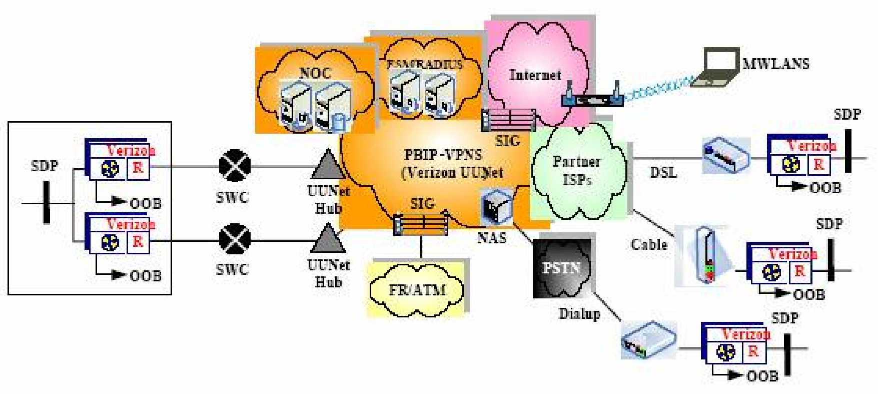
tolerance design, and the spoke site will have a single CPE and circuit. (Note: Verizon can support the same fault tolerance for both hub and spoke, if required). For IPSEC tunnel failover between hub and spoke sites, two Generic Routing Encapsulation (GRE) tunnels are built from the spoke router to the hub routers; one to primary and the other to secondary. Additionally, Cisco Enhanced Interior Gateway Routing Protocol (EIGRP) is configured within the GRE tunnel for dynamic failover of the IPSEC tunnel. EIGRP is configured with bandwidth 'metrics'; the higher metric is preferred and the lower metric is less preferred.

1b High Availability under a load sharing scenario using two IPS circuits will leverage two CPEs at the Agency site. The two IPS circuits can either use Multilink Frame Relay (MLFR) or Mutilink PPP (MLPPP), which are the preferred methods for true load balancing and aggregated throughput, or a combination of EIGRP and OSPF. With MLFR and MLPPP, the two circuits have to terminate on the same access/gateway router within our POP in order to work. With EIGRP and OSPF, the two IPS circuits have the option of connecting to two diverse routers or POPs. Load sharing is accomplished using equal cost routing. On hardware redundancy, the Cisco Hot Standby Routing Protocol (HSRP) is enabled between the two CPE/VPN routers. Hardware failover is provided for both LAN and WAN traffic. Moreover, OSPF cost is configured between the VPN router for stateful IP routing in the event one router goes down. This scenario will feature inherent 99.999% availability.

1c From a CPE/VPN router perspective, fail-over protection will involve using the Cisco Hot Standby Routing Protocol (HSRP) configured on the two VPN routers. This protocol provides seamless fail-over if one router goes down; Internet and VPN services will not be disrupted.

1d As mentioned in the load sharing scenario in response to Item 2 above, with two IPS circuits terminating on either diverse router or POP, diverse access into Verizon IP POPs can also be achieved. We will meet the requirement by provisioning the two IPS circuits to two geographically disperse POPs, two separate wiring center/COs, and two separate entrance facilities at the Agency site. Extending into the SDP, the two IPS circuits will terminate on two separate CPE/VPN routers.

Figure 8.0-1. Verizon High Availability Requirements for Critical Applications



2 Verizon's Internet Gateway Service provides controlled and monitored connections between the IP-VPN service and the Internet via a hardened trusted gateway. Our hardened trusted gateway solutions consist of either an integrated firewall feature of the VPN router, or a separate, standalone firewall appliance Both offer true security protection from unwanted traffic and malicious attack via the Internet. The Agency site can be configured either for VPN only (with no Internet access), or for Internet access via one of the following optional configurations:

- **VPN plus Internet.** VPN plus Internet or VPN + Internet Wide open is one of the features we support on a PBIP-VPNS dedicated solution. This feature will provide an Agency VPN site with Internet access on the same access circuit with the use of split tunneling. The tunnel to the Internet is wide open or unprotected, so we require the Agency to have a firewall. The firewall can be provided and managed by Verizon or by the Agency.

- **VPN plus Internet Connection Oriented.** VPN plus Internet Connection Oriented is supported on a PBIP-VPNS dedicated solution. This feature provides an Agency VPN site with Internet access on the same access circuit using an integrated firewall service that provides basic security for users to access the Internet. Unmatched inbound Internet traffic is dropped due to firewall policy. A separate firewall is required if servers at the Agency site need access to the Internet. The firewall can be managed by Verizon or the Agency.

- **VPN plus Internet via Policy Based Routing (PBR).** Supported on PBIP-VPNS dedicated solutions, PBR provides Internet access

via a central site. Agency sites that require Internet access can send/route traffic destined for the Internet down the VPN tunnel to the central site with firewall. All outbound and inbound traffic to and from the Internet goes through the firewall for security purposes. The firewall can be managed by Verizon or the Agency.

3 One of the key benefits of Verizon's PBIP-VPNS solution is our ability to support and provide subscribing Agencies with seamless integration and the capability to interwork with other Verizon network services using a combination of access methods:

3a Using our Secure Interworking Gateway (SIG) implementation to support GSA requirements, a subscribing Agency's IP VPN/PBIP-VPNS service can access Verizon's ATMS site seamlessly and securely. For this configuration, we will build an ATM Permanent Virtual Circuit (PVC) from the Agency ATMS network to the SIG port. Within the SIG port, we will map/configure the PVC ID into a newly created IPSEC tunnel that is homed to the hub site in the IP VPN network; interworking between ATMS and PBIP-VPNS is then achieved.

3b FRS interworking with a PBIP-VPNS network is achieved using the same SIG implementation as is used with ATMS, as discussed in the respons to Item 3a above.

3c Not proposed.

3d Since PBIP-VPNS uses our global IPS network, a subscribing Agency's IP VPN requiring transparent access to our IPS network can leverage Verizon's hardened trusted Internet gateway features. This feature will provide access to our IPS/Internet network from the Agency's IP VPN network.

3e Interworking between PLS and PBIP-VPNS networks can have several configurations. PLS by product definition is a point-to-point circuit from site A to site Z. In order to bridge/interwork with a PBIP-VPNS network for service interoperability, an additional access circuit will need to be provisioned from either site A or site Z. The access circuit may be:

- To the Agency's hub/corporate site within the PBIP-VPNS network.

- To Verizon's IP POP with a managed IP VPN router. This is the same standard design as an Agency would purchase in PBIP-VPNS services with IPS access.

- To a SIG port/IPSEC tunnel to the hub/corporate IP VPN site (analogous to FRS/ATMS).

4 During the VPN configuration build phase, VPN Builder—a configuration tool based at Verizon's VPN NOC/SOC that enables Verizon personnel to

configure VPN tunnels remotely—automatically

generates a random key to be used in conjunction with the node IP addresses to authenticate the nodes of a given VPN link. These tunnel authentication keys are automatically generated, and though saved as part of the VPN node configuration for back-up purposes, are not accessible to Verizon personnel. A Diffie-Hellman Internet Key Exchange (IKE) occurs to define an encryption key known as a “session key” for the tunnel. This key changes for every tunnel built, cannot be predicted, and is used to encrypt customer data transmitted through the VPN. The Diffie-Hellman session keys cannot be accessed via any of our systems. A new session key is renegotiated after 24 hours for tunnels using DES and 3DES encryption.

4a Before the VPN router is shipped to the subscribing Agency site, the VPN node configuration server automatically generates a pre-shared secret to be used for SNMPv3 communications between Verizon’s management center (VPN NOC/SOC) and the VPN router (VPN node). The SNMPv3 secrets loaded during pre-configuration are generated randomly, change on a per-node basis, and are loaded via out of band. The VPN node configuration server is secured to deny all access from the public network. This randomly generated pre-shared secret is then transferred securely via SSH to the VPN Builder (Verizon’s VPN Management system) and by authorized personnel to the VPN configuration manager. The SNMPv3 pre-shared secret allows the VPN Builder to securely push out the rule sets required to configure a VPN node that has been previously installed at the Agency site.

4b Verizon’s PBIP-VPNS services are fully managed solutions. In order to ensure the security and integrity of the VPN, a subscribing Agency is not permitted to access any key/VPN Management system. However, upon request, an Agency can be granted SNMP Read-Only (RO) access to the managed devices. SNMP RO access provides an Agency with limited visibility into our PBIP-VPNS managed hardware located on their premises, enabling them to view certain raw data and monitor aspects of a router’s performance. If an Agency wants to employ their own key management system/process, we support this requirement by selling the VPN hardware and software without our management capabilities.

5 Verizon’s Security Services offer a variety of features and functionalities in different areas to meet GSA’s security requirements. With our recent acquisition of NetSEC, the leader in managed security and professional services to the Government, we have strengthened our ability to enhance our services and provide a more in-dept product portfolio. These services include Managed Firewall, Managed Intrusion Detection and Prevention, IP Vulnerability Scanning, Anti-Virus Management, Network-Based DDOS, Managed PKI, and Integrated Firewall services. In addition, we have implemented a

Government-specific NOC and SOC for all VPN and Security support. The facility is highly secure and meets all Government approved standards. The facility, located at Ashburn, Virginia, was strategically chosen for its ability to provide a number of key factors, including:

- Close interaction with VPN Engineering
- Close interaction with IPS NOC
- Close interaction with Product Marketing
- Close interaction with Customer Care/ Customer Support
- Local support to Agencies in the Washington DC area, redundant backup system and power supply
- Local support from Verizon security vendors (Cisco, Juniper, Nortel, Lucent, Checkpoint, Nokia, IIS, RSA, Verizon-NETSEC, VeriSign, etc.)

5a Verizon offers a range of Managed Firewall services to meet Networx customers’ specific needs. These services bundle a firewall system with Verizon-provided administration, pro-active monitoring, and report generation. These solutions provide an organization with secure Internet access and protection for their Internet servers’ data (mail, web, e-commerce) while minimizing or eliminating the burden of firewall administration. Verizon’s firewall solutions with the PBIP-VPNS Dedicated services, include:

- Stateful firewall features available on the CPE.
- Placing a stand-alone Verizon-managed or Agency-managed firewall at each location.
- Placing a stand-alone Verizon-managed or Agency-managed firewall at a single location, and using the Policy-Based routing feature of PBIP-VPNS Dedicated services to allow all non-VPN traffic to be controlled through a centrally located firewall.
- Placing a stand-alone Verizon-managed or Agency-managed firewall at a single location coupled with the Agency-managed proxy server. This scenario allows for all non-VPN traffic at spoke/branch locations to pass through a single firewall. The proxy server can be eliminated with the use of an Agency-managed firewall with application proxy capability.

5b Verizon employs the proven VeriSign IP Network Defense Scan to deliver scheduled vulnerability assessments for Agency environments. Dynamic, proactive searches regularly seek out security holes in client networks, reducing the window of opportunity during which they can be exploited. This service uses the NESSUS scanning engine, one of the managed security industry’s most scalable, powerful correlation and analysis engines. IP Network Defense Scan includes

comprehensive reporting capabilities, analysis, and recommendations to provide Networx customers with a thorough, automated vulnerability assessment service. Verizon’s IP Network Defense offers both recurring and one-time test options, with a choice of recurring external scanning, recurring internal scanning, or a one-time external scan. Using IP Network Defense Scan, Networx customers will have around-the-clock access to security operations support consultants. In-depth testing is available on a weekly, monthly, or quarterly basis. Networx customers will be notified within minutes of high-risk vulnerabilities discovered during testing, and will be provided mitigation and remediation options, as appropriate.

5c As a value added feature, Verizon PBIP-VPNS solutions feature managed Intrusion Prevention. This service provides a proactive method to reduce a network’s exposure to worms, malicious code, and other network-based attacks. Verizon uses industry leading technology from Juniper Networks (formerly NetScreen) and Internet Security Systems (ISS), and adds enhanced IPS policy management, reporting, and 24x7 monitoring.

5d Verizon PBIP-VPNS provides Denial of Service (DoS) protection as a value added feature. As a complete managed service, our VPN NOC/SOC will monitor and manage an Agency's VPN network by viewing latency, utilization, and tunnel information using SNMP statistics. Moreover, our VPN NOC/SOC will monitor Agency connections by sending an ICMP packet to the Agency's Ethernet or serial interface every five minutes. If the circuit is under some sort of a DoS attack, then the ICMP packets that Verizon sends will likely be discarded. This will cause an alarm on Verizon's monitoring tool to alert the engineer that we are not able to successfully ping the Agency's router. It is then Verizon's responsibility to determine whether the over-utilization is due to legitimate traffic or due to a form of an attack. This is accomplished by checking the live bits on our access/gateway router to which the Agency's VPN circuit terminates. We will then notify the Agency by whatever means was agreed upon during the install process; this can be via pager, phone, or email. The Spam / Abuse Dept will then place an Access Control List (ACL) or filter on our access/gateway router to block traffic before it reaches the Agency's router/network. One thing to note: we do not proactively place these ACLs on our routers; and when they are placed, it is on a temporary basis until the attack has ceased. Our Security/VPN team has won many awards and accolades, including one from the SANS Institute:

Verizon Success Story. The SANS Institute, which awards innovative and resourceful companies for their extraordinary leadership in the Network Security field, has presented Verizon with two key Information Security Leadership Awards in the Internet

Service Provider (ISP) category. Our security team received the Award for Leadership in Mitigating Denial of Service Attacks for its proactive efforts in developing new and aggressive techniques to identify and block Distributed Denial of Service attacks (DDOS) against its customers. Verizon also received the Award for Leadership in Rapid Response to Worm Activity for its security team's quick and decisive work in decoding and halting the CodeRed and SQLSlammer worms.

5e Network Address Translation (NAT) is supported. Multiple private IP addresses are translated into public IP addresses, with various configuration options available. PBIP-VPNS platform can provide NAT through the VPN tunnel. This enables sites in the VPN with duplicate IP addressing to communicate within the VPN without requiring renumbering of the sites.

5f Verizon's PBIP-VPNS solutions support Port Address Translation (PAT) as an inherent element in product design. Essentially, PAT allows Agency users within the LAN/VPN network to have the same IP address, but on a different port. A good example is access to a web server. An Agency user from a private address, say in the 10.0.0.0 network, has their individual addresses translated to just one legal IP address, but with separate port numbers between 1024 and 65535. This allows for separate conversations with a web server having just one address and destination port of 80 (HTTP). This applies just as well if one user has several sessions with the same web server; the different port numbers distinguish the sessions.

6 A brief comparison of Verizon's PBIP-VPNS features and benefits by access options is provided in Table 8.0-1 below:

Table 8.0-1. PBIP-VPNS Comparison: Features and Benefits

Feature	PBIP-VPNS Remote Access	PBIP-VPNS Broadband Access	PBIP-VPNS Dedicated Access
Description	· Fully managed remote access IP VPN solution provides enterprises with remote access to corporate resources.	· Hybrid managed solution provides enterprises with remote office/home office users with broadband connectivity to hub site. · Remote access for mobile and remote end users also supported.	· Fully managed PBIP-VPNS solution provides enterprises with dedicated (site-to-site) access, and remote access capabilities when bundled with PBIP-VPNS RAS Nortel solution.
Reach	· Remote access from more than 140 countries, North America, Asia-Pacific, and Europe	· Local dedicated access coverage in United States. · Remote access from more than 140 countries	· Local dedicated access coverage in 34 countries. US, Canada, Latin America, Europe, Asia-Pacific. Expanded geographical coverage in an additional 40 countries via third- party connectivity.

Feature	PBIP-VPNS Remote Access	PBIP-VPNS Broadband Access	PBIP-VPNS Dedicated Access
Tunneling	· IPSEC, L2TP, PPTP, SSL	· IPSEC, SSL	· IPSEC
Encryption	· DES, 3DES, RC4	· DES, 3DES, AES	· DES, 3DES
Monitoring	· 24x7 from Verizon VPN NOC/SOC	· 24x7 hub site monitoring from Verizon VPN NOC/SOC	· 24x7 from Verizon VPN NOC/SOC
Client Software	· VPN client with Verizon Phone Access Lookup (PAL) dialer or Access Manager	· Hardware client on remote CPE; optional remote access VPN client capable of integrating with Verizon PAL dialer or Access Manager	· N/A
Access Methods	· Dial, ISDN, DSL, wireless, cable; Dedicated circuit required for dial aggregation	· Dedicated Internet circuit required at host site. · Internet Dial, DSL, Cable, Wireless, and Satellite. Agency-provided access is supported.	· Dedicated connections from T1 to OC-3, DSL, and NxT1 MLFR. ISDN can be use as backup to dedicated T1.

Additional Features	· Failover/ redundancy · Load balancing · Split tunneling · Advanced bandwidth management · Backup and recovery infrastructure	· Split tunneling · Client or network extension mode · Hub site failover · Hub site can be collocated with DCS · Backup and recovery infrastructure at hub · Optional dial capabilities provide IP VPN remote access	· Multiple failover services · Class Based Queuing (CBQ) for application filtering and bandwidth reservation, easily integrated with Data Center Services, Managed Firewall, and Remote Access services

Training

Volume II, Section 3.11 of Networx Universal Contract

GCI shall offer sales training to the Verizon Government Markets sales organization to facilitate the selling of GCI High-speed Service both under the FTS2001 contract umbrella as well as Networx.

GCI shall offer training materials to Verizon and its customers in order to support Verizon's ability to deliver training to Networx customers as defined by Section C.3.7 of the Networx RFPs.

Training Content

GCI will provide content for PBIP-VPNS training in accordance with the requirements of RFP Section C.3.7.2.

Training Development

Team Verizon's solution for training development meets or exceeds all requirements found in RFP Section C.3.7.2.1.

Training Availability

Team Verizon's solution for training availability meets or exceeds all requirements found in RFP C.3.7.2.2.

Training Maintenance

Team Verizon's solution for training maintenance meets or exceeds all requirements found in RFP C.3.7.2.6.

Within 30 business days following any changes to Team Verizon's Networx program that would result in any changes or modifications to the training program, all affected training material will be updated and made available to the Government. These modifications will be provided at no cost.

Partner Meetings/Sales Opportunities

FLAG DOES NOT MAP TO NETWORX PROPOSAL/CONTRACT.

GCI shall support meetings with Verizon Networx Partners.

GCI shall assign sales representatives to support the FTS2001 and Networx opportunities. GCI shall support Sales Opportunity Reviews to ensure collaborative planning.

4.0 Project Term

This agreement will run concurrent with Verizon's Networx Universal and Enterprise contracts with the GSA. Time period will be upon issuance of a Purchase Order thru 2011.

5.0 Deliverables

See Project Scope.

6.0 Contact Information

VerizonBusiness
Name
Title
Address
City, State Zip
Phone number
Fax number
Email address

Supplier Name - GCI
Name - Laura Rykaczewski
Title - Senior Account Manager
Address
City, State Zip
Phone number - 907 868 5351
Fax number - 907 868 6292

Email address - lrykaczewski@gci.com

7.0 Project Staffing

Not applicable.

8.0 Work Performance

- Security – N/A
- Hours & Overtime – Pre-approval of time/materials above what is identified in the Cost & Schedule section is required when they impact project costs
- Travel & Expense Guidelines – N/A

9.0 Assumptions/Risks/Dependencies

Refer to Exhibit B prime contract "flow down provisions"

10.0 Verizon Responsibilities

See Project Scope

11.0 Cost and Schedule (TBD)

The value of this SOW is estimated to be approximately $X,XXX,XXX.00 for the term of the SOW.

Year 1 (2007) = $
Year 2 (2008) = $
Year 3 (2009) = $
Year 4 (2010) = $

Pricing Structure

Section B.2.7.2 of Networx Universal RFP

GCI shall provide competitive pricing to Verizon. GCI shall comply with the Pricing Structure outlined in Section B.2.7.2 of the Networx RFPs.

Premise-Based IP VPN (PBIP-VPNS) Service

The technical requirements for PBIP-VPNS are described in Section C.2.7.2.

Premise-Based IP VPN Price Structure

The price structure for PBIP-VPNS shall comprise the following elements:

a. Network Design and Engineering

b. Transport Charges

c. Feature Charges

The pricing associated with PBIP-VPNS shall be based on a number of factors such as number of sites, bandwidth requirements, security services,

and the type of access. The CLIN associated with the initial network design and engineering service shall be ICB as shown in Table B.2.7.2.1-2.

Table 0-1. PBIP-VPNS Prices

CLIN	Case Number *	Price	Price Start Date	Price Stop Date	Price Replaced Date

* Applies to ICB CLINs only

Table 0-2. PBIP-VPNS Network Design and Engineering Service Pricing Instructions

NRC CLIN	Description	Charging Unit
0200001	Network Design and Engineering Service	ICB

There may be charges associated with the SEDs at the Agency location as part of the managed service if provided by the contractor. Table B.2.7.2.1-3 provides the pricing instructions for VPN Gateway management. Table B.2.7.2.1-1 provides the format for pricing information for PBIP-VPNS Network Design and Engineering Service and VPN Gateway Management.

Table 0-3. PBIP-VPNS VPN Gateway Management Pricing Instructions

CLIN	Description	Charging Unit
0200005	VPN Gateway Management	ICB

Pricing for SEDs for the user to network interfaces shall be listed in RFP Section B.4.

PBIP-VPNS Access

For a remote access solution, two types of access arrangements are possible as follows: (1) Independent Access or (2) Embedded Access; these are further described in Section B.2.4.1. For instance, the independent access may be from a source other than the contractor (e.g., another Government contract or an independent source) which shall form the basis for both dial-up and/or DSL/Cable Broadband access (for instance, in the case of a person telecommuting from home). Any charges, if applicable, for interfacing with cable and DSL service shall be included in the port charges as described in Section B.2.4.1.

For Intranet and Extranet solutions, pricing for dedicated access is described in RFP Section B.3.

PBIP-VPNS Transport

Transport charges are described in RFP Section B.2.4.1 (Internet Protocol Service).

PBIP-VPNS Feature Prices

Table B.2.7.2.4-1 provides the format for pricing features. Table B.2.7.2.4-2 provides the pricing instructions for the list of features supported.

Table 0-1. PBIP-VPNS Feature Prices

CLIN	Case Number*	Price	Price Start Date	Price Stop Date	Price Replaced Date

* Applies to ICB CLINs only

Table 0-2. PBIP-VPNS Feature Pricing Instructions

CLIN	Description	Charging Unit
	High availability option – Fault Tolerance	See section B.4 (SED)
	High availability option – Load Sharing	See section B.4 (SED)
	High availability option – Fail-over protection	See section B.4 (SED)
	High availability option – Diverse access points to service provider's POPs.	See section B.3
0209002	Internet Gateway Service	NSP
0209020	Interworking services - ATMS	NSP
0209021	Interworking services - FRS	NSP
0209022 (Optional)	Interworking service – Ethernet (Optional)	NSP
0209023	Interworking service - IPS	NSP
0209010	Key Management – Contractor	ICB – MRC
0209011	Key Management – Government Agency (Key Generation Only)	ICB – MRC
	Security services - Managed stateful firewall services	See section B.2.10.1
	Security services - Network scanning service	See section B.2.10.3
	Security services - Managed Intrusion Detection service	See section B.2.10.2
	Security services - Denial of Service (DoS) protection	See section B.2.10.1
	Security services - Network Address Translation	See section B.2.10.1
	Security services - Port Address Translation	See section B.2.10.1

12.0 Bonding Requirements

Not applicable.

13.0 Invoicing Requirements

In order for you to receive payment, receipts must be completed and all ORIGINAL invoices must be submitted to Accounts Payable. In the event an original invoice was sent to the Verizon end user, it will be the responsibility of the Verizon end user to ensure the original invoice is forwarded to Accounts Payable.

A valid invoice MUST contain the following:

Supplier Name	Remittance Address
Invoice Number	Purchase Order Number
Invoice Date	Dollar amount broken out by line item of the Purchase Order

The payment terms for such work will be Net 30 days from date of an authorized invoice.

Send ORIGINAL INVOICE to

Verizon Business
P.O. Box 770
Ashburn, VA 20146-0770

Please send a COPY of the INVOICE to

Verizon Business
Federal - AP
2485 Natomas Park Drive, Suite 450
Sacramento, CA 95831
Jenifer.Mojonnier@verizonbusiness.com

Failure to follow the above directions may result in delay of payment.

14.0 Applicable Documents

GCI ICDs

GCI ICD_P_II_SPIM_v2.8_06072007.doc

GCI SV_7 2_ICD_GCI_v4 0.doc

GCI ICD_GCI_ASR_v2.1_01182007.doc

GCI Pricing

See attached excel worksheet.

Verizon will provide any working documents that may be required to complete the work effort. All content will be the exclusive property of Verizon. "GCI" will secure prior approval from Verizon before any materials are shared publicly. Because Verizon will have provided content and approve on all material, Verizon will have sole responsibility for accuracy of contents.

15.0 Vendor Outsourced Activity

No third party subcontractor shall be added to a Statement of Work by the Consultant without obtaining prior approval from Verizon's Primary contact above.

16.0 SOW Change of Scope Procedure (if applicable)

Any change to this Statement of Work shall be provided in writing and accepted by both Parties before being accepted and included as a part of this SOW Agreement.

17.0 Acceptance Criteria

Acceptance shall be given when all of the deliverables have been received or completed, including receipt of all documents and data produced during this project. Approval of invoice for work performed is acknowledgement of acceptance criteria.

The parties agree that this engagement letter/SOW describes certain Services to be performed by GCI for Verizon. GCI acknowledges and agrees that the Services described herein shall not commence until GCI receives from Verizon a Purchase Order incorporating this engagement letter/SOW. **THERE IS NO BINDING OBLIGATION BETWEEN** GCI **AND VERIZON WITH REGARD TO THE SPECIFIC PROJECT DESCRIBED IN THIS SOW UNTIL THE CORRESPONDING PURCHASE ORDER IS ISSUED. FAILURE TO OBTAIN BOTH A VALID PURCHASE ORDER AND AN APPROVED ENGAGEMENT LETTER OR SOW WILL RESULT IN VERIZON HAVING NO LIABILITY OF ANY KIND FOR ANY PERFORMANCE OF SERVICES DESCRIBED HEREIN.**

In WITNESS WHEREOF, the parties have entered into this Statement of Work as a part of an agreement.

Verizon Services Corporation	**General Communication, Inc.**
By: ______________________	By: ______________________
{Signature}	{Signature}
	Richard Westlund
{Printed Name}	{Printed Name}
	Senior VP & General Manager
{Title}	{Title}

{Date} {Date}

Exhibit A

SCOPE OF WORK

PRIVATE LINE SERVICES

(12 OF 14)

STATEMENT OF WORK

GCI Premises-Based IP VPN Services (PBIP-VPNS)
Networx Universal Contract Volume I, Section 4.2.1

1.0 Objective

Verizon has selected GCI to meet the requirements for Private Line Services (PLS). GCI will comply with all requirements for C.2.5.1 as outlined on the following pages.

2.0 Background

Private Line Service provides dedicated, reliable full duplex bandwidth for Agency-specific data networks and mission critical applications. The ranges of line speeds and reliability options provided by this service allow Government users to satisfy an array of diverse requirements. This service can be used for various applications such as voice, data, video, multimedia, and encrypted communications.

3.0 Project Scope

GCI is only providing the local and Alaska LD for this service. VZB is providing the long distance portion of the service.

Technical Requirements

Section C.2.5.1.1.4 of Networx Universal RFP

GCI shall offer a technical solution which meets the requirements of GSA's Networx Universal and Enterprise RFPs (heretofore referred to as Networx RFPs) Section C.2.5.1, Networx PLS Service, as well as provide pricing in the structure provided for in Section B.2.5.1.1 of the Networx RFPs. If GCI does not provide any of the services described in Section C.2.5.1, then it will be GCI's responsibility to identify a teaming partner or solution to meet all of the requirements in Section C.2.5.1 as it relates to Networx PLS Service, as it pertains to Alaska coverage. This includes:

- Providing PLS Service transport between the subscribing Networx Agency's Service Delivery Point (SDP) and the GCI trunking interface point to Verizon's POP in Seattle.
- Installing and maintaining Service Enabling Device(s) that may be ordered for the subscribing Agency's SDP.
- Responding to Verizon trouble tickets reported to Verizon's Help Desk.

- Providing SLA and KPI performance data shown in RFP Sections J.13.3.5 and C.2.5.1.4.1 respectively.

GCI shall work with Verizon on how it will provide Management and Operations (MOPS) data to support Verizon's ability to deliver a MOPS solution and MOPS deliverables under the Networx contract(s), as defined by the requirements on Section C.3 of the Networx RFPs. This will include developing a data interchange interface with Verizon to support the MOPS requirements. Data interchange between Verizon and GCI will be defined prior to contract award and must support the requirement for Networx vendors to provide an Operational Capabilities Demonstration prior to contract award.

Verizon will provide all network connectivity for these services unless otherwise specified.

Service Overview

Verizon has selected GCI to meet the requirements for Private Line Services (PLS). GCI will comply with all requirements for C.2.5.1 as outlined on the following pages.

Description of Approach to Service Delivery

Volume I, Section 4.1.7.1.1 of Networx Universal Contract

Verizon's approach to provide state-of-the-art Private Line Network offerings will leverage the underlying SONET transmission networks of both Verizon and partner Level 3 (formerly WilTel) to provide full compliance with the Government's Private Line Service (PLS) requirements and offer complete carrier diversity, as needed.

Resilience + Reliability = Lower Risk. As an integral Networx partner, Team Verizon provides a secondary source for standard PLS and a fully diverse means to achieve critical service levels. For military and critical civilian networks, this provides the maximum protection against catastrophic failures. The use of dual carriers also reduces the vulnerability to network-wide hardware/software failures or simultaneous localized failures and will help assure redundancy being maintained over the long-term. This two network approach eliminates the accidental loss of redundant circuit paths during network re-provisioning in network optimizations and redesigns.

This proven partnership currently operates this way for the 5000-plus Verizon FAA LINCS network which is contractually obligated to achieve 99.999% availability but consistently reaches 99.9999%. In addition to combining to provide ultra-high availability arrangements, the Verizon/Level 3 partnership also provides more comprehensive coverage than would be possible independently of each other. The Team Verizon partnership offers our clients with carrier diversity through a single contractual arrangement.

Performance Metrics. Verizon's PLS solution includes single network elements to support Networx .994 routine metrics requirements and

redundant network elements to support the .9998 critical metrics requirements. For critical services, redundant circuits from a Verizon POP to the Networx site are combined with the protection offered by the SONET Rings of the Verizon backbone and/or through our multi-carrier approach, as detailed above. This circuit topology ensures the Networx customer protection from circuit degradation caused by a single circuit failure. Verizon's PLS provides dedicated, reliable bandwidth for agency-specific data networks and mission-critical applications. The primary service delivery platform for Private Line is Verizon's U.S. Private Line Network. This service is a tightly controlled, resilient, high-performance transmission network that supports ubiquitous access to transport services with points-of-presence (POPs) in more than 400 U.S. cities, and global connectivity via Verizon's international gateways and border crossings. Hundreds of Government and Fortune 500 customers, including the Federal Aviation Administration, NASDAQ, and Chrysler, rely on Verizon to support their mission critical operational and business applications.

A Solid FTS2001 Track Record. As a leading provider of facilities-based, local-to-global-to-local services, Verizon offers a comprehensive portfolio of PLS solutions to accommodate virtually any type of application. Verizon's 100 percent fiber optic metropolitan network enables customers to transmit different types of data simultaneously across our network. Our FTS2001 customers have come to expect outstanding quality and reliability from a Verizon network that delivers data transmissions smoothly, without interruption—and Networx customers will receive no less. Verizon's PLS offering is a comprehensive portfolio that encompasses local, U.S. long distance, and global PLS. In 85 U.S. metropolitan areas, with access throughout the United States and in over 60 countries, the service offers flexible speeds ranging from 2.4 Kbps through 10 Gbps, depending on customer application needs. In addition, our global network has the ability to serve our customers' requirements with "in-country" international telecommunications representatives in over 60 countries around the world. Currently, Verizon has 16,000 Private Line (DTS) circuits dedicated to FTS2001 customers to provide benefits, capabilities and features that will continue to be provided under Networx, including:

- **Low Risk.** Because Verizon is currently providing the service, we have a proven track record that will help ensure that new Networx customers—and those transitioning from FTS2001—will have the PLS they need without the uncertainty inherent in a non-incumbent.

- **SONET Connectivity.** As the first carrier to offer SONET transport services to customers as a commercial product, and with 85 POPs nationwide, Verizon PLS can expand to meet Agency needs as they evolve.

- **Service Assurance.** Verizon is an experienced FTS2001 network and systems integrator with a proven track record designing, implementing, and managing high availability end-to-end networks.

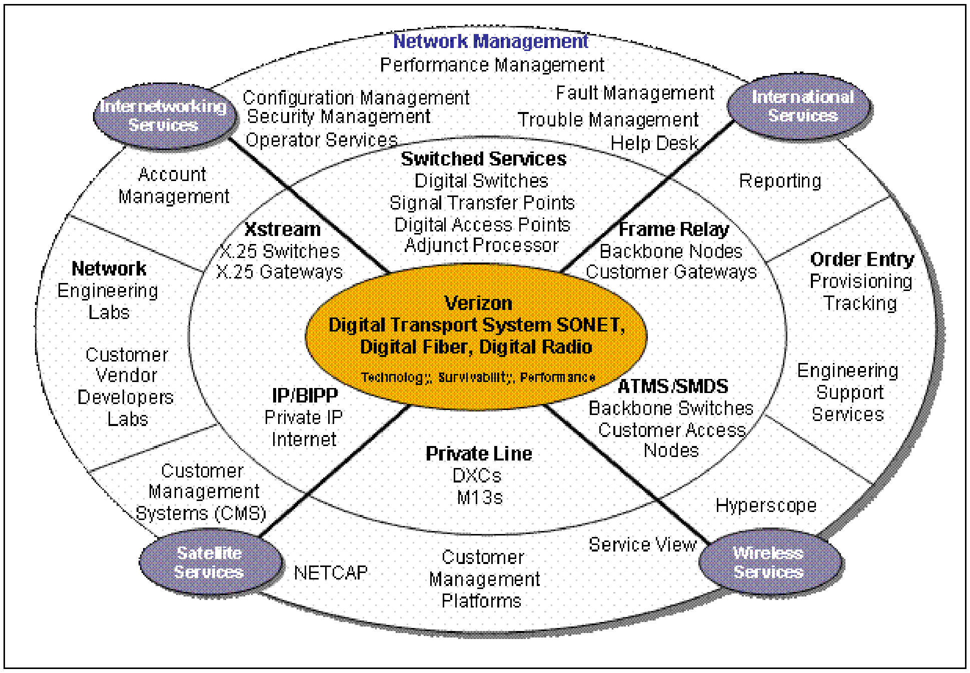
- **Global Connectivity.** Verizon has fiber optic capacity along most major submarine cable routes, with SONET connectivity to Europe and Asia.

- **Local Access.** Verizon currently offers FTS2001 customers a comprehensive set of standard and optional access solutions for seamless private line connectivity between an SDP and a POP. Verizon is a competitive local access provider with more than 90 local city networks in both domestic and international metropolitan areas, many of which already serve Government facilities. Where we do not offer local access, we have proven working relationships with LECs, CAPs, and non-domestic service providers that meet dedicated access needs.

Verizon's PLS is fully compatible with end-to-end encrypted communications. The transparent nature of Verizon's network enables customer CPE devices, such as synchronous channel encryptors located at the customer's premises, to operate across the network SDP to SDP.

Network Architecture. Verizon's Private Line solution illustrated in Figure 3.1.1-1, combines "best of breed" termination devices with the unmatched protection of Verizon's SONET=based backbone. These elements, teamed with Verizon's broad managerial expertise gained in the present FTS2001 contract, ensure success.

Figure 3.1.1-1. Verizon's Network Architecture Complements Private Line Requirements



Verizon Private Line services, which provide raw bandwidth for communications, are the basic building blocks of U.S. and international telecommunications products and services, and are available as follows:

- **Metro Private Line.** The Metro Private Line product family consists of MPL Analog/Digital Service, MPL SONET Service, MPL Dedicated Multipoint Service, and Metro Wavelength Service, and provides point-to-point, point-to-multipoint (hub/endlink) circuits, and multipoint (rings) offerings in over 85 U.S. Metropolitan areas. This service provides dedicated bandwidth speeds from 19.2 Kbps to 10 Gbps to customer locations originating and terminating within a Local Access Transport Area (LATA) or a defined MPL corridor.

- **U.S. Private Line.** Verizon's U.S. PLS product family consists of USPL Analog/Digital Service and USPL SONET Service. The service provides point-to-point and point-to-multipoint circuits through out the continuous 48 states across the U.S. This service provides dedicated bandwidth speeds from 2.4 Kbps to 10 Gbps to customer locations originating and terminating in different Local Access Transport Areas (LATAs) or a defined MPL corridor. As Verizon's backbone is upgraded to Ultra Long Haul (ULH) Dense Wavelength Division Multiplexing (DWDM), the IXC portion of U.S. Private Line offerings will be delivered over this technology.

- **Global Data Link and Global Private Line.** Global Data Link provides international service to 43 countries. Global Private Line service expands the international reach of Verizon's dedicated point-to-point PLS to approximately 54 additional countries on a standard basis and 130+ on an individual case basis.

Technical Capabilities

Volume I, Section 4.1.7.3.1.1 of Networx Universal Contract

GCI will comply with all technical requirements for C.2.5.1.1.4 as follows.

1 Both the selected Networx platforms and the Sonet backbone are transparent to any protocol used by government CPE devices.

The Sonet backbone is transparent to any bit sequence used by government CPE devices.

2a For data transport, a full clear channel provides DS0 with VGA or digital access.

2b Standard type of digital service between two locations. May be provisioned either full bandwidth or channelized.

2b-1 Verizon will support channelized T1.

2b-2 Verizon will support unchannelized T1.

2c Verizon will support Fractional T1 with two, four, six, eight, or twelve adjacent DS0s. The appropriate bandwidth ranges would be 128/768 kbps for 64kbps based circuits or 112 to 672 kbps for 56kbps based circuits.

2d Digital point-to-point service for customers with high capacity requirement. Full duplex signals over fiber optic facilities at 44.736 Mbps. available as non-restorable (a.k.a. linear) or restorable.

2d-1 Verizon will support channelized T3.

2d-2 Verizon will support unchannelized T3.

2e Verizon offers N x DS1 servicewhich uses an inverse multiplexer to aggregate the bandwidth of up to 8 T-1s.

2f Standard type of digital service between two locations. May be provisioned either full bandwidth or channelized.

2f-1 Verizon Handoff Unchannelized E1 with timing changes for customer cpe/conversion to channelized E1.

2f-2 Standard type of digital service between two locations.

2g Digital point-to-point service for customers with high capacity requirement.

2g-1 Verizon will support channelized E3.

2g-2 Verizon will support unchannelized E3.

2h Not Proposed.

2i Not Proposed.

2j Verizon will support both OC-3 requirements noted below.

2j-1 Mini-Add/Drop Multiplex Access equipment is fully capable of supporting channelized OC-3 protected and unprotected 3xDS3 or 3xSTS-1 handoffs to SDP. Verizon will support 3xOC-1 upon equipment selection and certification.

2j-2 Mini-Add/Drop Multiplex Access equipment is fully capable of supporting protected and unprotected concatenated OC-3 channel handoffs to SDP.

2k Verizon will support both OC-12 requirements noted below.

2k-1 Compact optical access equipment is fully capable of supporting channelized OC-12 protected and unprotected 4xOC-3 channel handoffs to SDP.

2k-2 Compact optical access equipment is fully capable of supporting protected and unprotected concatenated OC-12 channel handoffs to SDP.

2l Verizon will support both OC-48 requirements noted below.

2l-1 Compact single shelf transmission equipment is fully capable of supporting channelized OC-48 protected and unprotected 4xOC-12 channel handoffs to SDP. This equipment can support up to 16xOC12 channel handoffs on a single shelf.

2l-2 Compact single shelf transmission equipment is fully capable of supporting protected and unprotected concatenated OC-12 channel handoffs to SDP. This equipment can support up to four concatenated OC-48 channels on a single shelf.

2m Verizon will support both OC-192 requirements noted below.

2m-1 Compact single shelf transmission equipment is fully capable of supporting channelized OC-192 protected and unprotected 4xOC-48 channel handoffs to SDP.

2m-2 Compact Metro Optical Add/Drop Multiplexing equipment is fully capable of supporting protected and unprotected OC-192 channel handoffs to SDP. This equipment can support up to 32 concatenated OC-192 channels on a single network element.

2n Subrate DS0 will be supported by Integrated Access Devices. If this is the only service required at a remote facility, it can be supplied by a single-port DSU.

2o Analog circuits are supported from the Integrated Access Device. These T-1 based platforms offer the flexibility of delivering either 2 or 4-wire voice requirements.

Other Contract Requirements

Volume FLAG Section FLAG of Networx Universal Contract

In preparation of the proposal response, GCI shall describe how it will support Verizon in responding to the Price Management Mechanism as defined in Section H.7 of the Networx Universal RFPs.

Interfaces

Section C.2.5.1.3.1 of Networx Universal RFP

GCI shall describe how it will provide all of the interfaces identified in Section C.2.5.1.3.1 of the Networx RFPs that were bid by Verizon (note: support for the optional OC-1 interface was not proposed and the E1 and E3 interfaces are not applicable to GCI).

Private Line Service Interfaces

GCI will comply with all applicable interfaces required for PLS, as follows:

The User-to-Network-Interfaces (UNIs) at the SDP, as defined in Section C.2.5.1.3.1, are mandatory unless marked optional:

Table 6.1-1. Private Line Service Interfaces

UNI Type	Interface Type and Standard	Payload Data Rate or Bandwidth	Signaling Type
1	ITU-TSS V.35	Up to 1.92 Mbps	Transparent
2	EIA RS-449	Up to 1.92 Mbps	Transparent

3	EIA RS-232	Up to 19.2 Kbps	Transparent
4	EIA RS-530	Up to 1.92 Mbps	Transparent
5	T1 (with ESF) [Std: Telcordia SR-TSV-002275; ANSI T1.403}	Up to 1.536 Mbps	Transparent
6	T3 [Std: Telcordia GR-499-CORE]	Up to 43.008 Mbps	Transparent
7	E1 [Std: ITU-TSS G.702]	Up to 1.92 Mbps	Transparent
8	E3 [Std: ITU-TSS G.702]	Up to 30.72 Mbps	Transparent
9	Optical: SONET OC-1 (Std: ANSI T1.105 and 106) [Optional]	49.536 Mbps	Transparent
10	Electrical: SONET STS-1/EC-1 (Std: ANSI T1.105 and 106) [Optional]	49.536 Mbps	Transparent
11	SONET OC-3 (Std: ANSI T1.105 and 106)	148.608 Mbps	Transparent
12	SONET OC-3c (Std: ANSI T1.105 and 106)	148.608 Mbps	Transparent
13	SONET OC-12 (Std: ANSI T1.105 and 106)	594.432 Mbps	Transparent
14	SONET OC-12c (Std: ANSI T1.105 and 106)	594.432 Mbps	Transparent
15	SONET OC-48 (Std: ANSI T1.105 and 106)	2.377728 Gbps	Transparent
16	SONET OC-48c (Std: ANSI T1.105 and 106)	2.377728 Gbps	Transparent
17	SONET OC-192 (Std: ANSI T1.105 and 106)	9.510912 Gbps	Transparent
18	SONET OC-192c (Std: ANSI T1.105 and 106)	9.510912 Gbps	Transparent
19	RJ-x (e.g., RJ-11/45) [Optional]	4/7.5 kHz Bandwidth	Transparent

Features

Section C.2.5.1.2 of Networx Universal RFP

GCI shall describe how it will provide all of the features identified in section C.2.5.1.2.1 of the Networx RFPs (note: support for the optional low bit rate voice feature was not proposed).

PLS Features

Volume I, Section 4.1.7.3.1.2 of Networx Universal Contract

GCI will comply with all feature requirements for C.2.5.1.2.1 as follows.

1 Verizon will support both Branch-Off and Drop-and-Insert.

1a Verizon will support multi-point polling arrangements using master/slave polling techniques. We can support this requirement in two ways:

Verizon can provide this as a managed service by installing DSUs at each site and establishing a SRDM bridge at a common Verizon POP.

Verizon can establish an SRDM bridge at a common POP and the government would supply their own CPE equipment.

1b Drop-and-Insert will be available at Networx facilities when selected devices such as Integrated Access devices are installed. The feature will also be supported for channelized OC-3 and OC-12 drop-and-insert, this is fully supported using either compact add/drop multiplexing access or transmission equipment, or broadband digital cross connects.

2 Verizon will provide different routes for PLS circuits by supporting transport diversity and transport avoidance.

2a Transport diversity is fully supported between Verizon POPs via Circuit Design Request (CDR) process for DS3, OC3 and OC12 (http://bbcd.mcilink.com/default.asp); via Custom Optical (CORE) process for speeds above OC12.

2b Transport avoidance is fully supported between Verizon POPs via Circuit Design Request (CDR) process for DS3, OC3 and OC12 (http://bbcd.mcilink.com/default.asp); via Custom Optical (CORE) process for speeds above OC12.

In the unlikely event this requirement is not available, Verizon will propose an acceptable alternative arrangement.

2c Verizon has an existing provisioning system in place today (Mecca) that allows for circuits to be electronically flagged for diversity and in order to keep two or more circuits diverse from each other. This capability also includes flagging for other requirements. A circuit is fixed and locked on a specific path and any deviation from the path

due to re-grooms is automatically reported. Verizon also uses ASR (special routing codes) to electronically flag/communicate circuit requirements to the

LECs.

2d The capability to generate graphical diagrams/maps is currently available, and includes both "before" and "after" configurations to represent either diversity or avoidance. Verizon will provide 30 day written notification to the PMO before any reconfiguration of diverse/avoidance circuits takes place.

2e Verizon's diversity designs include redundancy of the backbone/core and access circuits.

3 Verizon will provide voice grade C (e.g., C3) and D (e.g., D6) conditioning for analog lines where this conditioning is available from the Local Exchange Carrier for the local access loop.

4 Not proposed.

5 Verizon will support the 7.5 kHz Audio feature using a Comrex DXR.1 codec SED at each circuit end. This system will require a single DS-0 and supports a single V.35 interface for network connectivity. The implementation of the feature may also include connection to a DDS-64 DSU or a T-1 Integrated Access Device at each circuit end.

Service Level Agreements

Volume II, Appendix B.3, Attachment 1 of Networx Universal Contract

GCI shall describe how it will meet its budget portion of the Performance Metrics as defined by Section C.2.5.1.4.1 of the Networx RFPs for the Networx PLS Service (note: budget allocations are to be determined).

Private Line Service SLA

- **Availability.** Availability is captured for each Circuit ID. Availability is calculated as follows.

$$\text{Availability} = \frac{\text{total expected Available time (Tex)} - \text{total outage time (Tou)}}{\text{Total Expected Available time (Tex)}}$$

Availability metrics are calculated for the Agency Bureau level by summing up Tex and Tou for all the circuit IDs under the Agency Bureau for a calendar month and reported as a percentage.

Availability metrics are calculated for the Agency level by summing up Tex and Tou for all the Circuit IDs under the Agency for a calendar month and reported as a percentage.

Performance Metrics

Section C.2.5.1.4 of Networx Universal RFP

Private Line Service Performance Metrics

GCI will comply with all performance metric requirements for PLS.

The performance levels and acceptable quality level (AQL) of key performance indicators (KPIs) for Private Line Service circuits in Section C.2.5.1.4.1 are mandatory unless marked optional:

Table 8.2.1-1. Private Line Service Performance Metrics

Key Performance Indicator (KPI)	Service Level	Performance Standard (Threshold)	Acceptable Quality Level (AQL)	How Measured
Availability (POP-to-POP) (Optional)	Routine Critical	99.8% 99.98%	≥ 99.8% ≥ 99.98%	See Note 1 See Note 2
Availability (SDP-to-SDP)	Routine Critical	99.4% 99.98%	≥ 99.4% ≥ 99.98%	
Time to Restore	With Dispatch Without Dispatch	8 hours 4 hours	≤ 8 hours ≤ 4 hours	

Notes:

(1) Availability.

a. For data rates of T1 and higher, a service is considered unavailable when a PLS circuit experiences 10 consecutive severely errored seconds (SES) [Standard: Telcordia PUB GR-418-CORE]. An unavailable circuit is considered available when restoration activities have been completed and 30 consecutive minutes have passed without any errored seconds to account for stability and proving period. However, if there is no error second encountered during the proving period of 30 minutes, this will not be counted towards the circuit unavailable time

b. For data rates lower than T1, cumulative outage time is calculated based on trouble ticket data.

c. PLS availability is calculated as a percentage of the total reporting interval time that PLS is operationally available to the Agency. Availability is computed by the standard formula:

$$\text{Availability} = \frac{RI(HR) - COT(HR)}{RI(HR)} \times 100$$

Critical level of Service for availability only applies to T1 and above data rates.

(3) Refer to Section C.3.3.1.2.4 for definition and how to measure.

Service Quality and Performance Metrics

Volume I, Section 4.1.7.2.1 of Networx Universal Contract

Verizon complies with all performance metric requirements for this service. This includes support for availability with AQLs $\geq$ 99.8% for routine POP-to-POP service, $\geq$ 99.4% for routine SDP-to-SDP service, and $\geq$ 99.98% for both POP-to-POP (Optional) and SDP-to-SDP critical service levels as required in RFP Section C.2.5.1.4. Verizon will accomplish this by utilizing stringent commercial practices for dedicated point-to-point private line access facilities along with transport over our self-healing backbone for routine applications. For critical applications, we will provision an equivalent backup point-to-point circuit using diversely routed access facilities and POP diversity.

Monitoring and Measuring KPIs and AQLs

Volume I, Section 4.1.7.2.2 of Networx Universal Contract

Verizon monitors and measures compliance with KPIs and AQLs as follows:

- **Availability (POP-to-POP).** PLS utilize the performance measurement capabilities of Verizon's Digital Cross-Connect Systems. This performance data is continuously reported to Verizon's Network Management System (NMS). "Rules" in that system recognize major alarms or when service degrades below the allowable performance limits (e.g., bit error rates); this data is sent to NMS surveillance personnel. Timestamps for the alarms or service degradation are recorded along with the restoration timepoints. The difference between these timestamps is considered out-of-service time and is used to calculate the service availability. This is recorded and made available for reporting to the applicable Agency. Per Note 1a of the RFP Section C.2.5.1.4.1, Verizon understands that for data rates of T1 and higher, a service is considered unavailable when a PLS circuit experiences 10 consecutive severely errored seconds (SES) [Standard: Telcordia PUB GR-418-CORE]. Per Note 1b. Verizon understands that for data rates lower than T1, cumulative outage time is calculated based on trouble ticket data.

- **Availability (SDP-to-SDP).** PLS utilize the performance measurement capabilities of premise based equipment selected for this capability. Like the equipment at Verizon's POPs, the performance data is continuously reported to Verizon's NMS. Arrangements similar to Availability (POP-to-POP) above will be used to recognize and calculate availability. This is recorded and made available for reporting to the Networx customer. Verizon creates "rules" in the NMS host such that a trouble ticket is automatically opened when an out-of-service condition is recognized.

Verizon's Operations personnel then troubleshoot and repair the failure and close the trouble ticket. The time stamps between the start of the out-of-service condition and the time it is returned to service is used to calculate the "time to restore" KPI. This is recorded and made available for reporting to the applicable Agency.

- **Time to Restore.** Maintenance/operations personnel staff each Verizon POP. Verizon's average time for technicians to arrive on any trouble site in the network is one hour. In addition to stationing personnel at critical points in the network, Verizon improves network restoration capabilities through the addition of DXCs, redundant routes, and spare capacity. The techniques and technologies that Verizon uses to improve the network's restoration capabilities include Real-Time Restoration and NMCs. Real-Time Restoration (RTR) is a centralized, automated system that controls DXC-3/3s. RTR allows Verizon to quickly detect and isolate network disruptions, produce and deliver preplanned reroutes, implement these pre-plans to restore traffic, and normalize traffic once the network is repaired. Real Time Restoration is currently Verizon's main restoration platform. Currently, Verizon can restore 100 DS3s in less than 15 minutes using RTR.

The service availability for Verizon-provided access circuits will meet, and in many cases exceed, 99.8 percent. LECs and CAPs typically provide access to Verizon's Private Line transport network and services. These access arrangements are private line circuits with tariffs specifying quality assurance for availability of service. LECs typically base their tariffs on two technical references, TR-NWT-000341 for Digital Data Service (i.e., subrate DS0) and TR-INS-000342 for Terrestrial Data Service (i.e., T1). These two references define availability as the amount of time the service is usable by the end user. TR-INS-000342 defines an annual availability objective of 99.925 percent for Special Access Arrangements (private lines) at the DS1 rate, and an Errored Free Second (EFS) availability objective of 99.75 percent over a 24-hour period. TR-NWT-000341 states that DDS service availability varies by region and is not defined in the document. For DDS, the annual availability objective and EFS performance depends on the local access provider's tariff for a specific service area. Typical commercial tariffs for local access define the service availability objective for DDS as 99.9 percent and 99.925 percent for TDS 1.544 High Capacity Digital Service (HICAP). Verizon's SONET-based local city networks and SONET access facilities provided by CAPs and LECs have service availability objectives that typically meet or exceed 99.995 percent.

Training

Volume II, Section 3.11 of Networx Universal Contract

GCI shall offer sales training to the Verizon Government Markets sales organization to facilitate the selling of GCI PLS Service FLAG both under the Networx contract umbrella.

GCI shall offer training materials to Verizon and its customers in order to support Verizon's ability to deliver training to Networx customers as defined by Section C.3.7 of the Networx RFPs.

Training Content

GCI will provide content for PLS training in accordance with the requirements of RFP Section C.3.7.2.

Training Development

Team Verizon's solution for training development meets or exceeds all requirements found in RFP Section C.3.7.2.1.

Training Availability

Team Verizon's solution for training availability meets or exceeds all requirements found in RFP C.3.7.2.2.

Training Maintenance

Team Verizon's solution for training maintenance meets or exceeds all requirements found in RFP C.3.7.2.6.

Within 30 business days following any changes to Team Verizon's Networx program that would result in any changes or modifications to the training program, all affected training material will be updated and made available to the Government. These modifications will be provided at no cost.

Partner Meetings/Sales Opportunities

FLAG DOES NOT MAP TO NETWORX PROPOSAL/CONTRACT.

GCI shall support meetings with Verizon Networx Partners.

GCI shall assign sales representatives to support the FTS2001 and Networx opportunities. GCI shall support Sales Opportunity Reviews to ensure collaborative planning.

4.0 Project Term

This agreement will run concurrent with Verizon's Networx Universal and Enterprise contracts with the GSA. Time period will be upon issuance of a Purchase Order thru 2011.

5.0 Deliverables

See Project Scope.

6.0 Contact Information

VerizonBusiness
Name
Title
Address
City, State Zip
Phone number
Fax number
Email address

Supplier Name - GCI
Name - Laura Rykaczewski
Title - Senior Account Manager
Address
City, State Zip
Phone number - 907 868 5351
Fax number - 907 868 6292
Email address - lrykaczewski@gci.com

7.0 Project Staffing

Not applicable.

8.0 Work Performance

- Security – N/A
- Hours & Overtime – Pre-approval of time/materials above what is identified in the Cost & Schedule section is required when they impact project costs
- Travel & Expense Guidelines – N/A

9.0 Assumptions/Risks/Dependencies

Refer to Exhibit B prime contract "flow down provisions"

<u>10.0 Verizon Responsibilities</u>

See Project Scope

11.0 Cost and Schedule (TBD)

The value of this SOW is estimated to be approximately $X,XXX,XXX.00 for the term of the SOW.

Year 1 (2007) = $
Year 2 (2008) = $
Year 3 (2009) = $
Year 4 (2010) = $

Pricing Structure

Section B.2.5.1 of Networx Universal RFP

GCI shall provide competitive pricing to Verizon. GCI shall comply with the Pricing Structure outlined in Section B.2.5.1.1 of the Networx RFPs.

Private Line Service (PLS)

The technical requirements for PLS are specified in Section C.2.5.1.

PLS Price Structure

PLS provides facilities for duplex (bi-directional) service between two or more specified end points; accordingly, PLS is priced without regard for direction of carried traffic. For convenience, the ends of a PLS circuit are referred to as “originating” and “terminating,” although these terms have no operational or pricing significance.

The price structure for PLS shall comprise the following elements:

a. Monthly Recurring Charges per circuit for transport

b. Feature Charges

Domestic PLS transport prices shall be either a solely distance-based monthly recurring charge or a combination of a monthly recurring flat fee plus distance-based monthly recurring charges. Non-domestic PLS transport prices shall be a monthly recurring flat fee.

Where dedicated access is used to connect the SDP to the contractor’s designated connecting POP, dedicated access prices shall be listed in Section B.3.

Prices for any associated SEDs shall be listed in Section B.4.

For non-domestic PLS, fixed prices shall be provided for the full channel transport elements for countries where the contractor offers PLS on a full channel basis (see Section B.6.6). For other countries where service is offered but not on a full channel basis, fixed prices shall be provided for the domestic half channel transport elements. Charges for the half channel in the non-domestic country shall be a pass-through from the foreign carrier.

However, when PLS service is provided between two domestic SDPs that are both served by the same contractor’s designated connecting POP (for the same PLS service type) and a user agency requires direct SDP to SDP routing that is not connected through the contractor’s designated connecting POP, the contractor shall provide a price quote upon request and, if ordered, provide such service as ICB.

In the case of multipoint PLS connections, the number and identities of the access and transport links shall be calculated using a least cost routing (e.g., minimal spanning tree) algorithm to determine the shortest overall distance to connect all POPs within the multipoint network. Distance between POPs shall be calculated using the distance formula listed in Section B.1. Each transport link in the minimal spanning tree shall be priced separately as described in Section B.2.5.1.2, and then summed to determine the total transport price.

PLS Transport Prices

PLS transport prices shall be determined as follows:

a. When both serving POPs are in the same domestic service region (either CONUS or OCONUS), a single price component from Table B.2.5.1.2-2 shall be used

b. When one serving POP is within CONUS and the other is in OCONUS, two price components shall be used:

1. A price (from Table B.2.5.1.2-3) for transport between OCONUS service region and the designated CONUS Gateway

2. A price (from Table B.2.5.1.2-2) for transport between the designated CONUS gateway and the CONUS-serving POP

c. When both serving POPs are in (different) OCONUS service regions, a single price component from Table B.2.5.1.2-3 shall be used

d. When one serving POP is in a non-domestic Country/Jurisdiction and the other is in a domestic service region (either CONUS or OCONUS.), two price components shall be used:

1. A price (from Table B.2.5.1.2-3) for transport between the non-domestic POP and the designated domestic gateway.

2. A price (from Table B.2.5.1.2-2) for domestic transport between the designated domestic gateway and the domestic serving POP.

e. When both serving POPs are in different non-domestic service Countries/Jurisdictions, a single price component from Table B.2.5.1.2-3 shall be used

f. When both serving POPs are in a single non-domestic Country/Jurisdiction, a single price component from Table B.2.5.1.2-4 shall be used

The matrix of Table B.2.5.1.2-1 lists the tables which define the appropriate formats for the PLS pricing scenarios described above.

Table 0-1. PLS Summary of Pricing
Tables Needed for Transport Pricing

	POP in CONUS	POP in OCONUS	POP in Non-Domestic Country/Jurisdiction
POP in CONUS	Table B.2.5.1.2-2	Tables B.2.5.1.2-2 and Table B.2.5.1.2-3	Tables B.2.5.1.2-2 and Table B.2.5.1.2-3

POP in OCONUS	Tables B.2.5.1.2-2 and Table B.2.5.1.2-3	Same region: Table B.2.5.1.2-2 Different regions: Table B.2.5.1.2-3	Tables B.2.5.1.2-2 and B.2.5.1.2-3
POP in Non-Domestic Country/Jurisdiction	Table B.2.5.1.2-2 and Table B.2.5.1.2-3	Tables B.2.5.1.2-2 and Table B.2.5.1.2-3	Same country: Table B.2.5.1.2-4 Different countries: Table B.2.5.1.2-3

Table B.2.5.1.2-2 provides the formats for pricing information for PLS domestic (same region) transport service. The price may be either based solely on distance-based monthly recurring charges or a combination of a monthly recurring flat fee plus distance-based monthly recurring charges. Half channel CLINs are not applicable in Table B.2.5.1.2-2. Distance between the POPs shall be calculated using the distance formula in Section B.1.

When using distance-based pricing with minimum/maximum distance banding, monthly price per mile for the corresponding band shall be multiplied by the total transport distance in miles.

Table B.2.5.1.2-3 provides the formats for pricing information for PLS transport for OCONUS and non-domestic circuits between different countries/jurisdictions. Table B.2.5.1.2-4 provides the formats for PLS transport for non-domestic circuits within a single country/jurisdiction. POPs for intracountry/intrajurisdiction non-domestic circuits shall be assigned to the closest POP to each location (based on distance) within that country/jurisdiction.

OCONUS POPs are listed in Table B.6.5-1; non-domestic POPs are listed in Table B.6.5-3. Domestic service gateways are listed in Table B.6.5-5. Country/Jurisdiction names and IDs are listed in Section B.6.6.

Table 0-2. PLS OCONUS
and Non-Domestic Transport Prices (Different Country/Jurisdiction)

CLIN	Case Number*	Country/ Jurisdiction ID (Originating)**	Country/ Jurisdiction ID (Terminating)**	Price	Price Start Date	Price Stop Date	Price Replaced Date

* Case Number is applicable for ICB CLINs only

** For Country/Jurisdiction IDs, see Table B.6.6-1

Table B.2.5.1.2-5 and Table B.2.5.1.2-6 provide applicable charging mechanisms and charging units for half channels and full channels, respectively.

Table 0-3. PLS Half Channel Pricing Instructions

Routine MRC CLIN	Critical MRC CLIN *	Description	Charging Unit	Notes
0130101	0130301	DS0 – 56 Kbps	Per circuit	
0130102	0130302	DS0 – 64 Kbps	Per circuit	
0130103	0130303	Fractional T1 – DS0x2	Per circuit	
0130104	0130304	Fractional T1 – DS0x4	Per circuit	
0130105	0130305	Fractional T1 – DS0x6	Per circuit	

Routine MRC CLIN	Critical MRC CLIN *	Description	Charging Unit	Notes
0130106	0130306	Fractional T1 – DS0x8	Per circuit	
0130107	0130307	Fractional T1 – DS0x12	Per circuit	
0130108	0130308	Channelized T1	Per circuit	
0130109	0130309	Unchannelized T1	Per circuit	
0130110	0130310	Channelized E1	Per circuit	
0130111	0130311	Unchannelized E1	Per circuit	
0130112	0130312	Fractional T3 – DS1x3	Per circuit	
0130113	0130313	Fractional T3 – DS1x4	Per circuit	
0130114	0130314	Fractional T3 – DS1x5	Per circuit	
0130115	0130315	Fractional T3 – DS1x7	Per circuit	
0130116	0130316	Channelized T3	Per circuit	
0130117	0130317	Unchannelized T3	Per circuit	

0130118	0130318	Channelized E3	Per circuit	
0130119	0130319	Unchannelized E3	Per circuit	
0130120 (Optional)	0130320 (Optional)	SONET OC-1	Per circuit	
0130121 (Optional)	0130321 (Optional)	SONET OC-1 VT	Per circuit	
0130122	0130322	Channelized OC-3	Per circuit	
0130123	0130323	Concatenated OC-3c	Per circuit	
0130124	0130324	Channelized OC-12	Per circuit	ICB
0130125	0130325	Concatenated OC-12c	Per circuit	ICB

Routine MRC CLIN	Critical MRC CLIN *	Description	Charging Unit	Notes
0130126	0130326	Channelized OC-48	Per circuit	ICB
0130127	0130327	Concatenated OC-48c	Per circuit	ICB
0130128	0130328	Channelized OC-192	Per circuit	ICB
0130129	0130329	Concatenated OC-192c	Per circuit	ICB
0130130	0130330	Analog	Per circuit	
0130131	0130331	Subrate DSO – 4.8 Kbps	Per circuit	
0130132	0130332	Subrate DSO – 9.6 Kbps	Per circuit	
0130133	0130333	Subrate DSO – 19.2 Kbps	Per circuit	

* Mandatory only for domestic to domestic transmission

Table 0-4. PLS Full Channel Pricing Instructions

Routine MRC CLIN	Critical MRC CLIN*	Description	Charging Unit	Notes
0130501	0130701	DS0 – 56 Kbps	Per circuit	
0130502	0130702	DS0 – 64 Kbps	Per circuit	
0130503	0130703	Fractional T1 – DS0x2	Per circuit	
0130504	0130704	Fractional T1 – DS0x4	Per circuit	
0130505	0130705	Fractional T1 – DS0x6	Per circuit	
0130506	0130706	Fractional T1 – DS0x8	Per circuit	
0130507	0130707	Fractional T1 – DS0x12	Per circuit	
0130508	0130708	Channelized T1	Per circuit	

Routine MRC CLIN	Critical MRC CLIN*	Description	Charging Unit	Notes
0130509	0130709	Unchannelized T1	Per circuit	
0130510	0130710	Channelized E1	Per circuit	
0130511	0130711	Unchannelized E1	Per circuit	
0130512	0130712	Fractional T3 – DS1x3	Per circuit	
0130513	0130713	Fractional T3 – DS1x4	Per circuit	
0130514	0130714	Fractional T3 – DS1x5	Per circuit	

0130515	0130715	Fractional T3 – DS1x7	Per circuit	
0130516	0130716	Channelized T3	Per circuit	
0130517	0130717	Unchannelized T3	Per circuit	
0130518	0130718	Channelized E3	Per circuit	
0130519	0130719	Unchannelized E3	Per circuit	
0130520 (Optional)	0130720 (Optional)	SONET OC-1	Per circuit	
0130521 (Optional)	0130721 (Optional)	SONET OC-1 VT	Per circuit	
0130522	0130722	Channelized OC-3	Per circuit	
0130523	0130723	Concatenated OC-3c	Per circuit	
0130524	0130724	Channelized OC-12	Per circuit	ICB
0130525	0130725	Concatenated OC-12c	Per circuit	ICB
0130526	0130726	Channelized OC-48	Per circuit	ICB
0130527	0130727	Concatenated OC-48c	Per circuit	ICB
0130528	0130728	Channelized OC-192	Per circuit	ICB

Routine MRC CLIN	Critical MRC CLIN*	Description	Charging Unit	Notes
0130529	0130729	Concatenated OC-192c	Per circuit	ICB
0130530	0130730	Analog	Per circuit	
0130531	0130731	Subrate DSO – 4.8 Kbps	Per circuit	
0130532	0130732	Subrate DSO – 9.6 Kbps	Per circuit	
0130533	0130733	Subrate DSO – 19.2 Kbps	Per circuit	

* Mandatory only for domestic to domestic transmission

Private Line Service Feature Prices

Table B.2.5.1.3-1 provides the formats for pricing information for PLS features. Table B.2.5.1.3-2 provides applicable charging mechanisms and charging units for domestic features. The contractor shall provide non-domestic feature charges as a pass-through of actual costs without markup.

For PLS domestic avoidance routing features, additional mileage shall be calculated as the difference between actual route miles and air miles. Air miles shall be calculated using the distance formula in Section B.1.

Table 0-5. PLS Feature Prices

CLIN	Price	Price Start Date	Price Stop Date	Price Replaced Date

Table B.2.5.1.3-2. PLS Domestic Feature Pricing Instructions

MRC CLIN	Description	Charging Unit	Notes
0139101	Multipoint Connections - Branch-Off	Per multipoint drop	MRC applies only to multipoint drops provided within the transport component
0139102	Multipoint Connections - Drop and Insert	Per multipoint drop	MRC applies only to multipoint drops provided within the transport component

MRC CLIN	Description	Charging Unit	Notes
0139103	Special Routing - Transport Diversity (Domestic circuit up to and including DS0 bandwidth)	Per each transport circuit in each relationship pair	MRC is in addition to the transport circuit price that will apply to each transport circuit.

0139104	Special Routing - Transport Diversity (Domestic circuit of higher bandwidth than DS0, up to and including T1)	Per each transport circuit in each relationship pair	MRC is in addition to the transport circuit price that will apply to each transport circuit.
0139105	Special Routing - Transport Diversity (Domestic circuit of a FT3 bandwidth)	Per each transport circuit in each relationship pair	MRC is in addition to the transport circuit price that will apply to each transport circuit.
0139106	Special Routing - Transport Diversity (Domestic circuit of T3 bandwidth or higher)	Per each transport circuit in each relationship pair	MRC is in addition to the transport circuit price that will apply to each transport circuit.
0139107	Special Routing - Avoidance Routing (Domestic circuit of up to and including DS0 bandwidth)	Per additional mile per avoidance routed transport circuit	MRC is in addition to the normal transport circuit price that will otherwise apply without avoidance routing. It applies only to the excess mileage incurred by the avoidance-routed circuit(s).
0139108	Special Routing - Avoidance Routing (Domestic circuit of higher bandwidth than DS0, up to and including T1)	Per additional mile per avoidance routed transport circuit	MRC is in addition to the normal transport circuit price that will otherwise apply without avoidance routing. It applies only to the excess mileage incurred by the avoidance
0139109	Special Routing - Avoidance Routing (Domestic circuit of a FT3 bandwidth)	Per additional mile per avoidance routed transport circuit	MRC is in addition to the normal transport circuit price that will otherwise apply without avoidance routing. It applies only to the excess mileage incurred by the avoidance
0139110	Special Routing - Avoidance Routing (Domestic circuit of T3 bandwidth or higher)	Per additional mile per avoidance routed transport circuit	MRC is in addition to the normal transport circuit price that will otherwise apply without avoidance routing. It applies only to the excess mileage incurred by the avoidance-routed circuit(s).
0138001 (Optional)	Analog Line Conditioning	Per line	

MRC CLIN	Description	Charging Unit	Notes
	Low Bit Rate Voice (Optional)		See Section B.4 (SEDs)
	7.5 kHz Audio		See Section B.4 (SEDs)

12.0 Bonding Requirements

Not applicable.

13.0 Invoicing Requirements

In order for you to receive payment, receipts must be completed and all ORIGINAL invoices must be submitted to Accounts Payable. In the event an original invoice was sent to the Verizon end user, it will be the responsibility of the Verizon end user to ensure the original invoice is forwarded to Accounts Payable.

A valid invoice MUST contain the following:

Supplier Name
Invoice Number
Invoice Date

Remittance Address
Purchase Order Number
Dollar amount broken out by line item of the Purchase Order

The payment terms for such work will be Net 30 days from date of an authorized invoice.

Send ORIGINAL INVOICE to
Verizon Business
P.O. Box 770
Ashburn, VA 20146-0770

Please send a COPY of the INVOICE to
Verizon Business
Federal - AP
2485 Natomas Park Drive, Suite 450
Sacramento, CA 95831
Jenifer.Mojonnier@verizonbusiness.com

Failure to follow the above directions may result in delay of payment.

14.0 Applicable Documents

GCI ICDs

GCI ICD_P_II_SPIM_v2.8_06072007.doc

GCI SV_7 2_ICD_GCI_v4 0.doc

GCI ICD_GCI_ASR_v2.1_01182007.doc

GCI Pricing

See attached excel worksheet.

Verizon will provide any working documents that may be required to complete the work effort. All content will be the exclusive property of Verizon. "GCI" will secure prior approval from Verizon before any materials are shared publicly. Because Verizon will have provided content and approve on all material, Verizon will have sole responsibility for accuracy of contents.

15.0 Vendor Outsourced Activity

No third party subcontractor shall be added to a Statement of Work by the Consultant without obtaining prior approval from Verizon's Primary contact above.

16.0 SOW Change of Scope Procedure (if applicable)

Any change to this Statement of Work shall be provided in writing and accepted by both Parties before being accepted and included as a part of this SOW Agreement.

17.0 Acceptance Criteria

Acceptance shall be given when all of the deliverables have been received or completed, including receipt of all documents and data produced during this project. Approval of invoice for work performed is acknowledgement of acceptance criteria.

The parties agree that this engagement letter/SOW describes certain Services to be performed by GCI for Verizon.GCI acknowledges and agrees that the Services described herein shall not commence until GCI receives from Verizon a Purchase Order incorporating this engagement letter/SOW. **THERE IS NO BINDING OBLIGATION BETWEEN** GCI **AND VERIZON WITH REGARD TO THE SPECIFIC PROJECT DESCRIBED IN THIS SOW UNTIL THE CORRESPONDING PURCHASE ORDER IS ISSUED. FAILURE TO OBTAIN BOTH A VALID PURCHASE ORDER AND AN APPROVED ENGAGEMENT LETTER OR SOW WILL RESULT IN VERIZON HAVING NO LIABILITY OF ANY KIND FOR ANY PERFORMANCE OF SERVICES DESCRIBED HEREIN.**

In WITNESS WHEREOF, the parties have entered into this Statement of Work as a part of an agreement.

Verizon Services Corporation

By: ______________________

{Signature}

____

{Printed Name}

____

{Title}

General Communication, Inc.

By: ______________________

{Signature}

Richard Westlund

{Printed Name}

Senior VP & General Manager

{Title}

____

{Date}

____

{Date}

Exhibit A

SCOPE OF WORK

CIPS

(13 OF 14)

STATEMENT OF WORK

GCI Premises-Based IP VPN Services (PBIP-VPNS)
Networx Universal Contract Volume I, Section 4.2.1

1.0 Objective

Verizon has selected GCI to meet the requirements for Converged Internet Protocol Services (CIPS). GCI will comply with all requirements for C.2.7.11 as outlined on the following pages.

2.0 Background

Converged IP Services is the integration of voice, video, and data transported over a common network infrastructure. Various technologies, media, and protocols which provide traffic prioritization are enabling convergence. These include, but are not limited to, broadband core networks and the availability of high speed network access including DSL, cable service, and fiber connections to the core network. Agencies recognize the benefits of a converged Internet Protocol (IP) network with multi-services to facilitate information sharing, minimize maintenance and administration, maximize utilization of available bandwidth, optimize network services, and increase productivity.

3.0 Project Scope

GCI is only providing the local and Alaska LD for this service. VZB is providing the long distance portion of the service.

Technical Requirements

Section C.2.7.11.1.4 of Networx Universal RFP

GCI shall offer a technical solution which meets the requirements of GSA's Networx Universal and Enterprise RFPs (heretofore referred to as Networx RFPs) Section C.2.7.11 as well as provide pricing in the structure provided for in Section B.2.7.11.2-1 through 3, as it pertains to OCONUS requirements. If GCI does not provide any of the services described in Section, C.2.7.11, then it will be GCI's responsibility to identify a teaming partner or solution to meet all of the requirements in FLAG GCI SOW PDF REFERENCES SECTION 2.4 Section C.2.7.11 as it relates to CIPS, as it pertains to Alaska coverage.

GCI shall work with Verizon on how it will provide Management and Operations (MOPS) data to support Verizon's ability to deliver a MOPS solution and MOPS deliverables under the Networx contract(s), as defined by

the requirements on Section C.3 of the Networx RFPs. This will include developing a data interchange interface with Verizon to support the MOPS requirements. Data interchange between Verizon and GCI will be defined prior to contract award and must support the requirement for Networx vendors to provide an Operational Capabilities Demonstration prior to contract award.

Verizon will provide all network connectivity for these services unless otherwise specified.

Service Overview

Volume I, Section 4.2.5.1.1 of Networx Universal Contract

Verizon has selected GCI to meet the requirements for Converged Internet Protocol Services (CIPS). GCI will comply with all requirements for C.2.7.11 as outlined on the following pages.

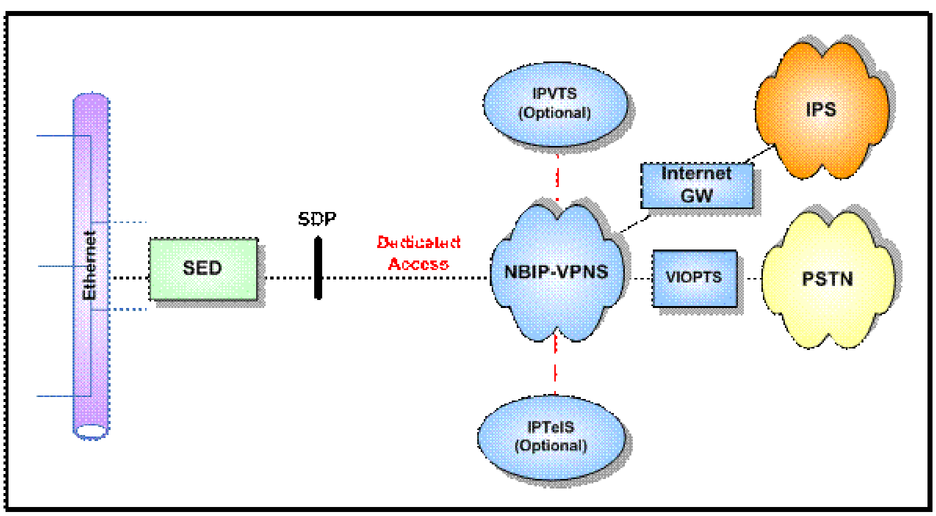
Description of Approach to Service Delivery

Verizon's Converged IP Service (CIPS) delivers Networx IP-based data, voice and video communication services to a subscribing Agency location over a single access circuit. CIPS Basic combines the Network-Based IP VPN Service (NBIP-VPNS) for connectivity between Agency LANs, the Internet Protocol Service (IPS) for Agency access to the Internet, and the Voice over IP Transport Service (VOIPTS) for Agency access to the PSTN. Agencies may also subscribe, at their option, to CIPS Telephony that uses the IP Telephony Service (IPTelS) to provide network-based telephony features, and the IP Video Transport Service (IPVTS) for off-net video conferencing gateway and translation services.

CIPS Basic. The Verizon CIPS network is shown in Figure 3.1.1.-1 below. The foundation transport network for CIPS, the NBIP-VPNS is an MPLS-powered private IP network that provides secure, any-to-any connectivity between Agency LANs in an RFC 2547bis VPN. The service complies with all mandatory CIPS requirements including port speeds, CONUS and OCONUS coverage locations, and advanced IP networking features including IP Class of Service (CoS), IP multicast, and IPv6. To support concurrent data and voice services, a minimum port speed of 384 kbps is required with Link Fragmentation and Interleaving (LFI) enabled to ensure adequate throughput for both types of traffic. Verizon will provision CIPS access with IP CoS features corresponding to the NBIP-VPNS Premium, Enhanced, and Standard COS features. Premium and Enhanced CoS provide priority for real-time and near real-time traffic over non real-time traffic in accordance with an Agency's CoS policy. Agency end systems, terminal equipment or LANs normally perform IP CoS marking corresponding to the assigned application priority. Alternatively, Verizon can perform IP CoS

marking in the Service Enabling Device (SED) as part of a managed network service provided there is a means to identify CoS-specific flows such as through the use of Virtual LANs (VLANs), protocol type, etc.

Figure 3.1.1-1. Verizon's Converged IP Service



Verizon has defined a prescribed CoS profile for each CIPS access speed as shown in Table 3.1.1-1 below. Verizon does not mark or change the IP CoS in the transport network as long as the offered traffic is within the prescribed Committed Access Rate (CAR) values. The Premium CAR is rate limited to the assigned bandwidth allocation. Traffic exceeding the Premium CAR will be dropped at the CIPS ingress or egress port depending on where the congestion occurs. Traffic exceeding the Enhanced CAR will be remarked as Standard CoS at the CIPS ingress or egress port if the combined Premium and Enhanced CAR is exceeded. Standard CoS traffic may burst up to the CIPS port speed in the absence of Premium and Enhanced CoS traffic.

Table 3.1.1-1. CIPS CoS Bandwidth Allocations by Port Speed

CIPS Port Speed	Premium CoS BW Allocation	Enhanced CoS BW Allocation	Standard CoS BW Allocation
DS0	0	32 kbps	32k kbps
2xDS0	0	64 kbps	64 kbps
3xDS0	0	64 kbps	128 kbps
4xDS0	0	128 kbps	128 kbps

5xDS0	0	128 kbps	192 kbps
6xDS0	192 kbps	128 kbps	64 kbps

7xDS0	192 kbps	128 kbps	128 kbps
8xDS0	256 kbps	128 kbps	128 kbps
T1	768 kbps	384 kbps	384 kbps
2xDS1	1536 kbps	768 kbps	768 kbps
3xDS1	1536 kbps	1536 kbps	1536 kbps
4xDS1	3072 kbps	1536 kbps	1536 kbps
5xDS1	4608 kbps	1536 kbps	1536 kbps
6xDS1	4608 kbps	3072 kbps	1536 kbps
7xDS1	6144 kbps	3072 kbps	1536 kbps
8xDS1	6144 kbps	3072 kbps	3072 kbps
9xDS1	7680 kbps	3072 kbps	3072 kbps
10xDS1	7680 kbps	4608 kbps	3072 kbps
T3	21504 kbps	10752 kbps	10752 kbps
OC3	43008 kbps	43008 kbps	62592 kbps
OC12	43008 kbps	43008 kbps	508416 kbps

The Verizon CIPS offering includes network-based gateways and provides for SEDs as required: (a) for protocol conversions, (b) to interface with our CIPS network, and (c) for access to external networks. Network-based gateways to the Internet and PSTN are configured as extranet connections to an Agency's VPN to provide secure connectivity and support for public and private IP addressing schemes using dynamic IP addressing, single or multiple static IP addressing, or a combination of both. Verizon will provide network and port address translation as required for interworking private addressing schemes with external public networks, and for inter-VPN communications. Verizon will establish and maintain adequate network and gateway capacity, including burst capacity, based on the aggregate bandwidth for subscribing Agency locations within a VPN. To monitor the performance of CIPS network, Verizon will provide Agency access to near real-time and historical CIPS network management information through our secure web portal. The portal will provide CIPS performance and utilization statistics, including availability, latency, packet loss, jitter and link utilization.

CIPS Telephony. Our CIPS Telephony offering complies with all mandatory requirements for CIPS voice services as indicated in Table 3.1.1-1. It exceeds requirements by providing the additional telephony features available under our Networx IPTelS. Our CIPS Telephony includes directory assistance and operator services, and support for interoperability with Agency provided Active Directory services (using the LDAP directory integration feature) upon request. Verizon delivers CIPS Telephony service in nearly 1,650 rate centers in the US and in four European countries using

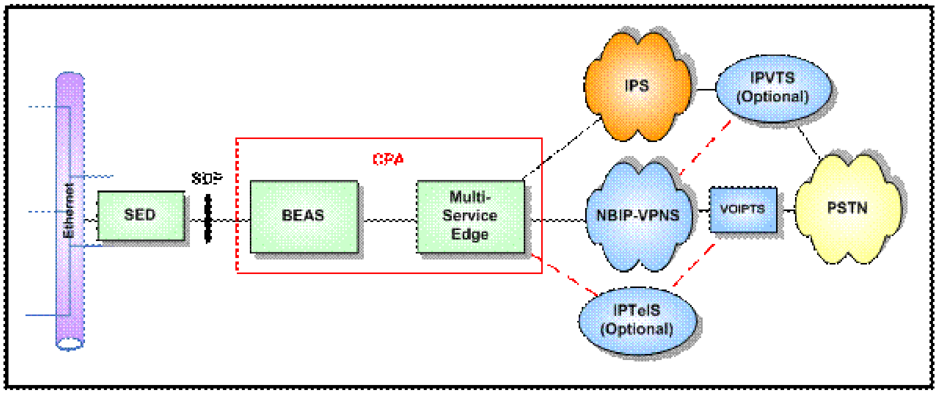
Verizon's local service. Our current VoIP local service covers approximately 60% of the population in CONUS, and continues to expand as demand grows. In rate centers outside our local service coverage, we will offer CIPS Telephony service using third party local service providers on an individual case basis. In rate centers where Verizon is the local service provider, Local Number Portability (LNP) and 911/E911 services are supported.

911 and E911 services are provided in a manner similar to the traditional PSTN environment. All of our local switches are connected to the PSAP for the serving area. For a fixed-location subscriber, a 911 call is routed to the PSAP and automatically displays the caller's Billing Telephone Number (BTN); location information is added for E911 calls. Future enhancements for emergency services include support for IP phone mobility and Private Switch/Automatic Location Identification (PS/ALI) for PBX installations. In addition to transport and access services, Verizon will provide CIPS SEDs upon Agency request. SEDs include network equipment, such as routers and switches; terminal equipment, such as IP phones and video conferencing terminal equipment; and adjunct equipment, such as Session Border Controllers (SBCs) for protocol conversion and SIP aware security appliances. Verizon will assist Networx Agencies with the assessment of their site LANs and security infrastructures to support converged IP services, and make recommendations as needed for successful interoperability.

Security Practices. Verizon has proven security practices and safeguards in place to minimize susceptibility to security issues and prevent unauthorized access to the CIPS network, CIPS gateways, and SEDs (when managed by Verizon as part of a managed network service). This support includes Session Initiation Protocol (SIP) enabled gateways and firewalls for CIPS Telephony. We perform periodic security audits of our NBIP-VPNS and CIPS network infrastructures, and updates security practices and procedures as required to maintain the integrity of our network services. The reference security plan for this network service is the NBIP-VPNS Security Plan that is prepared and maintained to conform to NIST Special Publication 800-14. Verizon safeguards are designed to mitigate vulnerabilities for Agency network services operating within the security boundary.

Alternative CIPS Access Method. Verizon will also offer an alternative access arrangement for CIPS based on our Converged Packet Access (CPA) architecture, as shown in Figure 3.1.1-2 below. CPA uses Ethernet flows over switched Ethernet or MPLS access networks to connect Agency locations to a Verizon POP. The Building Ethernet Access System (BEAS) provides the Ethernet User-to-Network Interface (UNI) at the Agency location; the Multi-Service Edge (MSE) switch located at the Verizon POP then directs the flows to the appropriate network service.

Figure 3.1.1-2. Verizon Converged IP Service Alternate Access Arrangement



CIPS CPA enables Networx Agencies to subscribe to multiple services over a single access circuit without going through an intermediate transport network, thereby improving end-to-end performance and providing greater flexibility to scale and manage service-specific bandwidth. CPA is available now, and will expand to 25 markets by the end of CY2005, with continued growth over the Networx contract lifecycle. We will offer the service to Networx subscribing Agencies on an individual case basis subject to availability, and to the capability to meet Agency functional and performance objectives for CIPS.

Real-Time Communications. In addition to CPA, and traditional capabilities such as IP CoS, Verizon is investigating emerging technologies for converged service improvement for real-time communications. Verizon has established one such partnership to date with Rivulet Corporation to offer a time-based queuing process for real-time traffic. Rivulet Queuing (RQ) enabled SEDs will promote improved performance and utilization, and will deliver advanced features such as IP precedence and preemption, support for CALEA (Commission on Accreditation for Law Enforcement Agencies) conformance, and enhanced monitoring and reporting capabilities. Verizon and Rivulet will offer this capability on an individual case basis as part of a CIPS managed network service.

Technical Capabilities

Volume I, Section 4.2.5.3.1.1 of Networx Universal Contract

GCI will comply with all technical requirements for C.2.7.11.1.4 as follows.

1 The Verizon CIPS network complies with all of the specified service requirements.

1a CIPS data communications is delivered over the Networx NBIP-VPNS. The NBIP-VPNS is a secure, MPLS-based private IP network that

provides network-based Internet access via Verizon's Secure Internet Gateway (SIG) service.

1b CIPS video communications is delivered over the Networx NBIP-VPNS to enable any-to-any IP video communications within an Agency's VPN. It provides extranet connectivity to IPVTS gateway services for inter-Agency and business partner video communications.

1c CIPS voice communications capability is delivered over the Networx NBIP-VPNS to enable any-to-any IP voice communications within an Agency's VPN, IP gateway services for inter-Agency voice communications. It provides extranet connectivity via Verizon's Networx VOIPTS PSTN gateways for off-net voice services. Additionally, CIPS Telephony may be ordered as an overlay service for and Agency VPN.

2 CIPS supports the NBIP-VPNS premium, enhanced, and standard classes of service, providing two levels of priority treatment. Premium CoS may be used for time-critical traffic such as voice and video. Enhanced CoS may be used for business-critical traffic such as transactions that need to be prioritized over non real-time traffic.

3 Agency applications and end systems typically mark IP traffic with the appropriate CoS in accordance with Agency policy. Verizon-provided Networx transport services do not mark CoS or alter the CoS for Agency traffic within the profiles for premium and enhanced CoS. If an Agency orders managed network services, Verizon will assist an Agency with the development of a CoS policy and can, at the Agency's request, use the capabilities of SEDs to mark traffic in accordance with Agency policy.

4 Each Agency has the option to establish the priority of their applications. Applications and end-systems typically mark IP traffic with the appropriate CoS in accordance with Agency policy.

5 Verizon offers a broad range of SEDs and network-based gateway capabilities to meet the needs of individual Agency service objectives. These capabilities include support for protocol conversion, interfacing with the CIPS network, and access to the PSTN and Internet.

6 We provide technical consulting and design engineering services to support Agency-specific network and service implementations. We will help determine the level of bandwidth required to support applications at the site and network levels to achieve superior end-to-end performance.

7 Verizon's CIPS supports dynamic and static addressing (single or multiple) schemes.

8 The Verizon CIPS network complies with the specified service requirements.

8a Verizon's Networx customer portal provides secure Agency access to network statistics including availability, latency, packet loss and jitter.

8b The portal provides secure Agency access to utilization statistics.

9 The Verizon CIPS network provides all minimum capabilities as specified.

9a Call Transfer with 3-Way Consultation enables Subscribers to transfer to an add-on party following a three-way call. Blind Call Transfer enables Subscribers to transfer a call unattended before or after the call is answered via the web portal.

9b Three-Way Conferencing allows a subscriber to establish a three-way call by adding a third party to a two-party call and allowing all parties to communicate with each other.

9c Call Forwarding Always redirects all incoming calls to another destination phone number. Call Forwarding Busy redirects incoming calls to another destination phone number when it encounters a busy condition. Call Forwarding No Answer redirects incoming calls to another destination number if the call is not answered within a prescribed number of rings. Call Blast Personal rings up to five phones simultaneously, reducing caller wait time versus sequential Find Me/Follow Me Forwarding. Call Blast provides the ability to suppress simultaneous ringing or forward incoming calls to voice mail if the subscriber is already on a call.

9d Inbound Caller ID delivers the caller’s phone number to the subscriber phone (if supported by the phone) and the web portal, provided it is available from the originating service provider and is not blocked by the calling party. Caller ID Blocking enables Subscribers to suppress their number from displaying at the destination end when originating a call. This feature may be overridden on a per call basis by entering the override feature code.

9e Do Not Disturb enables Subscribers to temporarily block incoming calls. Incoming calls are given a busy treatment while outgoing calls are allowed.

9f Incoming/Outgoing Call Log allows Subscribers to access call logs for the last 20 calls dialed, received, and missed; and may call them directly from the list.

9g Speed Dial enables Subscribers to dial a single digit code to call as many as eight different numbers. Subscribers can have as many as 100 frequently called numbers enabled.

9h The CIPS Telephony service provides a network-based voice mail system that may be used to store and retrieve voicemail 24x7.

9i Call Return allows Subscribers to call back the last caller by dialing the call return code.

10 CIPS provides full access to public directory (411) and operator assistance (0) services.

11 As one of the largest Competitive Local Exchange Carriers (CLEC) in the US, Verizon will deliver CIPS Telephony service in nearly 1,650 rate centers in the US using our own local service. Our current VoIP local service covers approximately 60% of the population in CONUS, and continues to expand as demand grows. In rate centers outside our local service coverage, Verizon will offer CIPS Telephony service using third party local service providers on an individual case basis. In rate centers where Verizon is the local service provider, Local Number Portability (LNP) and 911/E911 services are supported. 911 and E911 services are provided in a manner similar to the traditional PSTN environment. All of our local switches are connected to the PSAP for the serving area. For a fixed-location subscriber, a 911 call is routed to the PSAP and automatically displays the caller’s Billing Telephone Number (BTN); location information is added for E911 calls. Future enhancements for emergency services include support for IP phone mobility and Private Switch/Automatic Location Identification (PS/ALI) for PBX installations.

12 We offer a broad range of CIPS SEDs to support Agency specific data, voice, and video requirements. The SED offering includes IP phones and video teleconferencing terminals.

13 Verizon’s CIPS is compatible and interoperates with an Agency-provided Active Directory via an Agency-provided LDAP directory. The LDAP directory, created using the Active Directory Service Interface (ADSI), enhances the security and performance of the interface.

14 VOIPTS, which utilizes the SIP protocol for signalling, is fully capable of traversing and successfully interoperating with Agency firewalls and security layers that are SIP-compliant. An Agency firewall must be SIP-compliant in order to work with the VOIPTS. This is necessary because the SIP protocol embeds the IP address and port information for the audio streams within the body of its signalling messages. A non-SIP-compliant firewall would likely permit the signalling messages to pass, but would be unaware of the embedded IP address and port information in the messages, and therefore would not know to open the necessary ports (i.e., pinholes) based on this information in order to allow the audio streams to pass. This would result in the phone call failing. We maintain a list of SIP-compliant firewalls certified for use with VOIPTS. We are prepared to work with each Networx Agency to help verify those SIP-compliant Agency firewalls that have not already been certified for use with VOIPTS. All firewalls for use with VOIPTS must be SIP-aware and certified for use by Verizon.

15 Verizon’s CIPS complies with all of the following service requirements, as indicated below.

15a The CIPS network is separate from the public Internet and protected at the Internet gateway by Verizon’s SIG platform. We will proactively monitor the Internet gateway and will take action to shut down or shunt traffic away from the gateway in the event of a DoS attack.

15b The CIPS network is separate from the public Internet. MPLS-based VPN tunnels ensure that communication is private, and that unauthorized parties cannot intrude, eavesdrop or intercept data, voice, or video communications. SEDs may be used to mitigate intrusion exploits launched from within an Agency.

15c CIPS Telephony includes procedures that are used by a SIP phone to authenticate to Verizon’s network-based SIP servers. These procedures are executed when a phone is first connected to network, and at least once every hour thereafter. This ensures that an unauthorized third party cannot eavesdrop or intercept VoIP communications.

15d We have experience with the planning, design, implementation, and operation of secure networks and systems to support SBU through NSI levels in accordance with the requirements for Sections C.2.10 Security Services and C.2.7.4 Managed Tiered Security Services

Other Contract Requirements

Volume FLAG Section FLAG of Networx Universal Contract

In preparation of the proposal response, GCI shall describe how it will support Verizon in responding to the Price Management Mechanism as defined in Section H.7 of the Networx Universal RFPs.

Interfaces

Section C.2.7.11.3.1 of Networx Universal RFP

GCI shall describe how it will provide all of the interfaces identified in Section C.2.7.11.3.1 of the Networx RFPs.

Network Interface

GCI will comply with all applicable interfaces required for CIPS.

The User-to-Network Interfaces (UNI's) at the SDP, as defined in the Section C.2.7.11.3.2, are mandatory unless marked optional.

Table 6.1-1. Converged IP Services Interfaces

UNI Type	Interface Type and Standard	Payload Data Rate or Bandwidth	Signaling Type
1	All 802.3 cable and connector types	10/100/1000 Mbps	IPv4 (v6 when and where available commercially from the contractor) over Ethernet

UNI Type	Interface Type and Standard	Payload Data Rate or Bandwidth	Signaling Type
2 [Optional]	All 802.3 cable and connector types	10 GbE (Gigabit Ethernet)	IPv4 (v6 when and where available commercially from the contractor) over Ethernet

Service Level Agreements

Volume II, Appendix B.3, Attachment 1 of Networx Universal Contract

GCI shall describe how it will meet the Performance Metrics as defined by Section C.2.11.4.1 of the Networx RFPs for the individual services.

Converged IP Services SLA

FLAG NO CIPS SLA IN SLA DOCUMENT

Performance Metrics

Section C.2.7.11.4 of Networx Universal RFP

GCI will comply with all performance metric requirements for this service.

CIPS Performance Metrics

The Performance Levels and Acceptable Quality Level (AQL) of Key Performance Indicators (KPIs) for Converged IP Services in Section C.2.7.11.4.1 below are mandatory:

Table 7.2.1-1. Converged IP Services Performance Metrics

Key Performance Indicator (KPI)	Service Level	Performance Standard (Threshold)	Acceptable Quality Level (AQL)	How Measured
Availability	Routine	99.6%	≥ 99.6%	See Note 1
Latency	Routine	200 ms	≤ 200 ms	See Note 2
Grade of Service (Packet Loss)	Routine	0.4%	≤ 0.4%	See Note 3
Jitter	Routine	10 ms	≤ 10 ms	See Note 4
Time To Restore	Without Dispatch	4 hours	≤ 4 hours	See Note 5
	With Dispatch	8 hours	≤ 8 hours	

Key Performance Indicator (KPI)	Service Level	Performance Standard (Threshold)	Acceptable Quality Level (AQL)	How Measured

Notes:

1. Availability is measured end-to-end and calculated as a percentage of the total reporting interval time that the CIPS is operationally available to the Agency. Availability is computed by the standard formula:

$$\textit{Availability} = \frac{RI(HR) - COT(HR)}{\;} \times 100$$

2. Latency is the average time (round trip) for a packet to travel from source SDP to destination SDP.

3. Grade of Service (Packet Loss) is defined as the percentage of packets that are sent by the source SDP but never arrive at the destination SDP (the percentage of packets that are dropped). The packet loss can be measured with an ICMP test.

4. Jitter is defined as the average variation or difference in the delay between received packets of an IP packet data stream from SDP to SDP .. Relevant standard: IETF RFC 1889.

5. See Section C.3.3.1.2.4 for the definitions and measurement guidelines.

Service Quality and Performance Metrics

Volume I, Section 4.2.5.2.1 of Networx Universal Contract

Verizon's proposed solution complies with all CIPS mandatory performance metrics for Latency, Jitter, and Grade of Service (Packet Loss) as specified in RFP Section C.2.7.11.4.1 for all three cases specified in C.2.1.6.2. Verizon's compliance with C.2.1.6.2 requirements was stated in NHC J.9 Conformance and Compliance Table, ID Numbers 31 and 32. Verizon compliance with C.2.7.11.4.1 is indicated in Proposal Section 4.2.5.2.2 below, and was addressed in NHC J.9 Conformance and Compliance Table, ID Numbers 2280 – 2285. Verizon has updated its compliance with these requirements through the Networx Hosting Center online compliance tables.

Verizon's CIPS network will meet or exceed Networx Acceptable Quality Level (AQL) and performance requirements as specified. Real-time performance metrics for the CIPS network are latency, packet loss, and jitter.

· **Latency.** Latency is calculated by measuring round trip packet delivery between source and target. To minimize backbone latency, Verizon establishes a full mesh of label switched paths between all PE routers. All

transit routers use packet forwarding (versus routing) to limit transit delay to micro or even nanoseconds.

· **Packet Loss.** Packet loss most commonly occurs during times of network congestion. Packet loss is calculated by measuring packet delivery between source and target using sequenced packets of various sizes over lengthy test periods. To mitigate backbone packet loss, Verizon engineers constantly monitor the performance and utilization of the network to ensure that there is adequate burst capacity to support surging traffic levels well beyond the average utilization.

· **Jitter.** Jitter occurs when there is a packet arrival time variation. Jitter is calculated by measuring the variation in latency between a source and target. Verizon employs MPLS traffic engineering to minimize jitter, where each packet follows the path of the previous packet. As an early adopter of jitter as a performance metric, we had to develop the tools and tests to measure, monitor, and report on jitter. As a result, a number of the tools now employed by other service providers were originally developed and patented by Verizon. Our jitter performance applies to the Networx Premium CoS that corresponds to the IETF Differentiated Services (DiffServ) Expedited Forwarding (EF) CoS.

Based on experience with both Layer 2 and Layer 3 networks, we have learned that during normal operations, the most likely cause for impairments is congestion at the egress buffer (PE-to-CE). The most common techniques to mitigate congestion are to 1) ensure adequate bandwidth to carry the offered load for all applications and 2) employ CoS to prioritize time sensitive traffic. Our CIPS network uses the NBIP-VPNS Premium and Enhanced CoS features to prioritize real-time and near real-time traffic flows.

Monitoring and Measuring KPIs and AQLs

Volume I, Section 4.2.5.2.2 of Networx Universal Contract

Verizon is offering CIPS as a monitored network service to meet the reporting requirements for real-time network performance metrics (latency, grade of service, jitter). Verizon will comply with the requirements in Section C.2.1.6.2. When an agency orders CIPS in which the technical performance requirements are specified on an SDP-to-SDP basis,(4) Verizon will use SEDs to meet the requirements and/or access to, or use of, the agency's customer-premises equipment or software to meet the requirements. The ordering agency may (1) elect to not order such SEDs and/or (2) elect to not permit Verizon access to, or any use of, the agency's customer-premises equipment or software for such purposes.

(4) Including performance requirements specified on an end-to-end and/or agency premises-to-agency premises performance requirement basis.

In these situation(s) and unless otherwise agreed to by Verizon and the user agency, Verizon, when directed by the user agency or by GSA, will monitor, measure, and report the performance of the service for KPI/AQL and for SLA purposes either (1) on an SDP-to-SDP basis, by defining the SDP for performance metric measurement purposes for affected location(s) as being located at the connecting POP(s) of the location(s), or (2) on a POP-to-POP basis. If directed to use the latter method, Verizon will comply with the following:

(1) For all IP-based network services, the applicable POP-to-POP performance requirements to be used will be those defined in Section C.2.4.1 (IPS).

(2) For all other services, the service-specific SDP-to-SDP performance metrics will be applied on a POP-to-POP basis unless a stipulated POP-to-POP performance metric already applies for the associated service(s).

CIPS KPIs monitoring, measurement, and reporting methodologies include:

· **Availability.** We monitor CIPS Availability (Av) using our Enterprise Trouble Management System (ETMS). Each outage is entered into a trouble ticket and recorded in ETMS. The elapsed time for each outage is measured as the difference between the timestamps when the outage is repaired and when the ticket was opened, minus any time: (1) due to scheduled network configuration change or planned maintenance; or (2) as agreed to by the customer and Verizon, that service restoration cannot be worked due to customer-caused delays. We report Av on a monthly aggregate basis per agency using the following formula where S=CIPS service, RI=reporting interval, COT=cumulative outage time, and HR=hours:

RI(HR) – COT(HR)

$$Av(S) = \frac{\qquad}{RI(HR)} \times 100$$

- **Latency.** We monitor CIPS latency between Agency CE routers using a combination of User Datagram Protocol (UDP), Internet Control Message Protocol (ICMP) and SNMP. Verizon sends a series of test packets to measure latency. We report latency results in near real-time and provide aggregate reports (daily, weekly, monthly) for the previous month.

- **Grade of Service.** We monitor CIPS packet loss between Agency CE routers using a combination of UDP, ICMP and SNMP. Verizon sends a series of test packets to measure packet loss. We report packet loss results in near real-time and provide aggregate reports for the previous month.

- **Jitter.** We monitor CIPS jitter for Premium CoS (DiffServ EF CoS) between Agency CE routers using a combination of UDP, ICMP and

SNMP. Verizon sends a series of test packets to measure jitter. We report jitter results in near real-time and provide aggregate reports for the previous month.

- **Time to Restore.** We monitor CIPS Time to Restore (TTR) using our ETMS. Verizon calculates outages as discussed under Availability, above. We report TTR on a per-incident basis.

Training

Volume II, Section 3.11 of Networx Universal Contract

GCI shall offer sales training to the Verizon Government Markets sales organization to facilitate the selling of GCI High-speed Service both under the FTS2001 contract umbrella as well as Networx.

GCI shall offer training materials to Verizon and its customers in order to support Verizon's ability to deliver training to Networx customers as defined by Section C.3.7 of the Networx RFPs.

Training Content

GCI will provide content for CIPS training in accordance with the requirements of RFP Section C.3.7.2.

Training Development

Team Verizon's solution for training development meets or exceeds all requirements found in RFP Section C.3.7.2.1.

Training Availability

Team Verizon's solution for training availability meets or exceeds all requirements found in RFP C.3.7.2.2.

Training Maintenance

Team Verizon's solution for training maintenance meets or exceeds all requirements found in RFP C.3.7.2.6.

Within 30 business days following any changes to Team Verizon's Networx program that would result in any changes or modifications to the training program, all affected training material will be updated and made available to the Government. These modifications will be provided at no cost.

4.0 Project Term

This agreement will run concurrent with Verizon's Networx Universal and Enterprise contracts with the GSA. Time period will be upon issuance of a Purchase Order thru 2011.

5.0 Deliverables

See Project Scope.

6.0 Contact Information

VerizonBusiness
Name
Title
Address
City, State Zip
Phone number
Fax number
Email address

Supplier Name - GCI
Name - Laura Rykaczewski
Title - Senior Account Manager
Address
City, State Zip
Phone number - 907 868 5351
Fax number - 907 868 6292
Email address - lrykaczewski@gci.com

7.0 Project Staffing

Not applicable.

8.0 Work Performance

- Security – N/A
- Hours & Overtime – Pre-approval of time/materials above what is identified in the Cost & Schedule section is required when they impact project costs
- Travel & Expense Guidelines – N/A

9.0 Assumptions/Risks/Dependencies

Refer to Exhibit B prime contract “flow down provisions”

10.0 Verizon Responsibilities

See Project Scope

11.0 Cost and Schedule (TBD)

The value of this SOW is estimated to be approximately $X,XXX,XXX.00 for the term of the SOW.

Year 1 (2007) = $
Year 2 (2008) = $
Year 3 (2009) = $
Year 4 (2010) = $

Pricing Structure

Section B.2.7.11 of Networx Universal RFP

GCI shall provide competitive pricing to Verizon. GCI shall comply with the Pricing Structure outlined in Section B.2.7.11.2-1 through 3 of the Networx RFPs.

Virtual Private Network Services

Converged IP Services

Verizon proposes Converged IP Services (CIPS) which meets the technical requirements for CIPS as detailed in RFP Section C.2.7.11, and the pricing requirements of RFP Section B.2.7.11.

The price structure for CIPS is comprised of the following four elements:

a. Monthly Recurring Charge per port (by port type) for basic service

b. Non-Recurring Charge per telephone number for telephony service

c. Monthly Recurring Charge per telephone number for telephony service

d. Per six-second off-net usage.

CIP services are provided over a common, contractor-provided, IP network. Access to these services can be through agency locations, or through gateways connected to the Internet or to the Public Switched Telephone Network (PSTN). Dedicated access pricing is described in Section B.3. PSTN gateways provide access to/from off-net locations.

The SEDs necessary to enable CIPS shall be listed and priced as described in Section B.4.

CIPS Basic Service Prices

The contractor shall provide pricing information for CIPS ports in the formats specified in Table B.2.7.11.2-1, Table B.2.7.11.2-3, and Table B.2.7.11.2-4. Available port types are provided in Table B.2.7.11.2-2.

Table 0-1. CIPS Port Prices (CONUS)

CLIN	Price	Price Start Date	Price Stop Date	Price Replaced Date

Table 0-2. CIPS Pricing Instructions

MRC CLIN	Port Type	Charging Unit
0813201	DS0	Per Port
0813202	FT1 (2xDS0)	Per Port
0813203	FT1 (3xDS0)	Per Port
0813204	FT1 (4xDS0)	Per Port
0813205	FT1 (5xDS0)	Per Port
0813206	FT1 (6xDS0)	Per Port
0813207	FT1 (7xDS0)	Per Port
0813208	FT1 (8xDS0)	Per Port

0813209	T1	Per Port
0813210 (Optional)	E1	Per Port
0813211	FT3 (2xDS1)	Per Port
0813212	FT3 (3xDS1)	Per Port
0813213	FT3 (4xDS1)	Per Port

MRC CLIN	Port Type	Charging Unit
0813214	FT3 (5xDS1)	Per Port
0813215	FT3 (6xDS1)	Per Port
0813216	FT3 (7xDS1)	Per Port
0813217	FT3 (8xDS1)	Per Port
0813218	FT3 (9xDS1)	Per Port
0813219	FT3 (10xDS1)	Per Port
0813220	T3	Per Port
0813221 (Optional)	E3	Per Port
0813222	OC3	Per Port
0813223	OC12	Per Port

Table 0-3. CIPS Port Prices (OCONUS)

CLIN	Country/ Jurisdiction ID*	Price	Price Start Date	Price Stop Date	Price Replaced Date

* For Country/Jurisdiction IDs, see Table B.6.6-1.

12.0 Bonding Requirements

Not applicable.

13.0 Invoicing Requirements

In order for you to receive payment, receipts must be completed and all ORIGINAL invoices must be submitted to Accounts Payable. In the event an original invoice was sent to the Verizon end user, it will be the responsibility of the Verizon end user to ensure the original invoice is forwarded to Accounts Payable.

A valid invoice MUST contain the following:

Supplier Name	Remittance Address
Invoice Number	Purchase Order Number
Invoice Date	Dollar amount broken out by line item of the Purchase Order

The payment terms for such work will be Net 30 days from date of an authorized invoice.

Send ORIGINAL INVOICE to

Verizon Business
P.O. Box 770
Ashburn, VA 20146-0770

Please send a COPY of the INVOICE to

Verizon Business
Federal - AP
2485 Natomas Park Drive, Suite 450
Sacramento, CA 95831
Jenifer.Mojonnier@verizonbusiness.com

Failure to follow the above directions may result in delay of payment.

14.0 Applicable Documents

<u>GCI ICDs</u>

GCI ICD_P_II_SPIM_v2.8_06072007.doc

GCI SV_7 2_ICD_GCI_v4 0.doc

GCI ICD_GCI_ASR_v2.1_01182007.doc

<u>GCI Pricing</u>

See attached excel worksheet.

Verizon will provide any working documents that may be required to complete the work effort. All content will be the exclusive property of Verizon. "GCI" will secure prior approval from Verizon before any materials are shared publicly. Because Verizon will have provided content and approve on all material, Verizon will have sole responsibility for accuracy of contents.

15.0 Vendor Outsourced Activity

No third party subcontractor shall be added to a Statement of Work by the Consultant without obtaining prior approval from Verizon's Primary contact above.

16.0 SOW Change of Scope Procedure (if applicable)

Any change to this Statement of Work shall be provided in writing and accepted by both Parties before being accepted and included as a part of this SOW Agreement.

17.0 Acceptance Criteria

Acceptance shall be given when all of the deliverables have been received or completed, including receipt of all documents and data produced during this project. Approval of invoice for work performed is acknowledgement of acceptance criteria.

The parties agree that this engagement letter/SOW describes certain Services to be performed by GCI for Verizon. GCI acknowledges and agrees that the Services described herein shall not commence until GCI receives from Verizon a Purchase Order incorporating this engagement letter/SOW. **THERE IS NO BINDING OBLIGATION BETWEEN** GCI **AND VERIZON WITH REGARD TO THE SPECIFIC**

PROJECT DESCRIBED IN THIS SOW UNTIL THE CORRESPONDING PURCHASE ORDER IS ISSUED. FAILURE TO OBTAIN BOTH A VALID PURCHASE ORDER AND AN APPROVED ENGAGEMENT LETTER OR SOW WILL RESULT IN VERIZON HAVING NO LIABILITY OF ANY KIND FOR ANY PERFORMANCE OF SERVICES DESCRIBED HEREIN.

In WITNESS WHEREOF, the parties have entered into this Statement of Work as a part of an agreement.

Verizon Services Corporation	**General Communication, Inc.**
By: ______ {Signature}	By: ______ {Signature}
{Printed Name}	Richard Westlund {Printed Name}
{Title}	Senior VP & General Manager {Title}
{Date}	{Date}

Exhibit A

SCOPE OF WORK

IPS

(14 OF 14)

STATEMENT OF WORK

<u>GCI Premises-Based IP VPN Services (PBIP-VPNS)</u>
<u>Networx Universal Contract Volume I, Section 4.2.1</u>

1.0 Objective

Verizon has selected GCI to meet the requirements for Internet Protocol Services (IPS). GCI will comply with all requirements for C.2.4.1 as outlined on the following pages.

2.0 Background

The Government uses IPS to support a wide range of connectivity requirements that enable Government users to access the Internet, Government-wide intranets, and extranets. IPS will use the TCP/IP protocol suite to interconnect customer premises equipment (CPE) with other Government networks and the public Internet Service Provider (ISP) networks.

3.0 Project Scope

GCI is only providing the local and Alaska LD for this service. VZB is providing the long distance portion of the service.

Technical Requirements

Section C.2.4.1.1.4 of Networx Universal RFP

GCI shall offer a technical solution which meets the requirements of GSA's Networx Universal and Enterprise RFPs (heretofore referred to as Networx RFPs) Section C.2.4.1 (IPS) as well as provide pricing in the structure provided for in Section B.2.4.1.3.1, Tables B.2.4.1.3.1-3 and -4, as it pertains to OCONUS requirements. If GCI does not provide any of the services described in Section C.2.4.1 then it will be GCI's responsibility to identify a teaming partner or solution to meet all of the requirements in Section C.2.4.1 as it relates to (IPS), as it pertains to Alaska coverage.

GCI shall work with Verizon on how it will provide Management and Operations (MOPS) data to support Verizon's ability to deliver a MOPS solution and MOPS deliverables under the Networx contract(s), as defined by the requirements on Section C.3 of the Networx RFPs. This will include developing a data interchange interface with Verizon to support the MOPS requirements. Data interchange between Verizon and GCI will be defined prior to contract award and must support the requirement for Networx

vendors to provide an Operational Capabilities Demonstration prior to contract award.

Verizon will provide all network connectivity for these services unless otherwise specified.

Service Overview

Verizon has selected GCI to meet the requirements for Internet Protocol Services (IPS). GCI will comply with all requirements for C.2.4.1 as outlined on the following pages.

Description of Approach to Service Delivery

Volume I, Section 4.2.7.1.1 of Networx Universal Contract

Verizon proposes to use its commercial Global IP Internet service offerings to meet the requirements of Section C.2.4.1, Internet Protocol Service (IPS). The services proposed are mature offerings with proven technology and capabilities that ensure low risk in terms of outages, Denial of Service (DOS) attacks, and performance issues on the WAN link. In addition, customer support will be provided on a timely basis to manage service issues that can severely affect day-to-day business and operation. We will provision a combination of Internet Dialup (56K/ISDN), Broadband (DSL/Cable), Dedicated (T1-OC48c), Wireless, Satellite, FR/ATM (T1-OC12) and Ethernet (1Mbps-1Gbps) access for services offered to subscribing Networx Agency locations. Verizon will work cooperatively with those Agencies to identify locations with special access needs, and will qualify the Agencies' Service Wiring Center (SWC) with available access speeds and methods to connect to a Verizon POP. At these locations, Verizon will provision appropriate Service Enabling Devices (SEDs) upon request with the appropriate interfaces as required by service/speed type to deliver maximum efficiency and cost effectiveness. To offer GSA greater flexibility, there will be a choice of multiple SEDs available, based on service type, speed, etc. For example, IPS T1 access can be delivered using Verizon certified Cisco 1800/2800/3800 series routers, Juniper 2300/4300/6300 series routers, Adtran 3200/3300/4300/5300 series routers or Tasman 1000/1200/1400 series routers.

These flexible access methods will either connect or traverse Verizon's IPS network for Internet, Intranet, and Extranet services. For Internet access, GSA can connect directly or indirectly using any of the access methods mentioned above. Service delivery of the access will include installation, configuration, maintenance, support, project management, and testing on Verizon SEDs. For off-net access, we have partnered with various providers to offer greater availability with extended access footprint consist of DSL, Cable, Wireless, and Satellite. Some of Verizon strategic partners are Covad, New Edge Networks, Cox, Comcast, TimeWarner, Charter, RCN, Boingo, Wayport, Airpath, IDT Spectrum, and G2. Overall, this will enhance the

coverage needed to meet and exceed GSA's 9600 or so Service Wiring Centers (SWCs) requirements.

To provide GSA with Intranet and Extranet access, Verizon proposes its Premises-Based IP VPN solutions. Verizon IP VPN services are fully managed, and provide the scalability, reliability, and security needed for site-to-site or remote-to-site VPNs. We support both fully-meshed and hub-and-spoke configurations. These solutions feature industry standard IP Security (IPSEC) and Secure Sockets Layer (SSL) methods for authentication, encryption, and data integrity. For both Intranet and Extranet access, we will build and manage IPSEC/SSL tunnel between any Agency sites and remote users that have Internet access, regardless of whether it is provided by Verizon or a third party vendor. After the tunnel has been established, we will manage and monitor the network 24x7, and will provide support through Verizon Government-specific Security Operation Center (SOC). The managed VPN equipment that resides at Agency location meets mandatory FIPS 140-2 compliance requirements.

Verizon meets and exceeds all Networx IPS requirements with solutions that features reliable, technically advanced IP capabilities and feature sets. As a facilities-based telecommunications company, Verizon delivers a comprehensive portfolio of local-to-global business data, Internet, and voice services to a "Who's Who" list of the Fortune 1000. Verizon is an established leader in IP network technology and Virtual Private Networking (VPN), delivering VPNs based on private data networks, as well as on Verizon global Internet backbone, which spans six continents. Verizon portfolio includes SONET private line, frame relay, ATM, Ethernet, Network-based IP VPN, Converged IP services, as well as a full range of dedicated, dial, and value-added Internet services. Verizon is a global enterprise leader dedicated to providing preeminent communications services to business customers. Our strengths include the ability to provide exceptional network reliability, as well as advanced Internet security. Verizon has won many awards and accolades in everything from network performance to customer service, and we guarantee the quality of our commercial services with the most rigorous Service Level Agreements (SLAs) in the industry.

Today, Verizon owns and operates some of the world's most sophisticated custom networks, delivering value for more than 75 U.S. federal government agencies, as well as a wide variety of commercial customers. We are also a premier provider of audio, video, and net conferencing services that enable customers to meet and collaborate remotely to effectively conduct business virtually anytime, anywhere. Verizon operates an expansive Internet Protocol (IP) network based on the UUNET backbone. This network provides connectivity in over 140 countries and operates at speeds up to OC-192, the fastest available in today's market. We have over 130 data centers throughout the world. The Verizon global network spans more than 3,800 Points of Presences (POPs) throughout the Americas, Asia-Pacific, Europe, the Middle East and Africa with over 3.2 million dial ports. Verizon's expertise

includes data and the Internet services as well as voice. Verizon has significant experience in enterprise networking solutions, including connectivity, with public and private network suites of service and international coverage including IP, Managed IP VPN, Managed Security Services, Private IP, VOIP, Frame, ATM, and Private Line. We established a position that is somewhere between telecommunications and computing, and we are well positioned to enable the future of convergence networking. Verizon is a new kind of company that has the ability to leverage core competencies and differentiators to provide IPS solutions of the future. Our IPS solutions are built into a wholly-owned global network for direct, safe, secure access. Value-added services allow for migration of services as business grows. Verizon is an industry leader with a long history of innovations that include: First Fractional T1 Service, First Fractional T3 Services, First Fast-Packet Frame Relay Service, First High-Speed Frame Relay Service, NxT1, Dedicated Analysis, Ethernet Services, the first web-based network management tool, and a first-of-its-kind online performance monitoring service for global IP VPN customers. This extensive portfolio of services enables Verizon to support Networx customers as their requirements evolve.

Verizon provides customer Internet dedicated-access connections ranging in speeds from 128 Kbps to OC-48 (including 10/100 Fast and Gigabit Ethernet access), dial-access connections at speeds up to 56 Kbps (analog) and 128 Kbps (ISDN), as well as Satellite, Wireless, cable high speed, and DSL services. Customer access or gateway termination equipment includes Cisco 12008 and 7513 routers, Juniper M40 routers, Juniper ERX routers, Lucent Cascade 9000 Frame Relay switches, ANDA Networks switches, CBX 500 FR/ATM switches, Marconi ASX-200, ASX-1000, and ASX-4000 ATM switches, Redback SMS1000 virtual routers, and Lucent TNT/APX network access servers. With Verizon's IPS solutions, Networx customers will have the ability to access the Internet over a state-of-the-art high performance fiber-optic network. Our high speed connectivity options enable customers to process information, products, and services quickly. Access to other ISPs will be through Verizon's public and private peering arrangements that have been established for many years. For public peering, we maintain a global capacity of over 26Gbps, and we appear at most of the major public exchange points in countries in which we have an IP presence. Within North America, this includes MAE-East, MAE-West, MAE-Central, and the Ameritech NAP over OC-3c and OC-12c links. We also maintain a Fast Ethernet connection to the peering point at the PAIX in Palo Alto. Globally, Verizon's IP network (UUNET) connects to many of the world's major exchange points, including AMS-IX, BIX, BNIX, CIXP, CZ-NIX, DE-CIX, DIX, ESPANIX, FICIX, HKIX, JPIX, LINX, MAD-IX, MAE-Frankfurt, MIX, NIX, NSPIXP2, PARIX, SE-GIX, SFINX, SOX, STIX, and TIX. For private/direct peering, we have established direct peering in more than ten locations in North America, five locations in EMEA, and our locations in the Asia-Pacific region. We also maintain an ever-increasing number of direct links to other

ISPs. Currently, our peering interconnection links in the US are deployed over multiple OC12cs or OC-48cs for capacity and redundancy. A minimum of Verizon OC-12c circuits distributed over a geographically diverse area is the typical base capacity deployed in Verizon direct peering relationships. By provisioning high-capacity OC-12c and OC48c circuits, Verizon and its peers provide plenty of excess peering capacity to circumvent outages that may occur from time to time, as well as to accommodate future growth.

Technical Capabilities

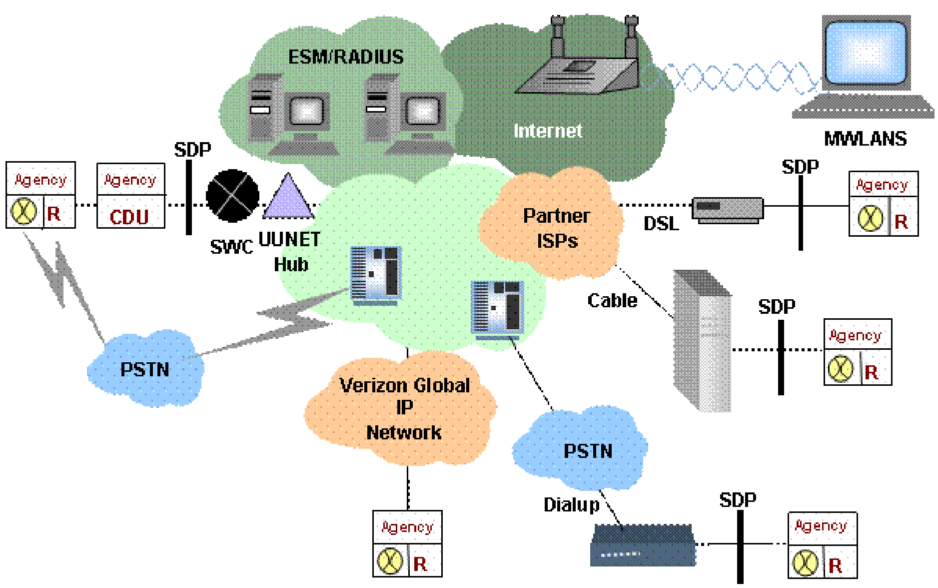
Volume I, Section 4.2.7.3.1.1 of Networx Universal Contract

GCI will comply with all technical requirements for C.2.4.1.1.4 as follows.

1 Verizon will provide full throughput or peak data rates of the purchased bandwidth to meet customer bandwidth requirements. Verizon IPS service provides comprehensive global accessibility, and is available throughout the domestic United States and in many locations throughout the world. Customers can choose from a variety of access options ranging from Dialup, DSL, Cable, Wireless, Satellite, Fast and Gigabit Ethernet to dedicated T1 up to OC-48c. With dedicated/wireline access, there are several options including; burstable, tiered, price-protected, double, shadow, diverse, and NxT1/E1.

2 Verizon currently provides a wide range of connectivity options, including dialup (56 Kbps analog, ISDN 128 Kbps), DSL, cable high speed access, Frame/ATM to IP, PLS, Satellite, Wireless, Ethernet and dedicated access (T1 to OC-48c) speeds. These access methods will connect subscribing Agencies to Verizon's Global IP network, as shown in Figure 3.2-1.

Figure 3.2-1. Verizon Global IP Network Access Options



3a Verizon maintains over 26Gbps of public peering capacity, and we appear at most major public exchange points in countries which we have an IP presence. In North America, this includes MAE-East, MAE-West, MAE-Central, and the Ameritech NAP over OC-3c and OC-12c links. We also maintain a Fast Ethernet connection to the peering point at the PAIX in Palo Alto. Globally, our UUNET network connects to many major exchange points, including AMS-IX, BIX, BNIX, CIXP, CZ-NIX, DE-CIX, DIX, ESPANIX, FICIX, HKIX, JPIX, LINX, MAD-IX, MAE-Frankfurt, MIX, NIX, NSPIXP2, PARIX, SE-GIX, SFINX, SOX, STIX, and TIX. Benefits include the ability to quickly turn up a peering connection in a shared location, rather than waiting for direct interconnections to be installed and brought into operation; and the ability to adjust bandwidth capacity over permanent virtual circuits (PVCs) in real time as traffic needs dictate. In countries where Internet exchange points are geographically distributed, Verizon can increase the reliability of peering interconnections, since we can establish more than one public peering session per partner. If one link fails, the others can handle the excess traffic. This ability to aggregate a large number of peers over a small number of ports makes the public peering solution cost-effective and highly manageable.

3b Direct/Private peering is an exchange of Internet traffic over multiple dedicated interconnects, the cost of which is shared between peers. Private interconnections enable Verizon and its peers to determine the precise speed, location, and terms through which the two carriers meet. It also provides greater control over the quality of service at each interconnection point, because we are not relying on a third party to maintain equipment. We can establish direct peering in more than ten locations in North America, seventeen in EMEA, eight in Asia-Pacific, and two in Latin America. We have installed a large and ever-increasing number of direct links to other ISPs. Currently, Verizon peering interconnection links in the US are deployed over multiple OC12cs or OC-48cs for capacity and redundancy. A minimum of Verizon OC-12c circuits distributed over a geographically diverse area is the typical base capacity deployed in a Verizon direct peering relationship. By provisioning high-capacity OC-12c and OC-48c circuits, Verizon and its peers provide excess peering capacity to circumvent outages that may occur from time to time, as well as to accommodate future growth.

3c We support both Government-assigned and InternetNIC registered IP addresses and domain names. For Government-assigned IP addresses and domain names, we can allocate up to /20 or 16 Class Cs addresses, and can handle primary/secondary DNS. For /20, the customer is required to fill out the justification form found on the Verizon Customer Center portal. They can either download the form, fill it out, and submit it to help4u@mci.com, or submit it directly via the portal. For InterNIC registered IP addresses and domain names, the Agency can go directly to www.arin.net (N. America), www.ripe.net (Europe), www.apnic.net (Asia), www.afrinic.net (Africa) and www.lacnic.net (S. America). We will help Networx customers apply for their first domain names or move existing names from another service.

3d We offer Primary/Secondary Domain Name Service (DNS) as a value-added feature with its Internet Dedicated Services. Internet Dedicated Services consist of dedicated T1 up to OC-48c bandwidth. *Primary/Secondary DNS Hosting denotes the basic network service that translates host and domain names into their corresponding IP addresses, and vice versa.

4 Verizon supports BGPv4 with publicly registered ASN. We can also provide private ASN for non multi-homed Agencies/customers.

Other Contract Requirements

Volume FLAG Section FLAG of Networx Universal Contract

In preparation of the proposal response, GCI shall describe how it will support Verizon in responding to the Price Management Mechanism as defined in Section H.7 of the Networx Universal RFPs.

Interfaces

Section C.2.4.1.3 of Networx Universal RFP

GCI shall describe how it will provide all of the interfaces identified in Section C.2.4.1.3.1 of the Networx RFPs.

Network Interfaces

GCI will comply with all applicable interfaces required for IPS, as follows:

The User-to-Network-Interfaces (UNI) at the SDP, as defined in Section C.2.4.1.3.2, for the provisioning of IPS are mandatory as required in J.2.1, J.2.2, and J.2.3 for Geographic Coverage, unless marked optional.

Table 6.1-1. User-to-Network Interface for IPS

UNI Type	Interface/Access Type	Network-Side Interface	Protocol Type (See Note 1)
1	Asynchronous Transfer Mode Service	1. T1 2. T3 3. OC-3c 4. OC-12c	IPv4/v6 over ATMS
2	Cable High Speed Access	320 Kbps up to 10 Mbps	Point-to-Point Protocol, IPv4/v6
3	Circuit Switched Data Service	1. ISDN at 64 Kbps 2. ISDN at 128 Kbps 3. ISDN dial backup at 64 Kbps 4. ISDN dial backup at 128 Kbps	Point-to-Point Protocol, IPv4/v6
4	Ethernet Interface	1. 1 Mbps up to 1 GbE (Gigabit Ethernet) 2. 10 GbE (Optional)	IPv4/v6 over Ethernet
5	Frame Relay Service	1. 56 Kbps with 32 Kbps CIR 2. Fractional T1 1. 128 Kbps with 64 Kbps CIR 2. 256 Kbps with 128 Kbps CIR 3. 384 Kbps with 128 Kbps CIR 4. 512 Kbps with 256 Kbps CIR 5. 768 Kbps with 384 Kbps CIR 3. T1 1. 536 Mbps with 768 Kbps CIR 2. 1.536 Mbps with	IPv4/v6 over FRS

		1024 Kbps CIR 4. Fractional T3	

		1. 3 Mbps 2. 6 Mbps 3. 12 Mbps 4. 24 Mbps 5. 45 Mbps 5. T3	
6	IP over SONET Service	1. OC-3c 2. OC-12c 3. OC-48c 4. OC-192c	IP/PPP over SONET
7	Private Line Service	1. DS0 2. Fractional T1 3. T1 4. Fractional T3 5. T3 6. OC-3c 7. OC-12c 8. OC-48c 9. OC-192c	IPv4/v6 over PLS
8	Voice Service	Analog dialup at 56 Kbps	Point-to-Point Protocol, IPv4/v6
9	DSL Service	xDSL access at 1.5 to 6 Mbps downlink, and 384 Kbps to 1.5 Mbps uplink	Point-to-Point Protocol, IPv4/v6
10	Multimode/Wireless LAN Service	See Section C.2.14.3.3.1 MWLANS User-to-Network Interfaces	
11	Wireless Access	See Section C.2.16.2.3.3.1 Wireless Access Arrangement Interfaces	
12	Satellite Access	See Section C.2.16.2.4.3.1 Satellite Access Arrangement Interfaces	

Notes:

1. IPv6 shall be supported when offered commercially by the contractor.

2. Reserved.

3. Where E-1/E-3 carrier service is provided, appropriate corresponding payload data rates apply.

Service Level Agreements

Volume II, Appendix B.3, Attachment 1 of Networx Universal Contract

GCI shall describe how it will meet the Performance Metrics as defined by Section C.2.4.1.4.1 of the Networx RFPs for the individual services.

Internet Protocol Service SLA

- **Availability.** Availability is captured for each port number. Availability is calculated as follows.

  Availability = total expected Available time (Tex) – total outage time (Tou)

  Total Expected Available time (Tex)

  Availability metrics are calculated for the Agency Bureau level by summing up Tex and Tou for all the port numbers under the Agency Bureau for a calendar month and reported as a percentage.

  Availability metrics are calculated for the Agency level by summing up Tex and Tou for all the port numbers under the Agency for a calendar month and reported as a percentage.

- **Latency.** Latency is the backbone delay experienced across the Networx network. It is the average time for IP packets to travel over the Networx core network. The Backbone Latency metric does not apply for DSL, Cable High Speed, Wireless, and Satellite access methods. Latency metrics are collected at different sits in the backbone. The monthly average of latency measures collected at sites in the backbone are aggregated to arrive at Continental US and Outside Continental US values.

  These values are not aggregated and assigned for a particular Agency Bureau or Agency. The SLA measures at CONUS / OCONUS levels are applicable to the agencies and agency bureau based on their location.

- **Jitter.** Jitter is the variation in backbone delay experienced across the Networx network. Jitter metrics are collected at different sites in the backbone. The monthly average of Jitter measures collected at sites in the backbone are aggregated to arrive at Continental US and Outside Continental US values.

  These values are not aggregated and assigned for a particular Agency Bureau or Agency. The SLA measures at CONUS / OCONUS levels are applicable to the agencies and agency bureau based on their location.

- **Packet Delivery Rate.** Packet delivery rate (PDR) for a frame is calculated as IP packets delivered and accepted versus the number of IP packets transmitted across the Networx network.. PDR metrics are collected at different sites in the backbone. The monthly average of PDR measures collected at sites in the backbone are aggregated to arrive at Continental US and Outside Continental US values.

  These values are not aggregated and assigned for a particular Agency Bureau or Agency. The SLA measures at CONUS / OCONUS levels are applicable to the agencies and agency bureau based on their location.

Performance Metrics

Section C.2.4.1.4 of Networx Universal RFP

Performance Metrics for IPS

GCI will comply with all performance metric requirements for IPS.

The performance levels and acceptable quality level (AQL) of key performance indicators (KPIs) for IPS in Section C.2.4.1.4.1 are mandatory unless marked optional:

Table 7.2.1-1. Performance Metrics for IPS

Key Performance Indicator (KPI)	Service Level	Performance Standard (Threshold)	Acceptable Quality Level (AQL)	How Measured
Av(Port)	Routine	99.95%	≥ 99.95%	See Note 1
	Critical	99.995%	≥ 99.995%	
Latency (CONUS)	Routine	60 ms	≤ 60 ms	See Note 2
	Critical	50 ms	≤ 50 ms	
GOS(Data Delivery Rate)	Routine	99.95%	≥ 99.95%	See Note 3
	Critical	99.995%	≥ 99.995%	
Time to Restore	Without Dispatch	4 hours	≤ 4 hours	See Note 4
	With Dispatch	8hours	≤ 8 hours	

Notes:

Port availability is measured end-to-end and calculated as a percentage of the total reporting interval time that the port is operationally available to the Agency. Availability is computed by the standard formula:

$$Av(Port) = \frac{RI(HR) - COT(HR)}{RI(HR)} \times 100$$

For *critical user type*, the contractor would provide essentially 100% uptime for customer's Internet connection with high availability equipment, redundancy, automatic restoration, and reconfiguration.

(2) Latency is the backbone delay experienced across the Networx network. It is the average time for IP packets to travel over the Networx core network. The Backbone Latency metric does not apply for DSL, Cable High Speed, Wireless, and Satellite access methods. The Internet Control Message Protocol (ICMP) test can be used to calculate packet delivery and latency. The ICMP test consists of sending, every five minutes, a

series of five test packets between Networx core service aggregation points (i.e., POPs). The test results are analyzed to determine packet loss vs. successful delivery and speed of delivery. Relevant standards: RFC 1242 and RFC 2285.

(3) Network packet delivery is a measure of IP packets successfully sent and received over the Networx core network. The data delivery rate can be measured with the ICMP test.

(4) See Section C.3.3.1.2.4 for the definitions and measurement guidelines.

Service Quality and Performance Metrics

Volume I, Section 4.2.7.2.1 of Networx Universal Contract

Verizon is offering IPS as a monitored network service to meet the reporting requirements for real-time network performance metrics (latency, grade of service, jitter). Verizon will comply with the requirements in Section C.2.1.6.2. For all IP-based network services, the applicable POP-to-POP performance requirements to be used will be those defined in Section C.2.4.1 (IPS).

IPS performance metrics will be measured based on the following criteria:

- **Availability.** We monitor IPS Availability (Av) using our Enterprise Trouble Management System (ETMS). Each outage is entered into a trouble ticket and recorded in ETMS. The elapsed time for each outage is measured as the difference between the timestamps when the outage is repaired and when the ticket was opened, minus any time: (1) due to scheduled network configuration change or planned maintenance; or (2) as agreed to by the customer and Verizon, that service restoration cannot be worked due to customer-caused delays. We report Av on a monthly aggregate basis per agency using the following formula where S=IPS service, RI=reporting interval, COT=cumulative outage time, and HR=hours:

$$Av(S) = \frac{RI(HR) - COT(HR)}{RI(HR)} \times 100$$

- **Latency.** We monitor IPS latency between Verizon IPS POPs using a combination of User Datagram Protocol (UDP), Internet Control Message Protocol (ICMP) and SNMP. Verizon sends a series of test packets to measure latency. We report latency results in near real-time and provide aggregate reports (daily, weekly, monthly) for the previous month.

- **Grade of Service.** We monitor IPS packet loss between Verizon IPS POPs using a combination of UDP, ICMP and SNMP. Verizon sends a series of test packets to measure packet loss. We report packet loss results in near real-time and provide aggregate reports for the previous month.

- **Time to Restore.** We monitor IPS Time to Restore (TTR) using our ETMS. Verizon calculates outages as discussed under Availability, above. We report TTR on a per-incident basis.

Features

Section C.2.4.1.2 of Networx Universal RFP

GCI shall describe how it will provide all of the features identified in section C.2.4.1.2, of the Networx RFP. GCI shall also price the required features per B 2.4.1.4-1 through 3 and provide in the required format.

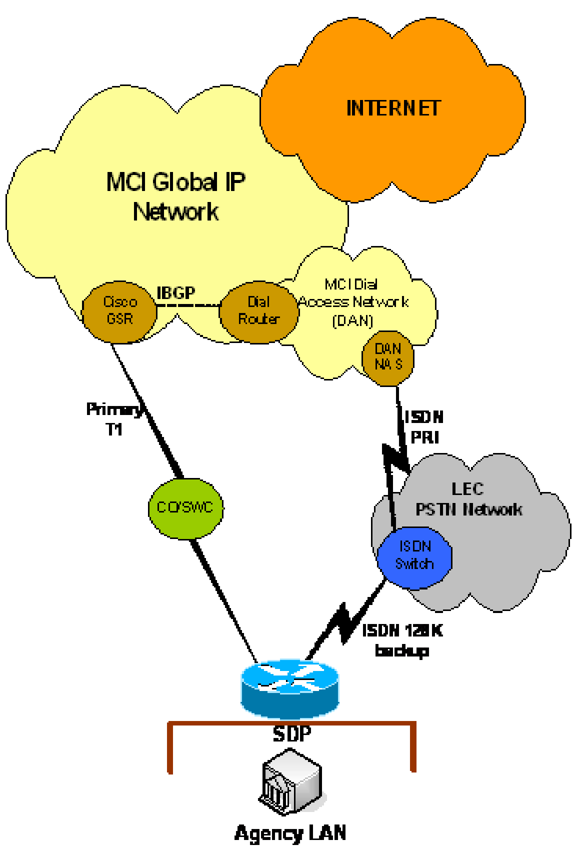
IPS Features

Volume I, Section 4.2.7.3.1.2 of Networx Universal Contract

GCI will comply with all feature requirements for C.2.4.1.2.1 as follows.

1 As shown in Figure 8.0-1 below, Verizon ISDN backup service is available for Networx customers with Verizon-provided T1 or dedicated ports that need low-cost backup connectivity. In the event of T1 failure, the customer's router automatically dials a Verizon-owned ISDN Point of Presence (POP) that routes to the ISDN connection until the primary leased line service returns; the ISDN line will then drop. Note: The ISDN line will be provided to the Networx customer through another provider; the connection must be a complete ISDN account (i.e., the customer pays any ISDN charges to the telco). Dual channel (2 B channel) bonding is not guaranteed; 128 Kbps is supported if both channels terminate on the same Network Access Server/APX. A minimum of 64 Kbps is guaranteed for transmission. We do not offer 56K dial backup as "dynamic failover" for dedicated ports commercially. However, if this issue arises, we will obtain approval for an ad hoc custom design. From a technical design standpoint, it doesn't make sense for a 56K dialup circuit to dynamically backup a dedicated port such as T1, T3, or above. If the primary dedicated port were to go down, a 56K dial circuit could not support or sustain the throughput that the Agency would be accustomed to.

Figure 8.0-1. IPS High Availability Configuration (Dedicated Port w/ISDN Backup)



High Availability Configuration (T1 with ISDN Backup)

T1 with ISDN backup is a single T1 service with the addition of ISDN 2B+D BRI 128 K dial backup. The Agency's CPE/SED has both a DS1 and an ISDN BRI interface. If the Dedicated Access SD1 fails at any layer (i.e., just the virtual circuit (layer 2), T1 signaling (layer 1), default route un-reachability (layer 3), the ISDN BRI interface on the CPE will sense "interesting" egress IP datagrams and will dial out and negotiate a PPP session with a

Verizon Internet Dial Access Network (DAN) Network Access Server (NAS –Lucent APX8100).

The customer IP subnet is then advertised by a Dial Router (DR) to the Internet at large to establish the change in topology.

2 Verizon's Web-Based Directory Services (WBDS) solution provides Networx Agencies with a web-based directory interface for access to national directory listings. WBDS features: a web-based user interface; area code searches; reverse number searches; reverse street searches; and robust reporting. Although freedom to roam is currently not supported, this capability can be developed to meet GSA requirements. WBDS also offers directory assistance that is cheaper than that offered with standard dial-up connections. WBDS replaces standard DA with a web-based interface, and expands present capabilities of DA service. Customers who now dial long distance (XXX) 555-1212 or local 411 will have a cheaper, more intuitive interface. WBDS is an excellent adjunct to Verizon's traditional dial directory assistance. Our database, which is 99.5% accurate, is used by both web-based and dial applications. WBDS is also an ideal transitional service that migrates away from standard dial services to

web-based environments. Availability of service from a data connection to Verizon on Frame Relay, ATM, or IP allows for the customer's LAN- based users to bypass higher cost dial services and utilize the web-based capabilities of most intranets, as provided. In many offices, customers will be able to shut down 411 and (XXX) 555-1212 dial arrangements on their PBX service and allow only web-based connections to WBDS, which will result in significant cost savings.

2a Verizon's Web-Based Directory Services is the web interface provided.

2b The No Area Code Necessary feature is Included in WBDS service.

2c The Verizon Directory Assistance database is not derived from RBOCs/LECs phone book data; it comprises the true directory assistance data used by 411 operators. The key difference is that Verizon data contains non-listed telephone numbers, while the phone book does not. In addition, Verizon has over 156 million Directory Assistance listings, and receives between 850,000 to 1.5 million updates from all of Verizon data providers daily. In total, Verizon has over 22 feeds from companies across the country. A reverse number search will search the White Pages, Business Pages, and Government Pages of a phone book for a listing based on the phone number. The returned listing information may contain:

- Name
- Street Address
- City
- State
- Zip
- Phone number

2d A reverse street search will search the White Pages, Business Pages, and Government Pages for a listing based on the street address. The returned listing information may contain:

- Phone number
- Name
- City
- State
- Zip
- Street Address

2e Freedom to Roam is currently not available, but can be developed for Networx customers.

2f With WBDS, Agencies can access user group-generated usage reports. The reporting platform shows the customer that the billed total closely matches the usage seen. The billing system only reports a line item total for the usage, not the detail needed for validation of the charge. Reporting has two components for WBDS:

- E-mail reports of templates created at the time of order. Allows weekly and/or monthly reports to be generated and sent to the designated e-mail recipient indicated on the WBDS project initiation form filled out by the account team when ordering the service).
- Online reporting done within the report request is entered by the customer contact. The account team creates identification and password information for the customer contact during provisioning, with information submitted on the WBDS Project Initiation Form. E-mail is sent to this contact person when an ID and password have been created for them.

Online reporting features data stream authentication screening to assure that one customer does not see another's data. In addition to ID and password functions, we use the IP address assigned at the customer premises on the proxy server or LAN interface equipment to identify the identifier for the interaction. If the IP address is not stored in the acceptance table on the WBDS firewalls, the request for data is denied. The address follows conventional IP format (xxx.xxx.xxx.xxx). This address information is taken from the WBDS project initiation form. This IP addressing mechanism will apply for both frame relay and IP connected customers.

Training

Volume II, Section 3.11 of Networx Universal Contract

GCI shall offer sales training to the Verizon Government Markets sales organization to facilitate the selling of GCI High-speed Service both under the FTS2001 contract umbrella as well as Networx.

GCI shall offer training materials to Verizon and its customers in order to support Verizon's ability to deliver training to Networx customers as defined by Section C.3.7 of the Networx RFPs.

Training Content

GCI will provide content for IPS training in accordance with the requirements of RFP Section C.3.7.2.

Training Development

Team Verizon's solution for training development meets or exceeds all requirements found in RFP Section C.3.7.2.1.

Training Availability

Team Verizon's solution for training availability meets or exceeds all requirements found in RFP C.3.7.2.2.

Training Maintenance

Team Verizon's solution for training maintenance meets or exceeds all requirements found in RFP C.3.7.2.6.

Within 30 business days following any changes to Team Verizon's Networx program that would result in any changes or modifications to the training program, all affected training material will be updated and made available to the Government. These modifications will be provided at no cost.

Partner Meetings/Sales Opportunities

FLAG DOES NOT MAP TO NETWORX PROPOSAL/CONTRACT.

GCI shall support meetings with Verizon Networx Partners.

GCI shall assign sales representatives to support the FTS2001 and Networx opportunities. GCI shall support Sales Opportunity Reviews to ensure collaborative planning.

4.0 Project Term

This agreement will run concurrent with Verizon's Networx Universal and Enterprise contracts with the GSA. Time period will be upon issuance of a Purchase Order thru 2011.

5.0 Deliverables

See Project Scope.

6.0 Contact Information

VerizonBusiness
Name
Title
Address
City, State Zip
Phone number
Fax number
Email address

Supplier Name - GCI
Name - Laura Rykaczewski
Title - Senior Account Manager
Address

City, State Zip
Phone number - 907 868 5351
Fax number - 907 868 6292
Email address - lrykaczewski@gci.com

7.0 Project Staffing

Not applicable.

8.0 Work Performance

· Security – N/A
· Hours & Overtime – Pre-approval of time/materials above what is identified in the Cost & Schedule section is required when they impact project costs
· Travel & Expense Guidelines – N/A

9.0 Assumptions/Risks/Dependencies

Refer to Exhibit B prime contract "flow down provisions"

10.0 Verizon Responsibilities

See Project Scope

11.0 Cost and Schedule (TBD)

The value of this SOW is estimated to be approximately $X,XXX,XXX.00 for the term of the SOW.

Year 1 (2007) = $
Year 2 (2008) = $
Year 3 (2009) = $
Year 4 (2010) = $

Pricing Structure

Section B.2.4.1 of Networx Universal RFP

GCI shall provide competitive pricing to Verizon. GCI shall comply with the Pricing Structure outlined in Section B.2.4.1.3.1 of the Networx RFPs.

Internet Services

Internet Protocol Service (IPS)

The technical requirements for Internet Protocol Service (IPS) are provided in Section C.2.4.1.

IPS Price Structure

The price structure for domestic and non-domestic IPS shall comprise the following elements:

a. Monthly Recurring Charge per port

b. Feature Charges

Prices for any associated SEDs shall be listed in Section B.4.

IPS Access

The contractor shall allow a Government Agency to connect to the contractor's IPS transport network using any of the following access methods:

a. Independent access

b. Dedicated access

c. Embedded access

Independent Access

An agency may use access from a different contract to connect with the contractor's IPS transport network. No additional charges shall be allowed for interfacing with independent access.

Dedicated Access

Where dedicated access is used to connect the SDP to the contractor's designated connecting Point-of-Presence (POP), dedicated access prices shall be listed in Section B.3.

Embedded Access

When services such as ISDN, DSL, or Cable High-Speed are offered as embedded access by the contractor, the service price shall be included in the contractor's port price. See Section J.2 for geographical scope of these service offerings.

IPS Basic Service Prices

IPS Domestic Port Prices

Table B.2.4.1.3.1-3 provides the format for IPS domestic, i.e., CONUS/OCONUS, port prices for Internet service. Table B.2.4.1.3.1-4 provides the applicable charging units for the IPS domestic port types for Internet service. Domestic dial-up access will connect to the contractor's IPS network through the domestic dial-up port. The contractor shall price the domestic dial-up port based on a flat monthly recurring charge for unlimited usage.

Domestic dedicated access will connect to the contractor's IPS network through a domestic dedicated access port. Agencies may also connect domestic independent access to any domestic port (except to embedded access ports). The contractor shall price domestic dedicated access ports based on a monthly recurring charge. The Country/Jurisdiction IDs are provided in RFP Section B.6.6.

Table B.2.4.1.3.1-3 IPS Domestic Port Prices - Internet

CLIN	Case Number*	Country/ Jurisdiction ID**	Price	Price Start Date	Price Stop Date	Price Replaced Date

* Case number applies to ICB CLINs only

** For Country/Jurisdiction ID codes, see RFP Section B.6.6.

Table 0-1 IPS Domestic Port Pricing Instructions - Internet

MRC Routine	MRC Critical	Description	Charging Unit
0744341	0744390	Dedicated DS0 – CONUS	Per port
0744342	0744391	Dedicated FT1 (2XDS0) – CONUS	Per port
0744343	0744392	Dedicated FT1 (3XDS0) – CONUS	Per port
0744344	0744393	Dedicated FT1 (4XDS0) – CONUS	Per port
0744345	0744394	Dedicated FT1 (5XDS0) – CONUS	Per port
0744346	0744395	Dedicated FT1 (6XDS0) – CONUS	Per port
0744347	0744396	Dedicated FT1 (7XDS0) – CONUS	Per Port
0744348	0744397	Dedicated FT1 (8XDS0) – CONUS	Per port
0744349	0744398	Dedicated T1 – CONUS	Per port
0744350	0744399	Dedicated FT3 (2XDS1) – CONUS	Per port
0744351	0744400	Dedicated FT3 (3XDS1) – CONUS	Per port
0744352	0744401	Dedicated FT3 (4XDS1) – CONUS	Per port
0744353	0744402	Dedicated FT3 (5XDS1) – CONUS	Per port
0744354	0744403	Dedicated FT3 (6XDS1) – CONUS	Per port
0744355	0744404	Dedicated FT3 (7XDS1) – CONUS	Per port
0744356	0744405	Dedicated FT3 (8XDS1) – CONUS	Per port
0744359	0744408	Dedicated T3 – CONUS	Per port
0744360	0744409	Dedicated OC3c (155 Mbps) – CONUS	Per port
0744361	0744410	Dedicated OC12c (622 Mbps) – CONUS	Per port
0744362	0744411	Dedicated OC48c (2.5 Gbps) – CONUS	Per port
0744363	0744412	Dedicated OC192c (10 Gbps) – CONUS	Per port
0744365	0744414	Dedicated DS0 – OCONUS	Per port

MRC Routine	MRC Critical	Description	Charging Unit
0744366	0744415	Dedicated FT1 (2XDS0) – OCONUS	Per port
0744367	0744416	Dedicated FT1 (3XDS0) – OCONUS	Per port
0744368	0744417	Dedicated FT1 (4XDS0) – OCONUS	Per port
0744369	0744418	Dedicated FT1 (5XDS0) – OCONUS	Per port
0744370	0744419	Dedicated FT1 (6XDS0) – OCONUS	Per port
0744371	0744420	Dedicated FT1 (7XDS0) – OCONUS	Per Port
0744372	0744421	Dedicated FT1 (8XDS0) – OCONUS	Per port
0744373	0744422	Dedicated T1 – OCONUS	Per port
0744374	0744423	Dedicated FT3 (2XDS1) – OCONUS	Per port

0744375	0744424	Dedicated FT3 (3XDS1) – OCONUS	Per port
0744376	0744425	Dedicated FT3 (4XDS1) – OCONUS	Per port
0744377	0744426	Dedicated FT3 (5XDS1) – OCONUS	Per port
0744378	0744427	Dedicated FT3 (6XDS1) – OCONUS	Per port
0744379	0744428	Dedicated FT3 (7XDS1) – OCONUS	Per port
0744380	0744429	Dedicated FT3 (8XDS1) – OCONUS	Per port
0744383	0744432	Dedicated T3 – OCONUS	Per port
0744384	0744433	Dedicated OC3c (155 Mbps) – OCONUS	Per port
0744385	0744434	Dedicated OC12c (622 Mbps) – OCONUS	Per port
0744386	0744435	Dedicated OC48c (2.5 Gbps) – OCONUS	Per port
0744387	0744436	Dedicated OC192c (10 Gbps) – OCONUS	Per port
0744001	0744170	Analog Dial-Up (up to 56/64 kbps)-CONUS	Per port
0744002	0744171	Embedded – Analog Dial-up (up to 56/64 kbps) - CONUS	Per port
0744003	0744172	Embedded – ISDN (at 64 kbps) – CONUS	Per port
0744004	0744173	Embedded – ISDN (at 128 kbps) - CONUS	Per port
0744005	0744174	Embedded – ADSL (at 1.536 Mbps/384 kbps -CONUS	Per port
0744006	0744175	Embedded – ADSL (at 3 Mbps/512 kbps) -CONUS	Per port
0744007	0744176	Embedded – ADSL (at 6 Mbps/768 kbps) - CONUS	Per port
0744008	0744177	Embedded – SDSL (at 1.536	Per port

MRC Routine	MRC Critical	Description	Charging Unit
		Mbps/1.536 Mbps) – CONUS	
0744010 (Optional)	0744179 (Optional)	Embedded – Cable High-speed (at 256 kbps/256 kbps) -CONUS	Per port
0744011 (Optional)	0744180 (Optional)	Embedded-Cable High-speed (at 1.54 Mbps/384 kbps) - CONUS	Per port
0744012 (Optional)	0744181 (Optional)	Embedded – Cable High-speed (at 5 Mbps/512 kbps) – CONUS	Per port
0744013 (Optional)	0744182 (Optional)	Embedded-Cable High-speed (at 10 Mbps/768 kbps)-CONUS	Per port
0744014 (Optional)	0744183 (Optional)	Embedded – MWLANS (Wireless) –up to 54 Mbps-CONUS	Per port
0744015 (Optional)	0744184 (Optional)	Embedded – Broadband Wireless – up to 19.2 kbps – CONUS	Per port, ICB
0744016 (Optional)	0744185 (Optional)	Embedded – Broadband Wireless – up to 1.54 Mbps - CONUS	Per port, ICB
0744017 (Optional)	0744186 (Optional)	Embedded – Broadband Wireless – up to 43 Mbps - CONUS	Per port, ICB
0744018	0744187	Embedded – Satellite – up to 19.2 kbps	Per port
0744019	0744188	Embedded – Satellite – up to 1.54 Mbps - CONUS	Per port
0744020	0744189	Embedded – Satellite – up to 43 Mbps – CONUS	Per port
0744086	0744255	Analog Dial-up (up to 56/64 kbps) – OCONUS	Per port
0744087	0744256	Embedded – Analog Dial-up (up to 56/64 kbps) - OCONUS	Per port
0744088	0744257	Embedded-ISDN (at 64 kbps) - OCONUS	Per port
0744089	0744258	Embedded – ISDN (at 128 kbps) - OCONUS	Per port
0744090	0744259	Embedded – ADSL (at 1.536 Mbps/384 kbps) - OCONUS	Per port
0744091	0744260	Embedded – ADSL (at 3 Mbps/512 kbps) -OCONUS	Per port
0744092	0744261	Embedded – ADSL (at 6 Mbps/768 kbps) -OCONUS	Per port
0744093	0744262	Embedded – SDSL (at 1.536 Mbps/1.536 Mbps) -OCONUS	Per port
0744095 (Optional)	0744264 (Optional)	Embedded – Cable High-speed (at 256 kbps/256 kbps) - OCONUS	Per port

0744096 Optional)	0744265 (Optional)	Embedded – Cable High-speed (at 1.54 Mbps/384 kbps) - OCONUS	Per port
0744097 (Optional)	0744266 (Optional)	Embedded – Cable High-speed (at 5	Per port

MRC Routine	MRC Critical	Description	Charging Unit
		Mbps/512 kbps) - OCONUS	
0744098 (Optional)	0744267 (Optional)	Embedded – Cable High-speed (at 10 Mbps/768 kbps) - OCONUS	Per port
0744099 (Optional)	0744268 (Optional)	Embedded – MWLANS (Wireless) – up to 54 Mbps - OCONUS	Per port
0744100 (Optional)	0744269 (Optional)	Embedded – Broadband Wireless – up to 19.2 kbps - OCONUS	Per port, ICB
0744101 (Optional)	0744270 (Optional)	Embedded – Broadband Wireless – up to 1.54 Mbps - OCONUS	Per port, ICB
0744102 (Optional)	0744271 (Optional)	Embedded – Broadband Wireless – up to 43 Mbps - OCONUS	Per port, ICB
0744103	0744272	Embedded – Satellite – up to 19.2 kbps - OCONUS	Per port
0744104	0744273	Embedded – Satellite – up to 1.54 Mbps - OCONUS	Per port
0744105	0744274	Embedded – Satellite – up to 43 Mbps - OCONUS	Per port
0744081	0744250	Ethernet - 1 Mbps-CONUS	Per port
0744082	0744251	Ethernet – 10 Mbps-CONUS	Per port
0744083	0744252	Ethernet – 100 Mbps-CONUS	Per port
0744084	0744253	Ethernet – 1 Gbps-CONUS	Per port
0744085 (Optional)	0744254 (Optional)	Ethernet – 10 Gbps-CONUS	Per port
0744165	0744334	Ethernet – 1 Mbps - OCONUS	Per port
0744166	0744335	Ethernet – 10 Mbps - OCONUS	Per port
0744167	0744336	Ethernet – 100 Mbps - OCONUS	Per port
0744168	0744337	Ethernet – 1 Gbps - OCONUS	Per port
0744169 (Optional)	0744338 (Optional)	Ethernet – 10 Gbps - OCONUS	Per port

IPS Features Prices

Table B.2.4.1.4-1 and Table B.2.4.1.4-2 provide the formats for the pricing information for IPS domestic features. Table B.2.4.1.4-3 provides the pricing information and charging units for IPS domestic features. The contractor shall price the IPS features for dedicated port backup as a separate transmission from VS analog dial-up and ISDN BRI access to IPS. The Country/Jurisdiction IDs are provided in Section B.6.6. The contractor is not required to propose a price for the Web-based directory service feature. Finally, when the contractor does not use its own non-domestic IPS network, the contractor shall provide non-domestic feature charges as pass-through of actual costs with no markup.

Table 0-2 IPS Feature Prices

CLIN	Country/ Jurisdiction ID*	Price	Price Start Date	Price Stop Date	Price Replaced Date

* For Country/Jurisdiction ID codes, see Section B.6.6

Table 0-3 IPS Web-Based Directory Service Feature Prices (Optional)

CLIN	Band Low	Band High	Price	Price Start Date	Price Stop Date	Price Replaced Date

Table 0-4 IPS Feature Pricing Instructions

MRC	NRC	Usage	Description	Charging Unit	Notes
		0749001	Analog VS Dial-up backup– 56 kbps	Per 6 second increment	

	0749005		Analog VS Dial-up backup– 56 kbps	Per line	
0749002 (Optional)	0749006 (Optional)		ISDN BRI backup – Peak rate 64 kbps	Per line	Flat fee for unlimited usage
0749003 (Optional)	0749007 (Optional)		ISDN BRI backup – Peak rate 128 kbps	Per line	Flat fee for unlimited usage
		0749004 (Optional)	Web-based Directory Services	Per successful retrieval per month	Banding level based on number of returns

12.0 Bonding Requirements

Not applicable.

13.0 Invoicing Requirements

In order for you to receive payment, receipts must be completed and all ORIGINAL invoices must be submitted to Accounts Payable. In the event an original invoice was sent to the Verizon end user, it will be the responsibility of the Verizon end user to ensure the original invoice is forwarded to Accounts Payable.

A valid invoice MUST contain the following:

Supplier Name	Remittance Address
Invoice Number	Purchase Order Number
Invoice Date	Dollar amount broken out by line item of the Purchase Order

The payment terms for such work will be Net 30 days from date of an authorized invoice.

Send ORIGINAL INVOICE to
Verizon Business
P.O. Box 770
Ashburn, VA 20146-0770

Please send a COPY of the INVOICE to

Verizon Business
Federal - AP
2485 Natomas Park Drive, Suite 450
Sacramento, CA 95831
Jenifer.Mojonnier@verizonbusiness.com

Failure to follow the above directions may result in delay of payment.

14.0 Applicable Documents

<u>GCI ICDs</u>

GCI ICD_P_II_SPIM_v2.8_06072007.doc

GCI SV_7 2_ICD_GCI_v4 0.doc

GCI ICD_GCI_ASR_v2.1_01182007.doc

<u>GCI Pricing</u>

See attached excel worksheet.

Verizon will provide any working documents that may be required to complete the work effort. All content will be the exclusive property of Verizon. “GCI” will secure prior approval from Verizon before any materials are shared publicly. Because Verizon will have provided content and approve on all material, Verizon will have sole responsibility for accuracy of contents.

15.0 Vendor Outsourced Activity

No third party subcontractor shall be added to a Statement of Work by the Consultant without obtaining prior approval from Verizon’s Primary contact above.

16.0 SOW Change of Scope Procedure (if applicable)

Any change to this Statement of Work shall be provided in writing and accepted by both Parties before being accepted and included as a part of this SOW Agreement.

17.0 Acceptance Criteria

Acceptance shall be given when all of the deliverables have been received or completed, including receipt of all documents and data produced during this project. Approval of invoice for work performed is acknowledgement of acceptance criteria.

The parties agree that this engagement letter/SOW describes certain Services to be performed by for Verizon. acknowledges and agrees that the Services described herein shall not commence until receives from Verizon a Purchase Order incorporating this engagement letter/SOW. **THERE IS NO BINDING OBLIGATION BETWEEN AND VERIZON WITH REGARD TO THE SPECIFIC PROJECT DESCRIBED IN THIS SOW UNTIL THE CORRESPONDING PURCHASE ORDER IS ISSUED. FAILURE TO OBTAIN BOTH A VALID PURCHASE ORDER AND AN APPROVED ENGAGEMENT LETTER OR SOW WILL RESULT IN VERIZON HAVING NO LIABILITY OF ANY KIND FOR ANY PERFORMANCE OF SERVICES DESCRIBED HEREIN.**

In WITNESS WHEREOF, the parties have entered into this Statement of Work as a part of an agreement.

Verizon Services Corporation	**{INSERT VENDOR}**
By: ________________	By: ________________
{Signature}	{Signature}
{Printed Name}	{Printed Name}
{Title}	{Title}
{Date}	{Date}

EXHIBIT B

PERFORMANCE AND MAINTENANCE

1. PERFORMANCE MONITORING AND REPORTING

1.1 Provider shall be responsible for performing surveillance on Provider's Network. However, Verizon Business may also perform surveillance on Provider's Network.

1.2 Verizon Business, at its expense, may provide surveillance equipment to the terminating equipment network side of the DSX-1 cross connect frame connected to Provider's transmission equipment situated in Verizon Business' locations, which will provide the Verizon Business Global Event Network Management Center ("Verizon Business' GENMC") with the ability to perform surveillance of the Special Access Services.

1.3 Alarms related to the Special Access Services shall be reported immediately to Provider by Verizon Business' GENMC, and alarms related to the Special Access Services that are detected by the Provider shall be reported immediately to Verizon Business by Provider.

2. MAINTENANCE

2.1 Provider, at its sole cost and expense, shall be responsible for maintaining, repairing and testing the Special Access Services and Provider's Network, including any Provider-owned equipment in End User and Verizon Business locations.

2.2 Provider shall perform all maintenance and repair functions as necessary on a twenty-four (24) hours per day, seven (7) day per week basis.

2.3 **Specifications.** Maintenance of the Special Access Services and/or Provider's Network shall be performed to meet the manufacturer's specifications and those provided for in this Agreement. Verizon Business shall have the right to review Provider's maintenance procedures and maintenance records.

2.4 **Coordination.** Any maintenance or repair function to be performed by Provider that will or could affect the Special Access Services, or may result in an Interruption to the Special Access Services, shall be coordinated and scheduled through Verizon Business' GENMC pursuant to Section 2.5 of this **Exhibit A** ("Scheduled Maintenance").

2.5 **Scheduled Maintenance.**

2.5.1 All Scheduled Maintenance (as defined above in Section 2.4 of this Exhibit A) shall normally be performed during the "Maintenance Window" of 12:00 A.M. and 6:00 A.M. local time according to the location in which the work is being performed, and shall be mutually agreed to by Verizon Business and Provider. Provider shall request permission from Verizon Business' GENMC at least ten (10) days before commencing any such Scheduled Maintenance work.

2.5.1.1 For DS-3 and above maintenance, Provider shall contact Verizon Business' GENMC at 800-444-0902 or 919-377-5123 and complete the Scheduled Maintenance Request Form attached as Appendix 1 to this Exhibit A.

2.5.1.2 For DS-1 and below maintenance, Provider shall contact Verizon

Business' local terminal or junction for coordination. Verizon Business local terminal/junction contacts may be obtained by calling the Verizon Business' GENMC at 800-444-0902 or 919-377-5123.

2.5.2 Verizon Business shall have the right to have its personnel present during any Scheduled Maintenance.

2.5.3 Provider's maintenance personnel shall notify Verizon Business before beginning any Scheduled Maintenance and must receive Verizon Business' authorization to proceed. Provider's personnel shall notify Verizon Business on completion of Scheduled Maintenance and must receive verification from Verizon Business that the Special Access Services are fully operational.

2.5.4 Periodically throughout the year, Verizon Business may severely limit network change activity to protect Verizon Business' Customers from experiencing maintenance related Interruptions. These periods of limited activity are referred to as "Customer Sensitivity Periods (CSP)". The most significant CSP typically runs from mid-November to mid-January to protect Customer's service during the holiday season. For specific dates and detailed guidelines, contact Verizon Business' GENMC at 800-444-0902 or 919-377-5123.

2.6 **Access to Equipment and Facilities.**

2.6.1 In accordance with procedures which Verizon Business, in its sole discretion, deems appropriate, including, but not limited to, the provisions of this Section 2.6, Verizon Business shall permit Provider to access its equipment in Verizon Business locations for the purpose of maintaining and repairing the Special Access Services and Provider's Network.

2.6.2 Provider shall comply with the rules, regulations and restrictions that apply to the Verizon Business premises or facilities where Provider has installed its equipment. Such rules, regulations and restrictions may include, without limitation, the following:

2.6.2.1 Visitors may be denied admission unless they present satisfactory identification or are identified on an authorized personnel list, or both.

2.6.2.2 Visitors may be required to be accompanied by authorized personnel or be subject to other access restrictions.

2.7 **Response and Repair Times.** In the event of an Interruption in Special Access Services, Provider shall eliminate the Interruption to the affected Special Access Services within the following time frames:

2.7.1 Electronic Restoration. In the event of an Interruption that is due to an electronics failure, Provider shall eliminate such Interruption within two (2) hours of becoming aware of such failure, whether by notification from Verizon Business' GENMC, or otherwise.

2.7.2 Cable Restoration. In the event of an Interruption that is due to a cable failure, Provider shall begin cable restoration within two (2) hours after the faulty cable is identified. Provider shall reroute all affected Verizon Business traffic to an alternate route within one (1) hour after location of such failure has been determined. The cable shall be restored and the Interruption shall be eliminated no later than eight (8) hours after failure.

2.7.3 Emergency Reconfiguration. If Provider's Network has the capability to provide route reconfiguration to maintain Special Access Services, Provider shall provide reconfiguration if other means of restoration will not restore the Special Access Services within the time frames provided in

Sections 2.7.1 and 2.7.2 above. Reconfiguration shall begin within one (1) hour after the need to re-configure has been determined.

2.7.4 Reporting Requirements. Provider shall provide reports to Verizon Business that demonstrate compliance with the response and repair standards described above for electronic and cable restorations.

2.7.4.1 For electronic restorations, reports shall detail, at a minimum, specific Interruption, date/time Interruption occurred, time Provider was notified, and time when restoration was completed. Using two (2) hours as the target time frame for restoring electronics failures, Provider shall also include a graph showing the percentage of Interruptions not conforming to the two (2) hour restoration target.

2.7.4.2 For cable restorations, reports shall detail, at a minimum, specific Interruption, date/time faulty cable was identified, start/stop date/time of alternate route restoration efforts, and a date/time when restoration was completed. Using target time frames of (a) two (2) hours for beginning restoration following identification of faulty cable, and (b) eight (8) hours for completing cable restoration, Provider shall also include a graph showing the percentage of Interruptions not conforming to the target time frames.

2.7.5 Interruption Credits. Provider's compliance with the above response and repair items shall not in any way limit or impair any right Verizon Business may have to receive a credit for such Interruption in accordance with the terms of the Addendum for the affected Special Access Services.

2.8 **Trouble Reporting.** Provider shall maintain a twenty-four (24) hour a day, seven (7) day a week point-of-contact for Verizon Business to report Special Access Services troubles. Provider shall furnish Verizon Business with periodically updated lists for Provider's network management. In the event of an Interruption, Provider shall notify Verizon Business' GENMC at 800-444-0902 or 919-377-5123 within fifteen (15) minutes of the occurrence of the Interruption and thereafter shall provide status updates to the local Verizon Business terminal/POP every 1.5 hours until the Interruption is eliminated.

2.8.1 Each Party shall furnish the other with a list of its personnel authorized to issue trouble reports under this Agreement. Each Party shall accept trouble reports without delay from these personnel whenever, after the performance of appropriate tests, trouble is located in the facilities or the Special Access Services and shall cause further testing and isolation to be done to determine whether the trouble is located in Provider's facilities, switching vehicle, equipment or another source. If such testing is ineffective, each Party shall work with the other to assist in identifying the location of the trouble. Such cooperative testing shall normally be limited to continuity testing and quality testing under a Party's existing practices. If the trouble is sectionalized to a Party's facilities, switching vehicle or equipment, such Party shall take all necessary steps to clear the trouble and restore the Special Access Services.

2.8.2 When either Party reports troubles, specific trouble tracking information shall be exchanged with the other Party. To facilitate the exchange of information, each Party shall maintain a trouble log of all trouble reports. The trouble log shall include the following information:

2.8.2.1 serialization of each trouble report;

2.8.2.2 the nature of the reported trouble;

2.8.2.3 date and time of the trouble report;

2.8.2.4 name and telephone number of the person reporting trouble;

2.8.2.5 name and telephone number of the person receiving the trouble report;

2.8.2.6 diagnosis of trouble;

2.8.2.7 date and time of trouble clearance;

2.8.2.8 name and telephone number of the person reporting trouble clearance; and

2.8.2.9 name and telephone number of the person receiving trouble clearance.

2.8.3 Whenever a Party designates a recurring trouble to be chronic in nature, each Party shall immediately perform an investigation of the recent trouble history and report the findings to the other.

2.8.4 Reporting Requirements. Provider shall maintain trouble log information in a database which will allow for reporting of troubles by priority, trouble code, clearance code, average duration, percentage of troubles exceeding the mean time to repair (MTTR) goals, etc. For those recurring troubles designated as chronic in nature, Provider shall, on a monthly basis, provide reports that detail (a) specific circuits designated as chronic, the number of times the circuit has been reported in the past, and (b) chronic circuits closed each month and the final clearance code.

EXHIBIT C

NETWORX
PRIME CONTRACT "FLOW-DOWN" PROVISIONS
FOR
SUBCONTRACTOR

The Subcontract incorporates the following "flow-down" Prime Contract Clauses. References to Contractor shall mean Subcontractor, references to Subcontractor shall mean sub-subcontractor, and references to GSA and/or the Government shall mean Verizon except where the clause(s) require that a reference to the government retain its initial definition as defined by the clause(s). In the event of any conflict or inconsistency between and of the provisions of (a) this Agreement or any other exhibit, attachment or other document incorporated by reference or attached to this Agreement, and (b) any of these "flow-down" terms, conditions or provisions from the Prime Contract set forth below, then the provisions set forth below shall control.

Clause No.	FAR Clause No.	Title and Date
E.1.1	52.246-2	Inspection of Supplies – Fixed Price (AUG 1996)
E.1.2	52.246-4	Inspection of Services – Fixed Price (AUG 1996)
E.1.3	52.246-16	Responsibility for Supplies (APR 1984)
F.1.1	52-242-15	Stop Work Order (AUG 1989)
F.1.2	52-242-17	Government Delay of Work (APR 1984)
F.1.3	52-247-35	F.O.B. Destination with Consignees Premises (APR 1984)
I.1.1	52.202-1	Definitions (DEC 2001)
I.1.2	52.203-3	Gratuities (APR 1984)
I.1.3	52.203-5	Covenant Against Contingent Fees (APR 1984)
I.1.4	52.203-6	Restrictions on Subcontractor Sales to the Government (JUL 1995)
I.1.5	52.203-7	Anti-Kickback Procedures (JUL 1995)
I.1.6	52.203-8	Cancellation, Rescission, and Recovery of Funds for Illegal or Improper Activity (JAN 1997)
I.1.7	52.203-10	Price or Fee Adjustment for Illegal or Improper Activity (JAN 1997)

Clause No.	FAR Clause No.	Title and Date
I.1.8	52.203-12	Limitation on Payments to Influence Certain Federal Transactions (JUN2003)
I.1.9	52.204-2	Security Requirements (AUG 1996)
I.1.10	52.204-4	Printing/Copying Double-Sided on Recycled Paper (AUG 2000)
I.1.13	52-207-5	Option to Purchase Equipment (FEB 1995)
I.1.14	52.209-6	Protecting the Government's Interest when Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment (JUL 1995)
I.1.15	52-211-5	Material Requirements (AUG 2000)
I.1.16	52.215-2	Audit and Records - Negotiation (JUN 1999)
I.1.17	52.215-8	Order of Precedence - Uniform Contract Format (OCT 1997)
I.1 .18	52.215-10	Price Reduction for Defective Cost or Pricing Data (OCT 1997)
I.1.19	52.215-11	Price Reduction for Defective Cost or Pricing Data - Modifications (OCT 1997)
I.1.20	52.215-12	Subcontractor Cost or Pricing Data (OCT 1997)
I.1.21	52.215-13	Subcontractor Cost or Pricing Data - Modifications (OCT 1997)
I.1.22	52.215-14	Integrity of Unit Prices (OCT 1997)
I.1.23	52.215-17	Waiver of Facilities Capital Cost of Money (OCT 1997)
I.1.24	52.219-8	Utilization of Small, Small Disadvantaged, and Women-Owned Small Business Concerns (OCT 2000)
I.1.25	52.219-9	*S*mall, Small Disadvantaged and Women-Owned Small Businesses Subcontracting Plan Alternate II (JAN 2002)
I.1.27	52.222-1	Notice to the Government of Labor Disputes (FEB 1997)
I.1.28	52.222-3	Convict Labor (JUN 2003)

I.1.29	52.222-21	Prohibition of Segregated Facilities (FEB 1999)
I.1.30	52.222-26	Equal Opportunity (APR 2002)
I.1.31	52.222-29	Notification of Visa Denial (JUN 2003)
I.1.32	52.222-35	Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era (DEC 2001)
I.1.33	52.222-36	Affirmative Action for Workers with Disabilities (JUN 1998)
I.1.34	52.222-37	Employment Reports on Special Disabled Veterans and Veterans of the Vietnam Era (DEC 2001)
I.1.35	52.223-5	Pollution, Prevention and Right-to-Know Information Alternate I and II (AUG 2003)
I.1.36	52.223-6	Drug-Free Workplace (MAY 2001)
I.1.37	52.223-14	Toxic Chemical Release Reporting (JUN 2003)
I.1.38	52.224-1	Privacy Act Notification (APR 1984)
I.1.39	52.224-2	Privacy Act (APR 1984)
I.1.40	52.225-1	Buy American Act — Supplies (JAN 2004)
I.1.41	52.225-11	Buy American Act-construction Materials under Trade Agreements (JUN 2003)
I.1.42	52.225-13	Restrictions on Certain Foreign Purchases (OCT 2003)
I.1.43	52.225-14	Inconsistency Between English Version and Translation of Contract (FEB 2000)
I.1.44	52.227-1	Authorization and Consent (JUL 1995)
I.1.45	52.227-2	Notice and Assistance Regarding Patent and Copyright Infringement (AUG 1996)
I.1.46	52.227-3	Patent Indemnity (APR 1984)
I.1.47	52.227.10	Filing of Patent Applications —Classified Subject Matter (APR 1984)

I.1.48	52.227-14	Rights in Data - General (JUN 1987) Alternates II, Ill, and V Alternate II: Add paragraph (g)(2), Limited Rights Notice and subparagraph (a), additional purposes: Use (except for manufacture) by support service Contractors on the FTS Program, including but not limited to nongovernment evaluators, management, and operations support Contractors. (e.g. Networx Universal and Networx Enterprise). This excludes other FTS comprehensive- and non-comprehensive service Contractors
I.1.49	52.227-16	Additional Data Requirements (JUN1987)
I.1.50	52.227-19	Commercial Computer Software— Restricted Rights (JUN 1987)
I.1.51	52.227-22	Reserved
I.1.52	52.228-5	Insurance -Work on a Government Installation (JAN 1997)
I.1.53	52.229-4	Federal, State, and Local Taxes (APR 2003)
I.1.54	RESERVED	RESERVED
I.1.55	52.229-6	Taxes - Foreign Fixed-Price Contracts (JUN 2003)
I.1.56	52.230-2	Cost Accounting Standards (APR 1998)
I.1.57	52.230-3	Disclosure and Consistency of Cost Accounting Practices (APR 1998)
I.1.58	52.232-1	Payments (APR 1984)
I.1.59	52.232-8	Discounts for Prompt Payment (FEB 2002)
I.1.60	52.232-9	Limitation of Withholding of Payments (APR 1984)
I.1.61	52.232-11	Extras (APR 1984)
I.1.62	52.232-17	Interest (JUN 1996)
I.1.63	52.232-23	Assignment of Claims (JAN 1986)
I.1.64	52.232-25	Prompt Payment (OCT 2003)
I.1.66	52.233-1	Disputes (JUL 2002), Alternate I
I.1.67	52.233-3	Protest After Award (AUG 1996)

I.1.68	52.237-2	Protection of Government Buildings, Equipment, and Vegetation (APR 1984)

I.1.69	52.239-1	Privacy or Security Safeguards (AUG 1996)
I.1.70	RESERVED	RESERVED
I.1.71	52.242-13	Bankruptcy (JUL 1995)
I.1.72	52.243-1	Changes - Fixed Price (Alternate II) (AUG 1987)
I.1.74	52.244-6	Subcontracts for Commercial Items and Commercial Components (APR 2003)
I.1.75	52.245-2	Government Property (Fixed-Price Contracts) (JUN 2004)
I.1.76	52.246-17	Warranty of Supplies of a Noncomplex Nature (JUN 2003)
I.1.77	52.246-20	Warranty of Services (MAY 2001)
I.1.78	52.246-23	Limitation of Liability (FEB 1997)
I.1.79	52.246-25	Limitation of Liability - Services (FEB 1997)
I.1.80	52.247-63	Preference for U.S. - Flag Air Carriers (JUN 2003)
I.1.81	52.247-64	Preference for Privately Owned U.S. Flag Air Carriers (APR 2003)
I.1.82	52.249-2	Termination for Convenience of the Government (Fixed-Price) (MAY 2004)
I.1.83	52.249-4	Termination for Convenience of the Government (Services) (Short Form) (APR 1984)
I.1.84	52.249-8	Default (Fixed-Price Supply and Services) (APR 1984)
I.1.85	52.251-1	Government Supply Sources (APR 1984)
I.1.86	52.253-1	Computer Generated Forms (JAN 1991)
I.1.9	52.204-2	Security Requirements (AUG 1996)
I.2	52.215-19	Notification of Ownership Changes (Oct 1997)

I.3	52.215-21	Requirements for Cost or Pricing Data or Formation Other Than Cost or Pricing Data – Modifications (Oct 1997)
I.4	52.216-18	Ordering (Oct 1995)
I.5	52.216-19	Order Limitations (Oct 1995)
I.6	52.216-22	Indefinite Quantity (Oct 1995)
I.7	52.217-9	Option to Extend the Term of the Contract (Mar 2000)
I.8	552.203-71	Restriction on Advertising (Sep 1999)
I.9	552.215-70	Examination of Records by GSA (Feb 1996) (Deviation)
I.10	552.232-73	Availability of Funds (Sep 1999)

APPENDIX 1 TO EXHIBIT C

SCHEDULED MAINTENANCE REQUEST FORM

* PLEASE FILL OUT ALL INFORMATION AND E-MAIL TO OCC-GENMC@VERIZONBUSINESS.COM
PLEASE DO NOT SEND ANY ATTACHMENTS GENMC PHONE: (919)377-5123

OCC REQUEST RELEASE FORM

Date Requested (mm/dd/yyyy):

Company Name:

Requester’s Name:

Requester's Contact Number:

Requester's Fax Number:

Maintenance Contact Name:

Maintenance Contact Number:

Maintenance Date:

Start Time, including time zone:

Stop time, including time zone (hh:mm: XXX)

Duration (hh:mm) :

Number of outages:

Times and type:

Location (City, State):

Locations Affected (City, State, and Verizon Business site):

Verizon Business/ CIRCUIT IDs:

CBT Circuit ID:

Description of Work:

Electronic Switching to spare (Y or N)?

Has maintenance request been previously denied (Y or N)?

GENMC notified via phone call (Y or N):

GENMC contact notified:

Email address:

Project Number:

EXHIBIT D

FAR PROVISIONS

1. Mandatory FAR Flowdowns for Networx Universal. This First Amendment incorporates the following Federal FAR clauses by reference, with the same force and effect as if they were given in full text. "Contractor" will mean "Subcontractor" and "Government" and "Contracting Officer" will mean "Verizon Business", "Verizon Business Contracts Manager," and "Verizon Business Procurement Representative," or his/her representative—except where the clause(s) require that "Government" or "Contracting Officer" or "CO" retain its initial definition as defined by the Prime Contract clause(s).

Clause No.	**FAR/GSAM**	**Title and Date**
F.1.1	52.242-15	Stop Work Order (AUG 1989)
F.1.2	52.242-17	Government Delay of Work (APR 1984)
F.1.3	52.247-35	F.O.B. Destination with Consignees Premises (APR 1984)
I.1.1	52.202-1	Definitions (DEC 2001)
I.1.4	52.203-6	Restrictions on Subcontractor Sales to the Government (JUL 1995)
I.1.5	52.203-7	Anti-Kickback Procedures (JUL 1995) *Except subparagraph (c)(1)*
I.1.8	52.203-12	Limitation on Payments to Influence Certain Federal Transactions (JUN 2003)
I.1.9	52.204-2	Security Requirements (AUG 1996)
I.1.14	52.209-6	Protecting the Government's Interest when Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment (SEP 2006) *Subcontractor certifies, in accordance with this clause, that it is not currently debarred, suspended, or proposed for debarment by any federal government agency.*
I.1.21	52.215-13	Subcontractor Cost or Pricing Data - Modifications (OCT 1997) *Subcontractor is a Commercial Item provider. In accordance with FAR 52.215-13(b) and 15.403-1, Subcontractor is exempt from the requirement to submit cost or pricing data.*

I.1.24	52.219-8	Utilization of Small, Small Disadvantaged, and Women-Owned Small Business Concerns (OCT 2000)
I.1.29	52.222-21	Prohibition of Segregated Facilities (FEB 1999)
I.1.30	52.222-26	Equal Opportunity (APR 2002)
I.1.32	52.222-35	Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era (DEC 2001)
I.1.33	52.222-36	Affirmative Action for Workers with Disabilities (JUN 1998)
I.1.42	52.225-13	Restrictions on Certain Foreign Purchases (OCT 2003)
I.1.44	52.227-1	Authorization and Consent (JUL 1995)
I.1.45	52.227-2	Notice and Assistance Regarding Patent and Copyright Infringement (AUG 1996)
I.1.47	52.227.10	Filing of Patent Applications — Classified Subject Matter (APR 1984)
I.1.48	52.227-14	Rights in Data - General (JUN 1987) Alternates II, III, and V Alternate II: Add paragraph (g)(2), Limited Rights Notice and subparagraph (a), additional purposes: Use (except for manufacture) by support service Contractors on the FTS Program, including but not limited to non-government evaluators, management, and operations support Contractors (e.g., Networx Universal and Networx Enterprise). This excludes other FTS comprehensive- and non-comprehensive service Contractors
I.1.52	52.228-5	Insurance - Work on a Government Installation (JAN 1997)

I.1.74	52.244-6	Subcontracts for Commercial Items and Commercial Components (APR 2003)
I.1.81	52.247-64	Preference for Privately Owned U.S. Flag Commercial Vessels (FEB 2006)
I.1.82	52.249-2	Termination for Convenience of the Government (Fixed-Price) (MAY 2004)
I.1.83	52.249-4	Termination for Convenience of the Government (Services) (Short Form) (APR 1984)
I.1.84	52.249-8	Default (Fixed-Price Supply and Services) (APR 1984) *For the purpose of this Subcontract, subparagraph (a)(2) shall read "7 days" instead of "10 days."*
I.3	52.215-21	Requirements for Cost or Pricing Data or Formation Other Than Cost or Pricing Data – Modifications (OCT 1997) *Subcontractor is a Commercial Item provider. In accordance with FAR 52.215-21(a), Subcontractor shall provide "Other Than Cost or Pricing Data."*
I.7 .	52.217-9	Option to Extend the Term of the Contract (MAR 2000) *For the purpose of this Subcontract, Verizon Business shall not be required to provide Subcontractor with any preliminary written notice of intent to extend*
I.9	552.215-70	Examination of Records by GSA (FEB 1996)
I.10	552.232-73	Availability of Funds (SEP 1999)

Updates to FAR Clauses can be viewed online at www.arnet.gov/far

EXHIBIT E

TECHNICAL SPECIFICATIONS

1. INTERCONNECTION SPECIFICATIONS

Any and all Special Access Services furnished by Provider shall meet Digital Cross-Connect Specifications in accordance with industry standards.

1.1 Circuits designed as DS-1 shall be available with either AMI or B8ZS signaling format. Extended Superframe Framing (ESF) format shall be available as an option.

1.2 Circuits designed as DS-3 may be used with clear channel capability.

1.3 All equipment shall be fully protected in a 1: N arrangement.

1.4 Provider shall furnish alternate/diverse paths into the Verizon Business location, i.e., no single point of failure.

1.5 All Provider equipment must be SONET compatible.

1.6 Mean time to Restore Electronics and Network Circuit Path: Two (2) hours

Exhibit F

PRICING

*** 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.**

06.21.2007

GCI Verizon Networx Frame Relay Pricing

City		Frame Relay switch	Speed	Rountinue Ports MRC	Critical Ports MRC	Networx Duplex PVC	Networx Simplex PVC
***	Terrestrial	***					
***	Satellite	***	4				
***	Satellite	***	8				
***	Terrestrial	***	16				
***	Satellite	***	32				
***	Terrestrial	***	48				
***	Terrestrial	***	64	$ ***	$ ***	$ ***	$ ***
***	Satellite	***	128	$ ***	$ ***	$ ***	$ ***
***	Satellite	***	192	$ ***	$ ***	$ ***	$ ***
***	Satellite	***	256	$ ***	$ ***	$ ***	$ ***
***	Terrestrial	***	320	$ ***	$ ***	$ ***	$ ***
***	Terrestrial	***	384	$ ***	$ ***	$ ***	$ ***
***	Terrestrial	***	448	$ ***	$ ***	$ ***	$ ***
***	Terrestrial	***	512	$ ***	$ ***	$ ***	$ ***
***	Terrestrial	***	576	$ ***	$ ***	$ ***	$ ***
***	Satellite	***	640	$ ***	$ ***	$ ***	$ ***
***	Terrestrial	***	704	$ ***	$ ***	$ ***	$ ***
***	Terrestrial	***	768	$ ***	$ ***	$ ***	$ ***
***	Terrestrial	***	832	$ ***	$ ***	$ ***	$ ***
***	Terrestrial	***	896	$ ***	$ ***	$ ***	$ ***
***	Satellite	***	960	$ ***	$ ***	$ ***	$ ***
***	Terrestrial	***	1024	$ ***	$ ***	$ ***	$ ***
***	Satellite	***	1088	$ ***	$ ***	$ ***	$ ***
***	Satellite	***	1152	$ ***	$ ***	$ ***	$ ***
***	Satellite	***	1216	$ ***	$ ***	$ ***	$ ***
***	Satellite	***	1280	$ ***	$ ***	$ ***	$ ***
***	Terrestrial	***	1344	$ ***	$ ***	$ ***	$ ***
***	Terrestrial	***	1408	$ ***	$ ***	$ ***	$ ***
***	Terrestrial	***	1472	$ ***	$ ***	$ ***	$ ***
***	Terrestrial	***	1536	$ ***	$ ***	$ ***	$ ***
***	Terrestrial	***	3 Mb	$ ***	$ ***	$ ***	$ ***
***	Satellite	***	4.5 Mb	$ ***	$ ***	$ ***	$ ***
***	Satellite	***	6 Mb	$ ***	$ ***	$ ***	$ ***
***	Terrestrial	***	7.5 Mb	$ ***	$ ***	$ ***	$ ***
***	Terrestrial	***	9 Mb	$ ***	$ ***	$ ***	$ ***
***	Terrestrial	***	10.5 Mb	$ ***	$ ***	$ ***	$ ***
***	Satellite	***	12 Mb	$ ***	$ ***	$ ***	$ ***
***	Satellite	***	45 Mb	$ ***	$ ***		

Note:
*** does ***.
*** is *** on *** at the *** the *** is ***.

06.21.2007

GCI Verizon Networx Private Line Pricing

FROM	TO	MODE 1	MODE 2	MIDPOINT	Base Rate	T-1	1024	768	512	384	256	192	128	64	56	9.6
Anchorage	Barrow	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Anchorage	Bethel	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Anchorage	Delta Jct.	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***

Anchorage	Dillingham	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Anchorage	Dutch Harbor	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Anchorage	Eagle River	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Anchorage	Fairbanks	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Anchorage	Glennallen	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Anchorage	Homer	Terrestrial	Terrestrial	Kenai	***	***	***	***	***	***	***	***	***	***	***	***
Anchorage	Juneau	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Anchorage	Kenai	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Anchorage	Ketchikan	Terrestrial	Terrestrial	Juneau	***	***	***	***	***	***	***	***	***	***	***	***
Anchorage	King Salmon	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Anchorage	Kodiak	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Anchorage	Kotzebue	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Anchorage	Nome	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Anchorage	Palmer	Terrestrial	Terrestrial	Eagle River	***	***	***	***	***	***	***	***	***	***	***	***
Anchorage	Prudhoe Bay	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Anchorage	Seattle	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Anchorage	Seward	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Anchorage	Sitka	Terrestrial	Terrestrial	Juneau	***	***	***	***	***	***	***	***	***	***	***	***
Anchorage	Valdez	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Anchorage	DAMA Villages	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Anchorage	Wasilla	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Anchorage	Whittier	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Barrow	Bethel	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Barrow	Cordova	Satellite			***	***	***	***	***	***	***	***	***	***	***	***

Barrow	Dillingham	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Barrow	Dutch Harbor	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Barrow	Eagle River	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Barrow	Fairbanks	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Barrow	Juneau	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Barrow	King Salmon	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Barrow	Kotzebue	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Barrow	Nome	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Barrow	Prudhoe Bay	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Barrow	Seattle	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Barrow	DAMA Villages	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Bethel	Barrow	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Bethel	Cordova	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Bethel	Dillingham	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Bethel	Dutch Harbor	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Bethel	Eagle River	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Bethel	Fairbanks	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Bethel	Juneau	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Bethel	King Salmon	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Bethel	Kodiak	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Bethel	Kotzebue	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Bethel	Nome	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Bethel	Prudhoe Bay	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Bethel	Seattle	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Bethel	DAMA Villages	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Coldfoot	Prudhoe Bay	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Cordova	Barrow	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Cordova	Bethel	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Cordova	Dutch Harbor	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Cordova	Eagle River	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Cordova	Fairbanks	Satellite			***	***	***	***	***	***	***	***	***	***	***	***

Cordova	Juneau	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Cordova	Seattle	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Cordova	Seward	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Cordova	Sitka	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Cordova	Skagway	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Cordova	Talkeetna	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Cordova	Valdez	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Cordova	DAMA Villages	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Delta Jct	Fairbanks	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Delta Jct	Glennallen	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Delta Jct	Juneau	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Delta Jct	Kenai	Terrestrial	Terrestrial		***	***	***	***	***	***	***	***	***	***	***	***
Delta Jct	Valdez	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Dillingham	Barrow	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Dillingham	Bethel	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Dillingham	Cordova	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Dillingham	Dutch Harbor	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Dillingham	Fairbanks	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Dillingham	Juneau	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Dillingham	Ketchikan	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Dillingham	King Salmon	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Dillingham	Kodiak	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Dillingham	Kotzebue	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Dillingham	Nome	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Dillingham	Seattle	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Dillingham	DAMA Villages	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Dutch Harbor	Barrow	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Dutch Harbor	Bethel	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Dutch Harbor	Coldfoot	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Dutch Harbor	Cordova	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Dutch Harbor	Dillingham	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Dutch Harbor	Fairbanks	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Dutch Harbor	Juneau	Satellite			***	***	***	***	***	***	***	***	***	***	***	***

Dutch Harbor	King Salmon	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Dutch Harbor	Kodiak	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Dutch Harbor	Kotzebue	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Dutch Harbor	Nome	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Dutch Harbor	Seattle	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Dutch Harbor	DAMA Villages	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Dutch Harbor	Barrow	Satellite			***	***	***	***	***	***	***	***	***	***	***	***

Dutch Harbor	Bethel	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Eagle River	Cordova	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Eagle River	Delta Jct.	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Eagle River	Dillingham	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Eagle River	Dutch Harbor	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Eagle River	Fairbanks	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Eagle River	Glennallen	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Eagle River	Juneau	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Eagle River	Kenai	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Eagle River	Ketchikan	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Eagle River	King Salmon	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Eagle River	Kodiak	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Eagle River	Kotzebue	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Eagle River	Nome	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Eagle River	Prudhoe Bay	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***

Eagle River	Seattle	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Eagle River	Seward	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Eagle River	Valdez	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Eagle River	DAMA Villages	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Eagle River	Whittier	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Fairbanks	Barrow	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Fairbanks	Bethel	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Fairbanks	Cordova	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Fairbanks	Delta Jct.	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Fairbanks	Glennallen	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Fairbanks	Juneau	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Fairbanks	Kenai	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Fairbanks	Ketchikan	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Fairbanks	King Salmon	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Fairbanks	Kodiak	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Fairbanks	Kotzebue	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Fairbanks	Nome	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Fairbanks	Prudhoe Bay	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Fairbanks	Seattle	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Fairbanks	Valdez	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Fairbanks	DAMA Villages	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Glennallen	Delta Jct.	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Glennallen	Fairbanks	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Glennallen	Juneau	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Glennallen	Kenai	Terrestrial	Terrestrial		***	***	***	***	***	***	***	***	***	***	***	***
Glennallen	Prudhoe Bay	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Glennallen	Seattle	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Glennallen	Valdez	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Glennallen	DAMA Villages	Terrestrial	Satellite	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Homer	Cordova	Terrestrial	Satellite	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Homer	Delta Jct.	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Homer	Dillingham	Terrestrial	Satellite	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Homer	Dutch Harbor	Terrestrial	Satellite	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***

Homer	Eagle River	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Homer	Fairbanks	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Homer	Glennallen	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Homer	Juneau	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Homer	Kenai	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Homer	Ketchikan	Terrestrial	Satellite	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Homer	King Salmon	Terrestrial	Satellite	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Homer	Kodiak	Terrestrial	Satellite	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Homer	Prudhoe Bay	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Homer	Seattle	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Homer	Whittier	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Juneau	Barrow	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Juneau	Bethel	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Juneau	Cordova	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Juneau	Delta Jct.	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Juneau	Dillingham	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Juneau	Dutch Harbor	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Juneau	Eagle River	Terrestrial	Terrestrial		***	***	***	***	***	***	***	***	***	***	***	***
Juneau	Fairbanks	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Juneau	Glennallen	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Juneau	Homer	Terrestrial	Terrestrial		***	***	***	***	***	***	***	***	***	***	***	***
Juneau	Kenai	Terrestrial	Terrestrial		***	***	***	***	***	***	***	***	***	***	***	***
Juneau	Ketchikan	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Juneau	King Salmon	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Juneau	Kodiak	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Juneau	Kotzebue	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Juneau	Petersburg	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Juneau	Nome	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Juneau	Prudhoe Bay	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Juneau	Seattle	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Juneau	Seward	Terrestrial	Terrestrial		***	***	***	***	***	***	***	***	***	***	***	***
Juneau	Sitka	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Juneau	Skagway	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Juneau	Valdez	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Juneau	DAMA Villages	Satellite			***	***	***	***	***	***	***	***	***	***	***	***

Juneau	Whittier	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Kenai	Cordova	Terrestrial	Satellite	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Kenai	Delta Jct.	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Kenai	Dillingham	Terrestrial	Satellite	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Kenai	Dutch Harbor	Terrestrial	Satellite	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Kenai	Eagle River	Terrestrial		Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Kenai	Fairbanks	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Kenai	Glennallen	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Kenai	Homer	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Kenai	Juneau	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Kenai	King Salmon	Terrestrial	Satellite	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Kenai	Kodiak	Terrestrial	Satellite	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***

Kenai	Nome	Terrestrial	Satellite	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Kenai	Prudhoe Bay	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Kenai	Seattle	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Kenai	Sitka	Terrestrial	Terrestrial	Terrestrial	***	***	***	***	***	***	***	***	***	***	***	***
Kenai	Valdez	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Kenai	DAMA Villages	Terrestrial	Satellite	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Kenai	Whittier	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Ketchikan	Barrow	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Ketchikan	Bethel	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Ketchikan	Cordova	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Ketchikan	Delta Jct.	Satellite	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Ketchikan	Dillingham	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Ketchikan	Dutch Harbor	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Ketchikan	Eagle River	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Ketchikan	Fairbanks	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Ketchikan	Glennallen	Satellite	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Ketchikan	Homer	Terrestrial	Terrestrial	Terrestrial	***	***	***	***	***	***	***	***	***	***	***	***
Ketchikan	Juneau	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Ketchikan	Kenai	Satellite	Terrestrial		***	***	***	***	***	***	***	***	***	***	***	***
Ketchikan	King Salmon	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Ketchikan	Kodiak	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Ketchikan	Kotzebue	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Ketchikan	Nome	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Ketchikan	Prudhoe Bay	Satellite	Terrestrial	Fairbanks	***	***	***	***	***	***	***	***	***	***	***	***

Ketchikan	Seattle	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Ketchikan	Valdez	Satellite	Terrestrial		***	***	***	***	***	***	***	***	***	***	***	***
Ketchikan	DAMA Villages	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
King Salmon	Barrow	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
King Salmon	Bethel	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
King Salmon	Cordova	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
King Salmon	Dillingham	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
King Salmon	Dutch Harbor	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
King Salmon	Eagle River	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
King Salmon	Fairbanks	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
King Salmon	Homer	Satellite	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
King Salmon	Juneau	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
King Salmon	Kenai	Satellite	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
King Salmon	Ketchikan	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
King Salmon	Kodiak	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
King Salmon	Kotzebue	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
King Salmon	Nome	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
King Salmon	Seattle	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
King Salmon	Sitka	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
King Salmon	DAMA Villages	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Kodiak	Barrow	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Kodiak	Bethel	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Kodiak	Cordova	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Kodiak	Dillingham	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Kodiak	Dutch Harbor	Satellite			***	***	***	***	***	***	***	***	***	***	***	***

Kodiak	Eagle River	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Kodiak	Fairbanks	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Kodiak	Homer	Satellite	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Kodiak	Juneau	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Kodiak	Kenai	Satellite	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Kodiak	Ketchikan	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Kodiak	King Salmon	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Kodiak	Kotzebue	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Kodiak	Nome	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Kodiak	Prudhoe Bay	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Kodiak	Seattle	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Kodiak	Seward	Satellite	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Kodiak	Sitka	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Kodiak	Valdez	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Kodiak	DAMA Villages	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Kotzebue	Barrow	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Kotzebue	Bethel	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Kotzebue	Cordova	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Kotzebue	Dillingham	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Kotzebue	Dutch Harbor	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Kotzebue	Eagle River	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Kotzebue	Fairbanks	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Kotzebue	Juneau	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Kotzebue	King Salmon	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Kotzebue	Kodiak	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Kotzebue	Nome	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Kotzebue	Seattle	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Kotzebue	DAMA Villages	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Nome	Barrow	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Nome	Bethel	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Nome	Cordova	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Nome	Dillingham	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Nome	Dutch Harbor	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Nome	Eagle River	Satellite			***	***	***	***	***	***	***	***	***	***	***	***

Nome	Fairbanks	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Nome	Juneau	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Nome	Ketchikan	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Nome	King Salmon	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Nome	Kodiak	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Nome	Kotzebue	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Nome	Seattle	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Nome	DAMA Villages	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Palmer	DAMA Villages	Terrestrial	Satellite	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Prudhoe Bay	Barrow	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Prudhoe Bay	Bethel	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Prudhoe Bay	Coldfoot	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***

Prudhoe Bay	Dillingham	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Prudhoe Bay	Dutch Harbor	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Prudhoe Bay	Eagle River	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Prudhoe Bay	Fairbanks	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Prudhoe Bay	Glennallen	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Prudhoe Bay	Juneau	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Prudhoe Bay	Kenai	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Prudhoe Bay	Ketchikan	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Prudhoe Bay	King Salmon	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Prudhoe Bay	Kodiak	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Prudhoe Bay	Kotzebue	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Prudhoe Bay	Seattle	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Prudhoe Bay	Valdez	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***

Prudhoe Bay	DAMA Villages	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Seattle	Barrow	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Seattle	Bethel	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Seattle	Cordova	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Seattle	Delta Jct.	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Seattle	Dillingham	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Seattle	Dutch Harbor	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Seattle	Eagle River	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Seattle	Fairbanks	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Seattle	Glennallen	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Seattle	Homer	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Seattle	Juneau	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Seattle	Kenai	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Seattle	Ketchikan	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Seattle	King Salmon	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Seattle	Kodiak	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Seattle	Kotzebue	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Seattle	Nome	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Seattle	Prudhoe Bay	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Seattle	Seward	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Seattle	Sitka	Terrestrial	Terrestrial	Juneau	***	***	***	***	***	***	***	***	***	***	***	***
Seattle	Valdez	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Seattle	DAMA Villages	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Seattle	Whittier	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Seward	Cordova	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Seward	Eagle River	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Seward	Fairbanks	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Seward	Juneau	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Sitka	Fairbanks	Terrestrial	Terrestrial	Juneau	***	***	***	***	***	***	***	***	***	***	***	***
Sitka	Juneau	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Sitka	Kodiak	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Sitka	Seattle	Terrestrial	Terrestrial	Juneau	***	***	***	***	***	***	***	***	***	***	***	***
Sitka	Valdez	Terrestrial	Terrestrial	Terrestrial	***	***	***	***	***	***	***	***	***	***	***	***
Sitka	DAMA Villages	Terrestrial	Satellite	Juneau	***	***	***	***	***	***	***	***	***	***	***	***
Valdez	Cordova	Satellite			***	***	***	***	***	***	***	***	***	***	***	***

Valdez	Delta Jct.	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Valdez	Dillingham	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Valdez	Dutch Harbor	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Valdez	Fairbanks	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Valdez	Glennallen	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Valdez	Homer	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Valdez	Juneau	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Valdez	Kenai	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Valdez	Ketchikan	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Valdez	King Salmon	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Valdez	Kodiak	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Valdez	Prudhoe Bay	Terrestrial			***	***	***	***	***	***	***	***	***	***	***	***
Valdez	Seattle	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Valdez	Seward	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Valdez	DAMA Villages	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
DAMA Villages	Barrow	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
DAMA Villages	Bethel	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
DAMA Villages	Cordova	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
DAMA Villages	Dillingham	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
DAMA Villages	Dutch Harbor	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
DAMA Villages	Eagle River	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
DAMA Villages	Fairbanks	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
DAMA Villages	Juneau	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
DAMA Villages	Kenai	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
DAMA Villages	Ketchikan	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
DAMA Villages	King Salmon	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
DAMA Villages	Kodiak	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
DAMA Villages	Kotzebue	Satellite			***	***	***	***	***	***	***	***	***	***	***	***

DAMA Villages	Nome	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
DAMA Villages	North Pole	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
DAMA Villages	Prudhoe Bay	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
DAMA Villages	Seattle	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
DAMA Villages	Seward	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
DAMA Villages	Sitka	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
DAMA Villages	Valdez	Satellite			***	***	***	***	***	***	***	***	***	***	***	***
Wasilla	DAMA Villages	Terrestrial	Satellite	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Whittier	Cordova	Terrestrial	Satellite	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Whittier	Ketchikan	Terrestrial	Satellite	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Whittier	King Salmon	Terrestrial	Satellite	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Whittier	Kodiak	Terrestrial	Satellite	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Whittier	Kotzebue	Terrestrial	Satellite	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Whittier	Seattle	Terrestrial	Terrestrial	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***
Whittier	DAMA Villages	Terrestrial	Satellite	Anchorage	***	***	***	***	***	***	***	***	***	***	***	***

Note:
*** does ***.
*** is *** on *** at the *** the *** is ***.

06.21.2007

GCI * & *** Pricing**

GCI will lease *** or *** of *** Sonet fiber optic capacity between

		MRC	Install
Service			
***	***	$ ***	$ ***
	***	$ ***	$ ***
	***	$ ***	$ ***
Service			
***			
	***	$ ***	$ ***
	***	$ ***	$ ***
	***	$ ***	$ ***
Service			
***			
	***	$ ***	$ ***
	***	$ ***	$ ***
	***	$ ***	$ ***
	***	$ ***	$ ***

Note:
*** does *** the ***.
The *** is *** from the *** to the ***.
*** does ***.
Facilities have not been verified at this time.

06.21.2007

GCI Verizon Networx Cable Modem

DOCSIS	Service Locations
Primary	**Secondary**
Anchorage	Ketchikan
Fairbanks	Cordova
Juneau	Petersberg
Kenai/Soldotna	Wrangell
Mat-Su	Kodiak
	Bethel
	Barrow
	Homer

Speed	Primary Locations	Secondary Locations
	Mrc	Mrc
***	***	***
***	***	***
***	***	***
***	***	***

GCI deos not offer cable/cable modem services based on zip codes. It is highly possible that GCI could have a customer on one side of the street but not the other (and be in the same zip code). Zip code would provide merely a guideline, same as the city name

Note:
*** does ***.
*** is *** on *** at the *** the *** is ***.

06.21.2007

GCI Verizon Networx

*** pricing using *** connected to ***

*** will *** the *** and
*** will *** the *** and
***.

GCI MPLS Pricing

CAR	Gold
16K	$ ***
64K	$ ***
128K	$ ***
256K	$ ***
384K	$ ***
512K	$ ***
768K	$ ***
1024K	$ ***
1536K	$ ***
3.0M	$ ***
6.0M	$ ***
12M	$ ***
22.5M	$ ***
Port	
64K	$ ***
128K	$ ***
256K	$ ***
384K	$ ***
512K	$ ***
768K	$ ***
1024K	$ ***
1536K	$ ***
3.0M	$ ***
6.0M	$ ***
12M	$ ***
45M	$ ***

Serving Wire Centers
Anchorage -
ANCRAKXC
ANCRAKXN
ANCRAKXS
ANCRAKXW
ANCRAKXE

Fairbanks -
FRBNAKXA
FRBNAKXC

Juneau -
JUNEAKXA
JUNEAKXS

Note:
*** does ***.
*** is *** on *** at the *** the *** is ***.

06.21.2007

GCI Verizon Networx Ethernet Access

Broadband Ethernet Access
GCI Metro Ethernet TLS Access
Available: Anchorage, Fairbanks, Juneau Only

	MRC	Install
1.5 Mbps	$ ***	$ ***
10 Mbps	$ ***	$ ***
100 Mbps	$ ***	$ ***
1 Gbps	$ ***	$ ***
10 Gbps	$ ***	$ ***

Serving Wire Centers
Anchorage
ANCRAKXC
ANCRAKXN
ANCRAKXS
ANCRAKXW
ANCRAKXE

Fairbanks
FRBNAKXA
FRBNAKXC

Juneau
JUNEAKXA
JUNEAKXS

Note:
*** does ***.
*** is *** on *** at the *** the *** is ***.

06.21.2007

GCI Verizon Networx

Alaska Dedicated Internet Speeds
Service Locations: Anchorage, Fairbanks, Juneau, Palmer, Wasilla, Soldotna, Seward, Valdez

	MRC	Install
Dedicated DS0 – OCONUS 0744365	$ ***	$ ***
Dedicated FT1 (2XDS0) – OCONUS 0744366	$ ***	$ ***
Dedicated FT1 (3XDS0) – OCONUS 0744367	$ ***	$ ***
Dedicated FT1 (4XDS0) – OCONUS 0744368	$ ***	$ ***
Dedicated FT1 (5XDS0) – OCONUS 0744369	$ ***	$ ***
Dedicated FT1 (6XDS0) – OCONUS 0744370	$ ***	$ ***
Dedicated FT1 (7XDS0) – OCONUS 0744371	$ ***	$ ***
Dedicated FT1 (8XDS0) – OCONUS 0744372	$ ***	$ ***
Dedicated T1 – OCONUS 744373	$ ***	$ ***
Dedicated FT3 (2XDS1) – OCONUS 0744374	$ ***	$ ***
Dedicated FT3 (3XDS1) – OCONUS 0744375	$ ***	$ ***
Dedicated FT3 (4XDS1) – OCONUS 0744376	$ ***	$ ***
Dedicated FT3 (5XDS1) – OCONUS 0744377	$ ***	$ ***
Dedicated FT3 (6XDS1) – OCONUS 0744378	$ ***	$ ***
Dedicated FT3 (7XDS1) – OCONUS 0744379	$ ***	$ ***
Dedicated FT3 (8XDS1) – OCONUS 0744380	$ ***	$ ***
Dedicated T3 – OCONUS 0744383	$ ***	$ ***

Service Locations: Homer, Prudhoe Bay, Wrangell, Barrow, Bethel, Cordova, Dillingham, Ketchikan, King Salmon, Kodiak, Kotzebue, Nome, Petersberg, Sitka

	MRC	Install
Dedicated DS0 – OCONUS 0744365	$ ***	$ ***
Dedicated FT1 (2XDS0) – OCONUS 0744366	$ ***	$ ***
Dedicated FT1 (3XDS0) – OCONUS 0744367	$ ***	$ ***
Dedicated FT1 (4XDS0) – OCONUS 0744368	$ ***	$ ***
Dedicated FT1 (5XDS0) – OCONUS 0744369	$ ***	$ ***
Dedicated FT1 (6XDS0) – OCONUS 0744370	$ ***	$ ***
Dedicated FT1 (7XDS0) – OCONUS 0744371	$ ***	$ ***
Dedicated FT1 (8XDS0) – OCONUS 0744372	$ ***	$ ***
Dedicated T1 – OCONUS 744373	$ ***	$ ***
Dedicated FT3 (2XDS1) – OCONUS 0744374	$ ***	$ ***
Dedicated FT3 (3XDS1) – OCONUS 0744375	$ ***	$ ***
Dedicated FT3 (4XDS1) – OCONUS 0744376	$ ***	$ ***
Dedicated FT3 (5XDS1) – OCONUS 0744377	$ ***	$ ***
Dedicated FT3 (6XDS1) – OCONUS 0744378	$ ***	$ ***
Dedicated FT3 (7XDS1) – OCONUS 0744379	$ ***	$ ***
Dedicated FT3 (8XDS1) – OCONUS 0744380	$ ***	$ ***
Dedicated T3 – OCONUS 0744383	***	

Note:
*** does ***.
*** is *** on *** at the *** the *** is ***.

06.21.2007

GCI Verizon Networx
Broadband Access Requirements

DSL Services (GCI LIVEWIRE PROCESS)

DSL rates are for Anchorage only in the North, East, South and Central wire center areas. The customer's premises must be within 20K feet from the physical wire center.

Speed	CLIN NRC	CLIN MRC	GCI MRC	GCI NRC
ADSL 384kbps/128	760229	760329	$ ***	$ ***
ADSL 1.536/384	760230	760330	$ ***	$ ***
SDSL 1z92/192	760235	760335	$ ***	$ ***
SDSL 384/384	760236	760336	$ ***	$ ***
SDSL 768/768	760237	760337	$ ***	$ ***
SDSL 1.5/1.5	760238	760338	$ ***	$ ***
ISDL 128/128	760240	760340	$ ***	$ ***

Serving Wire Centers
Anchorage -
ANCRAKXC
ANCRAKXS
ANCRAKXN
ANCRAKXE

Metro Ethernet

Available Anchorage, Fairbanks, Juneau Only

Speed	CLIN NRC	CLIN MRC	GCI MRC	GCI NRC
NMLI Ethernet Lan Port 1.5 Mbps			$ ***	$ ***
NMLI Ethernet Lan Port 10 Mbps	760251	760451	$ ***	$ ***
NMLI Ethernet Lan Port 100 Mbps	760252	760452	$ ***	$ ***
NMLI Ethernet Lan Port 1 Gbps	760253	760453	$ ***	$ ***
NMLI Ethernet Lan Port 10 Gbps	760254	760454	$ ***	$ ***

Serving Wire Centers
Anchorage -
ANCRAKXC
ANCRAKXN
ANCRAKXS
ANCRAKXW
ANCRAKXE

Fairbanks –
FRBNAKXA
FRBNAKXC

Juneau –
JUNEAKXA
JUNEAKXS

Cable Modem Access

Cable Modem rate are applicable for any GCI cable serviceable customer in Anchorage, Fairbanks, Kenai/Soldotna, Juneau, Palmer/Wasilla area.

Speed	GCI MRC	GCI NRC
512/64	$ ***	$ ***
1.0/128	$ ***	$ ***
1.5/192	$ ***	$ ***
2.4/256	$ ***	$ ***
512/512	$ ***	$ ***
768/768	$ ***	$ ***
1.5/768	$ ***	$ ***
1.5/1.5	$ ***	$ ***
2.0/1.5	$ ***	$ ***

FTTP Optional

Speed		GCI MRC	GCI NRC
3.0/256	(10GB usage)		
5.0/256	(20GB usage)	***	$ ***
7.0/384	(30GB usage)	***	$ ***
10/384	(40GB usage)	***	$ ***
512/512	(Unlimited usage)	***	$ ***
768/768	(Unlimited usage)	***	$ ***
1.5/768	(Unlimited usage)	***	$ ***
1.5/1.5	(Unlimited usage)	***	$ ***
2.0/1.5	(Unlimited usage)	***	$ ***
1.0/256	(5GB Usage)	***	$ ***

2.0/256	(10GB Usage)	***	$	***
3.0/384	(20GB Usage)	***	$	***
4.0/384	(30GB Usage)	***	$	***

Note:
*** does ***.

*** is *** on *** at the *** the *** is ***.

06.21.2007

GCI Verizon Networx

Combined Services Business Lines

	MRC
Anchorage Business	$ ***
Fairbanks Business	$ ***
Juneau Business	$ ***

This flat monthly rate for unlimited use per line and includes:
Local calling in the cities in which GCI provides commercial local service (Anchorage, Fairbanks & Juneau).
Intra-state calling terminating within Alaska.
Handoff of all other originating calls to the Verizon Business POP in Seattle

Note:
*** does***.
*** is*** on*** at the*** the*** is***.

06.21.2007

GCI MCI Networx

GCI Local Private Line Rates
High Capacity Service
***

Anchorage				
Channel Termination	***	$	***	per***
Channel Milage	***	$	***	per***
Channel Milage Termination	***	$	***	per***
Non recurring	***	$	***	per***

Mileage Chart

Wire Center	North	Elemen-dorf	Fort Rich	Central	East	West/Fire Island	South	Rabbit Creek	Bird/ Indian	Gird-wood	O'Malley
NWC	0	5	10	2	5	4	5	9	22	31	8
ELM2	5	0	6	6	5	9	9	13	24	33	11
FRWC	10	6	0	10	6	13	12	13	22	29	12
CWC	2	6	10	0	5	3	4	8	21	30	6
EWC	5	5	6	5	0	8	7	8	20	28	7
WWC	4	9	13	3	8	0	4	8	21	31	7
SWC	5	9	12	4	7	4	0	5	18	28	4
RCWC	9	13	13	8	8	8	5	0	13	23	2
IBWC	22	24	22	21	20	21	18	13	0	11	15
GIRD	31	33	29	30	28	31	28	23	11	0	24
OMWC	8	11	12	6	7	7	4	2	15	24	0

Pricing Chart
see separate tab for NXX's that make up Anchorage Wire Centers

Wire Center	North	Elemen-dorf	Fort Rich	Central	East	West/Fire Island	South	Rabbit Creek	Bird/ Indian	Gird-wood	O'Malley
NWC	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***
ELM2	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***

FRWC	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***
CWC	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***
EWC	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***
WWC	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***
SWC	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***
RCWC	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***
IBWC	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***

GIRD	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***
OMWC	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***

Anchorage, Fairbanks & Juneau
Local PL Pricing

***	No miles	1 mile	2 miles	3 miles	4 miles	5 miles	6 miles	7 miles	8 miles	9 miles	NRC
	$ ***	***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***
***	$ ***	***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***

Note:
*** does ***.
*** is *** on *** at the *** the *** is ***.

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GCI MCI Networx

IPS dial back up

***:	***	***

06.21.2007

GCI Verizon Networx

GCI Local Services

Pricing by Type of Service
Primary Rate Interface (PRI) Service
Anchorage, Fairbanks and Juneau

			MRC
PRI Count	1 through 4		$ ***
PRI Count	5 or more		$ ***
PRI Count	28 or more	**	$ ***

** 5 FCC Subscriber Line Charges and 1 Line Port charge will be charged in addition.*
*** Minimum of 28 PRI volume requirement system-wide. The PRI's must terminate in a GCI co-location room, and customer agrees to purchase all PRI's from GCI (where GCI offers Local Services) and co-locate with GCI*
**** Non Recurring Charges are waived*

	MRC
Digital Subscriber Service	
Anchorage	
DSS T-1 (Denali Summit)	$ ***
Fairbanks	
DSS T-1 (Denali Summit)	$ ***
Juneau	
DSS T-1 (Denali Summit)	$ ***

** 5 FCC Subscriber Line Charges and 1 Line Port charge will be charged in addition.*

	MRC
Simple and Complex Business Lines	
Anchorage	
Business Simple	$ ***
Business Complex	$ ***
Fairbanks	
Business Simple	$ ***
Business Complex	$ ***

Juneau		
Business Simple	$	***
Business Complex	$	***

Basic Rate Interface (BRI) Service
Anchorage, Fairbanks and Juneau
see separate tab for NXX's that make up Anchorage Wire Centers
see separate tab for nxx's that make up Fairbanks and Juneau service area

			MRC
No use	1 thru 9	$	***
No use	9 thru19	$	***
No use	20 thru 29	$	***
No use	30 or more	$	***
Unlimited	1 thru 9	$	***
Unlimited	9 thru19	$	***
Unlimited	20 thru 29	$	***
Unlimited	30 or more	$	***
Metered	1 thru 9	$	***
Metered	9 thru19	$	***
Metered	20 thru 29	$	***
Metered	30 or more	$	***

Note:
*** does ***.
*** is *** on *** at the *** the *** is ***.

GCI Verizon
Networx

Anchorage Local Calling area
NXX's

222	223	227
229	230	231
240	242	243
244	245	248
249	250	257
258	261	263
264	265	266
267	268	269
270	271	272
273	274	275
276	277	278
279	280	297
330	331	333
337	338	341
342	343	344
345	346	348
349	350	351
360	365	380
382	440	441
444	522	550
561	562	563
564	565	566
569	570	575
646	677	727
729	742	748
751	762	770
777	786	787
792	793	868
929	936	980
992		
Bird-Indian-Rainbow		653
Chugiak		688

Eagle River	622	689	694	696	860	854	862	864	870

Elmendorf AFB	551	552	580	753
Fort Richardson	384	428		
Girdwood-Portage	754	783		
Hope-Sunrise	782			

GCI Verizon Networx

Juneau Local Calling area
NXX's

907	209	JUNEAU	AK	JUNEAKBDCM0
907	321	JUNEAU	AK	JUNEAKTUCM1
907	463	JUNEAU	AK	JUNEAKXADS1
907	465	JUNEAU	AK	JUNEAKXADS1
907	523	JUNEAU	AK	JUNEAKGCDS0
907	586	JUNEAU	AK	JUNEAKXADS1
907	635	JUNEAU	AK	LNPNAKZACM2
907	713	JUNEAU	AK	JUNEAKXADS1
907	723	JUNEAU	AK	JUNEAKBDCM0
907	789	JUNEAU	AK	JUNEAKXSRS1
907	790	JUNEAU	AK	JUNEAKXSRS1
907	796	JUNEAU	AK	JUNEAKXSRS1
907	957	JUNEAU	AK	JUNEAKBD0MD
907	957	JUNEAU	AK	JUNEAKBDCM0
907	957	JUNEAU	AK	JUNEAKBDCM0
907	957	JUNEAU	AK	JUNEAKBDCM0
907	957	JUNEAU	AK	JUNEAKBD0MD
907	988	JUNEAU	AK	JUNEAKTUCM1
907	780	LEMONCREEK	AK	JUNEAKXBRS1

GCI Verizon Networx

Fairabnks Local Calling area
NXX's

Eielson

907	372	EIELSONAFB	AK	ELSNAKXADS1
907	377	EIELSONAFB	AK	ELSNAKXGDS1

Fairbanks/Ft.
Wainwright/North Pole

907	322	FAIRBANKS	AK	FRBNAKZACM1
907	347	FAIRBANKS	AK	FRBNAKHSCM1
907	374	FAIRBANKS	AK	FRBNAK07DS0
907	378	FAIRBANKS	AK	FRBNAKHSCM1
907	388	FAIRBANKS	AK	FRBNAKHSCM1
907	450	FAIRBANKS	AK	FRBNAKXADS1
907	451	FAIRBANKS	AK	FRBNAKXADS1
907	452	FAIRBANKS	AK	FRBNAKXADS1
907	455	FAIRBANKS	AK	FRBNAKXADS1
907	456	FAIRBANKS	AK	FRBNAKXADS1
907	457	FAIRBANKS	AK	FRBNAKXADS1
907	458	FAIRBANKS	AK	FRBNAKXADS1
907	459	FAIRBANKS	AK	FRBNAKXADS1
907	460	FAIRBANKS	AK	FRBNAKZACM1
907	474	FAIRBANKS	AK	FRBNAKXADS1
907	479	FAIRBANKS	AK	FRBNAKXADS1
907	496	FAIRBANKS	AK	FRBNAK01DS0
907	590	FAIRBANKS	AK	FRBNAKZACM1
907	687	FAIRBANKS	AK	FRBNAKXC0MD
907	699	FAIRBANKS	AK	FRBNAKZACM1
907	712	FAIRBANKS	AK	FRBNAKXADS1
907	888	FAIRBANKS	AK	FRBNAKZA1PB
907	978	FAIRBANKS	AK	FRBNAKHSCM1
907	356	FTWAINWRIT	AK	FTWRAKXADS1
907	488	NORTH POLE	AK	NRPLAKXADS1
907	490	NORTH POLE	AK	NRPLAKXADS1
907	750	NORTH POLE	AK	FRBNAKXC0MD

GCI Verizon Networx

Anchorage Wire Line/Local Loop Pricing

*** are *** from the *** to the ***.
There are no *** on ***.
*** are a *** from the ***
Rates are subject to tariff changes

	Miles	Code	2 Wire 2	4 Wire 0004	9.6K 0096	56K 0056	64K 0064	T-1 1536
NECA Channel Terms			***	***	***	***	***	***
NECA Mileage Terms			***	***	***	***	***	***
NECA Mileage			***	***	***	***	***	***
NECA Install (Non Anchorage)			***	***	***	***	***	***
Anc Channel Terms			***	***	***	***	***	***
Anc Mileage Terms			***	***	***	***	***	***
Anc Mileage			***	***	***	***	***	***
Anchorage Install			***	***	***	***	***	***

	Miles	Code	2 Wire	4 Wire	9.6K	56K	64K	T-1
Anchorage - NWC	—	12	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***
Anchorage - SWC	—	13	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***
Anchorage - CWC	2	14	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***
Anchorage - EWC	5	15	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***
Anchorage - WWC	4	16	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***
Anchorage - ELM	5	17	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***
Anchorage - FTR	12	18	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***

Anchorage - OMWC	4	19	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***
Anchorage - RCWC	5	20	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***
Anchorage - IND	18	21	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***
Anchorage - GRD	28	22	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***

907	240	ANCHORAGE	AK	ANCRAKXCCM2	Central Wire Center
907	242	ANCHORAGE	AK	ANCRAKXCCM2	Central Wire Center
907	244	ANCHORAGE	AK	ANCRAKXCCM2	Central Wire Center
907	440	ANCHORAGE	AK	ANCRAKXCCM2	Central Wire Center
907	441	ANCHORAGE	AK	ANCRAKXCCM2	Central Wire Center
907	529	ANCHORAGE	AK	ANCRAKXCCM2	Central Wire Center
907	575	ANCHORAGE	AK	ANCRAKXCCM2	Central Wire Center
907	632	ANCHORAGE	AK	ANCRAKXCCM2	Central Wire Center
907	748	ANCHORAGE	AK	ANCRAKXCCM2	Central Wire Center
907	261	ANCHORAGE	AK	ANCRAKXCDS1	Central Wire Center
907	271	ANCHORAGE	AK	ANCRAKXCDS1	Central Wire Center
907	273	ANCHORAGE	AK	ANCRAKXCDS1	Central Wire Center
907	550	ANCHORAGE	AK	ANCRAKXCDS1	Central Wire Center
907	561	ANCHORAGE	AK	ANCRAKXCDS1	Central Wire Center
907	562	ANCHORAGE	AK	ANCRAKXCDS1	Central Wire Center
907	563	ANCHORAGE	AK	ANCRAKXCDS1	Central Wire Center
907	564	ANCHORAGE	AK	ANCRAKXCDS1	Central Wire Center
907	565	ANCHORAGE	AK	ANCRAKXCDS1	Central Wire Center
907	566	ANCHORAGE	AK	ANCRAKXCDS1	Central Wire Center
907	569	ANCHORAGE	AK	ANCRAKXCDS1	Central Wire Center
907	570	ANCHORAGE	AK	ANCRAKXCDS1	Central Wire Center
907	729	ANCHORAGE	AK	ANCRAKXCDS1	Central Wire Center
907	751	ANCHORAGE	AK	ANCRAKXCDS1	Central Wire Center
907	762	ANCHORAGE	AK	ANCRAKXCDS1	Central Wire Center
907	786	ANCHORAGE	AK	ANCRAKXCDS1	Central Wire Center
907	992	ANCHORAGE	AK	ANCRAKXCDS1	Central Wire Center
907	743	ANCHORAGE	AK	ANCRAKXCRSG	Central Wire Center
907	770	ANCHORAGE	AK	ANCRAKXCRSG	Central Wire Center
907	269	ANCHORAGE	AK	ANCRAKXEDS1	East Wire Center
907	330	ANCHORAGE	AK	ANCRAKXEDS1	East Wire Center
907	331	ANCHORAGE	AK	ANCRAKXEDS1	East Wire Center
907	332	ANCHORAGE	AK	ANCRAKXEDS1	East Wire Center
907	333	ANCHORAGE	AK	ANCRAKXEDS1	East Wire Center
907	337	ANCHORAGE	AK	ANCRAKXEDS1	East Wire Center

907	338	ANCHORAGE	AK	ANCRAKXEDS1	East Wire Center
907	538	ANCHORAGE	AK	ANCRAKXEDS1	East Wire Center
907	339	ANCHORAGE	AK	ANCRAKXERSG	East Wire Center
907	929	ANCHORAGE	AK	ANCRAKXERSG	East Wire Center
907	257	ANCHORAGE	AK	ANCRAKXNDS1	North Wire Center
907	258	ANCHORAGE	AK	ANCRAKXNDS1	North Wire Center
907	263	ANCHORAGE	AK	ANCRAKXNDS1	North Wire Center
907	264	ANCHORAGE	AK	ANCRAKXNDS1	North Wire Center
907	265	ANCHORAGE	AK	ANCRAKXNDS1	North Wire Center
907	270	ANCHORAGE	AK	ANCRAKXNDS1	North Wire Center
907	272	ANCHORAGE	AK	ANCRAKXNDS1	North Wire Center
907	274	ANCHORAGE	AK	ANCRAKXNDS1	North Wire Center
907	276	ANCHORAGE	AK	ANCRAKXNDS1	North Wire Center
907	277	ANCHORAGE	AK	ANCRAKXNDS1	North Wire Center
907	278	ANCHORAGE	AK	ANCRAKXNDS1	North Wire Center
907	279	ANCHORAGE	AK	ANCRAKXNDS1	North Wire Center
907	280	ANCHORAGE	AK	ANCRAKXNDS1	North Wire Center
907	297	ANCHORAGE	AK	ANCRAKXNDS1	North Wire Center
907	343	ANCHORAGE	AK	ANCRAKXNDS1	North Wire Center
907	742	ANCHORAGE	AK	ANCRAKXNDS1	North Wire Center
907	777	ANCHORAGE	AK	ANCRAKXNDS1	North Wire Center
907	787	ANCHORAGE	AK	ANCRAKXNDS1	North Wire Center
907	792	ANCHORAGE	AK	ANCRAKXNDS1	North Wire Center
907	793	ANCHORAGE	AK	ANCRAKXNDS1	North Wire Center
907	936	ANCHORAGE	AK	ANCRAKXNDS1	North Wire Center
907	222	ANCHORAGE	AK	ANCRAKXNRSG	North Wire Center
907	646	ANCHORAGE	AK	ANCRAKXNRSG	North Wire Center

907	346	ANCHORAGE	AK	ANCRAKXORS1	O'Malley Wire Center OMWC
907	345	ANCHORAGE	AK	ANCRAKXRRS1	Rabbit Creek RCWC
907	348	ANCHORAGE	AK	ANCRAKXRRS1	Rabbit Creek RCWC
907	267	ANCHORAGE	AK	ANCRAKXSDS1	South Wire Center
907	275	ANCHORAGE	AK	ANCRAKXSDS1	South Wire Center
907	336	ANCHORAGE	AK	ANCRAKXSDS1	South Wire Center
907	341	ANCHORAGE	AK	ANCRAKXSDS1	South Wire Center
907	344	ANCHORAGE	AK	ANCRAKXSDS1	South Wire Center
907	349	ANCHORAGE	AK	ANCRAKXSDS1	South Wire Center
907	365	ANCHORAGE	AK	ANCRAKXSDS1	South Wire Center
907	380	ANCHORAGE	AK	ANCRAKXSDS1	South Wire Center
907	522	ANCHORAGE	AK	ANCRAKXSDS1	South Wire Center
907	782	ANCHORAGE	AK	ANCRAKXSDS1	South Wire Center
907	644	ANCHORAGE	AK	ANCRAKXSRSG	South Wire Center
907	868	ANCHORAGE	AK	ANCRAKXSRSG	South Wire Center
907	243	ANCHORAGE	AK	ANCRAKXWDS1	West Wire Center

907	245	ANCHORAGE	AK	ANCRAKXWDS1	West Wire Center
907	248	ANCHORAGE	AK	ANCRAKXWDS1	West Wire Center
907	249	ANCHORAGE	AK	ANCRAKXWDS1	West Wire Center
907	266	ANCHORAGE	AK	ANCRAKXWDS1	West Wire Center
907	342	ANCHORAGE	AK	ANCRAKXWDS1	West Wire Center
907	677	ANCHORAGE	AK	ANCRAKXWRSG	West Wire Center
907	887	ANCHORAGE	AK	ANCRAKZA1PB	Military misc Nxx
907	753	ELMEDRFAFB	AK	ELMNAKXARS1	Elemendorf Wire Center ELM
907	551	ELMEDRFAFB	AK	ELMNAKXG552	Elemendorf Wire Center ELM
907	552	ELMEDRFAFB	AK	ELMNAKXG552	Elemendorf Wire Center ELM
907	580	ELMEDRFAFB	AK	ELMNAKXG552	Elemendorf Wire Center ELM
907	428	FTRICHADSN	AK	FTRCAKXARS1	Fort Richardson Wire Center FTR
907	384	FT RICH	AK	FTRCAKXG384	Fort Richardson Wire Center FTR
907	754	GIRDWOOD	AK	GRWDAKXARS1	Girdwood Wire Center GRD
907	783	GIRDWOOD	AK	GRWDAKXARS1	Girdwood Wire Center GRD
907	727	ANCHORAGE	AK	ANCRAK02CM0	wireless NXX
907	744	ANCHORAGE	AK	ANCRAK02CM0	wireless NXX
907	764	ANCHORAGE	AK	ANCRAK02CM0	wireless NXX
907	884	ANCHORAGE	AK	ANCRAK02CM0	wireless NXX
907	231	ANCHORAGE	AK	ANCRAK500MD	wireless NXX
907	268	ANCHORAGE	AK	ANCRAK500MD	wireless NXX
907	375	ANCHORAGE	AK	ANCRAKBZ01T	wireless NXX
907	444	ANCHORAGE	AK	ANCRAKBZ01T	wireless NXX
907	334	ANCHORAGE	AK	ANCRAKGCDS0	wireless NXX
907	223	ANCHORAGE	AK	ANCRAKMWCM1	wireless NXX
907	227	ANCHORAGE	AK	ANCRAKMWCM1	wireless NXX
907	229	ANCHORAGE	AK	ANCRAKMWCM1	wireless NXX
907	230	ANCHORAGE	AK	ANCRAKMWCM1	wireless NXX
907	250	ANCHORAGE	AK	ANCRAKMWCM1	wireless NXX
907	301	ANCHORAGE	AK	ANCRAKMWCM1	wireless NXX
907	317	ANCHORAGE	AK	ANCRAKMWCM1	wireless NXX
907	350	ANCHORAGE	AK	ANCRAKMWCM1	wireless NXX
907	351	ANCHORAGE	AK	ANCRAKMWCM1	wireless NXX
907	360	ANCHORAGE	AK	ANCRAKMWCM1	wireless NXX

907	830	ANCHORAGE	AK	ANCRAKMWCM1	wireless NXX
907	952	ANCHORAGE	AK	ANCRAKMWCM1	wireless NXX
907	382	GIRDWOOD	AK	ANCRAKMWCM4	wireless NXX

GCI Verizon Networx

Alaska Local Loop Pricing

*** are *** from the *** to the ***.
There are no *** on ***.
*** are a *** from the ***
Rates are subject to tariff changes

	Miles	Code	2 Wire 0002	4 Wire 0004	9.6K 0096	56K 0056	64K 0064	T - 1 1536					
NECA Channel Terms			$ ***	$ ***	$ ***	$ ***	$ ***	$ ***					
NECA Mileage Terms			$ ***	$ ***	$ ***	$ ***	$ ***	$ ***					
NECA Mileage			$ ***	$ ***	$ ***	$ ***	$ ***	$ ***					
NECA Install (Non Anchorage)			$ ***	$ ***	$ ***	$ ***	$ ***	$ ***					
Adak	—	**11**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	855	ADAK T.C.	AK	ADAKAKZA855
Barrow	—	**26**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	852	BARROW	AK	BRRWAKXADS1
Bethel	—	**27**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	543	BETHEL	AK	BETHAKXADS0
			$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	544	BETHEL	AK	BETHAKAFCM1
Big Lake		**28**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	892	BIG LAKE	AK	
Big Lake - Wasilla	26	**29**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***					BGLKAKXARS1
Chugiak	8	**31**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	688	CHUGIAK	AK	CHGKAKXARS1
Cold Bay	—	**32**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	532	COLD BAY	AK	CLBAAKXA532
Cordova	—	**33**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	253	CORDOVA	AK	ANCRAKZA04T
									907	424	CORDOVA	AK	CRDVAKXACG1
									907	429	CORDOVA	AK	CRDVAKXACM1
Craig	—	**34**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	826	CRAIG	AK	CRAGAKXADS1
Prudhoe Bay	—	**35**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	448	DEADHORSE	AK	DHRSAKXACM1

907	659	DEADHORSE	AK	DHRSAKXA659
907	670	DEADHORSE	AK	DHRSAKXA659

									907	943	DEADHORSE	AK	FRBNAKZACM1
Delta Junction	—	**36**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	895	DELTA JCT	AK	DLJTAKXADS1
Dillingham	—	**37**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	842	DILLINGHAM	AK	DLHMAKXADS0
Dutch Harbor	—	**38**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	359	UNALASKA	AK	DUHRAK01CM0
									907	391	UNALASKA	AK	UNLSAKBBCM1
									907	581	UNALASKA	UNALASKA	UNLSAKXA581
Eagle River	—	**39**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	622	EAGLERIVER	AK	EGRVAKXA69X
									907	689	EAGLERIVER	AK	EGRVAKXA01T
									907	694	EAGLERIVER	AK	EGRVAKXA69X
									907	696	EAGLERIVER	AK	EGRVAKXA69X
									907	854	EAGLERIVER	AK	EGRVAKXA0MD
									907	860	EAGLERIVER	AK	EGRVAKXA69X
									907	862	EAGLERIVER	AK	EGRVAKXA69X
									907	864	EAGLERIVER	AK	EGRVAKXA69X
									907	870	EAGLERIVER	AK	EGRVAKXA69X
Eielson	23	**40**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	372	EIELSONAFB	AK	ELSNAKXADS1
									907	377	EIELSONAFB	AK	ELSNAKXGDS1
Fairbanks	—	**41**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***		see separate tab			
Ft. Greely	3	**43**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	869	FORTGREELY	AK	FTGRAKXARS1
									907	873	FORTGREELY	AK	FTGRAKXGDS1
Ft. Wainwright	4	**44**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	353	FTWAINWRIT	AK	FTWRAKXGDS1
Galena	—	**45**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	656	GALENA	AK	GALNAKXA656

Glennallen	—	**46**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	259	GLENNALLEN	AK	ANCRAKZA04T
									907	320	GLENNALLEN	AK	GLALAKACH01
									907	822	GLENNALLEN	AK	GLALAKXA822
Gustavus	—	**47**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	697	GUSTAVUS	AK	GSTVAKXADS1
Haines	—	**48**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	766	HAINES	AK	HANSAKXADS0
Homer	—	**49**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	226	HOMER	AK	HOMRAKXADS1
									907	235	HOMER	AK	HOMRAKXADS1
									907	299	HOMER	AK	HOMRAKMCH01
									907	399	HOMER	AK	HOMRAKXA0MD
Juneau	—	**50**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	see separate tab				
Juneau - Lemon Creek	6	**51**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	see separate tab				
Juneau - Sterling	9	**52**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	see separate tab				
Kenai	—	**53**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	283	KENAI	AK	KENAAKXADS1
									907	335	KENAI	AK	KENAAKXADS1
									907	690	KENAI	AK	KENAAKXA0MD
Ketchikan	—	**54**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	225	KETCHIKAN	AK	KTCHAKXBDS1
									907	228	KETCHIKAN	AK	KTCHAKXBDS1
									907	247	KETCHIKAN	AK	KTCHAKXBDS1
									907	254	KETCHIKAN	AK	KTCHAKZA2MD
									907	617	KETCHIKAN	AK	JUNEAKBDCM0
King Cove	—	**55**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	497	KING COVE	AK	KGCVAKXA497
King Salmon	—	**56**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	246	KINGSALMON	AK	KGSLAKXACG1

									907	439	KINGSALMON	AK	KGSLAKBBCM1
Klawock	—	**57**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	755	KLAWOCK	AK	KLWKAKXADS1
Kodiak	—	**58**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	481	KODIAK	AK	KODKAKXCDS1
									907	486	KODIAK	AK	KODKAKXCDS1
									907	528	KODIAK	AK	KODKAKBBCM1
									907	654	KODIAK	AK	KODKAKXCCM0
Kodiak Base	5	**59**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	487	KODIAKUSCG	AK	KODKAKAGRS1
Kotzebue	—	**60**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	442	KOTZEBUE	AK	KTZBAKXADS1
Level Island	—	**61**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***					
Metlakatla	—	**62**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	886	METLAKATLA	AK	MTKTAKXADS0
Middleton Island	—	**63**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***					
Nikiski	13	**64**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***					
Ninilchik	56	**65**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	567	NINILCHIK	AK	NCHKAKXARS0
Nome	—	**66**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	443	NOME	AK	NOMEAKXADS0
									907	466	NOME	AK	NOMEAK01CM0
North Kenai	13	**67**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	776	NORTHKENAI	AK	NKENAKXARS1
North Pole	12	**68**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	488	NORTH POLE	AK	NRPLAKXADS1
									907	490	NORTH POLE	AK	NRPLAKXADS1
									907	750	NORTH POLE	AK	FRBNAKXC0MD
Palmer	—	**69**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	745	PALMER	AK	PLMRAKXADS1

									907	746	PALMER	AK	PLMRAKXADS1
									907	761	PALMER	AK	PLMRAKXADS1
									907	775	PALMER	AK	ANCRAK02CM0
									907	861	PALMER	AK	PLMRAKXADS1
									907	982	PALMER	AK	PLMRAKXA0MD
Petersburg	—	**70**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	772	PETERSBURG	AK	PTBRAKXADS0
Seward	—	**71**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	224	SEWARD	AK	SWRDAKXADS0
									907	362	SEWARD	AK	SWRDAKZA0MD
									907	491	SEWARD	AK	SWRDAKMCH01
Sitka	—	**72**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	738	SITKA	AK	SITKAKXADS1
									907	747	SITKA	AK	SITKAKXADS1
									907	752	SITKA	AK	SITKAKAC0MD
									907	966	SITKA	AK	SITKAKXADS1
Skagway	—	**73**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	983	SKAGWAY	AK	SKWYAKXADS2
Soldotna	8	**74**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	252	SOLDOTNA	AK	SLDTAKMCCM1
									907	260	SOLDOTNA	AK	SLDTAKXADS2
									907	262	SOLDOTNA	AK	SLDTAKXADS2
									907	394	SOLDOTNA	AK	SLDTAKXA0MD
									907	398	SOLDOTNA	AK	SLDTAKXA0MD
									907	598	SOLDOTNA	AK	SLDTAKXA0MD
									907	714	SOLDOTNA	AK	SLDTAKXADS2
									907	953	SOLDOTNA	AK	SLDTAKMCCM1
St. Paul	—	**75**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	546	ST PAUL	AK	STPLAKXADS1

Talkeetna	63	**76**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	733	TALKEETNA	AK	TLKTAKXA733
Tok	—	**77**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	883	TOK	AK	TOK AKXADS1
Valdez	—	**78**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	255	VALDEZ	AK	VLDZAKGMCM1

									907	831	VALDEZ	AK	VLDZAKXACM1
									907	834	VALDEZ	AK	VLDZAKXA835
									907	835	VALDEZ	AK	VLDZAKXA835
Wasilla	12	**79**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	232	WASILLA	AK	WSLLAKMCCM1
									907	352	WASILLA	AK	WSLLAKXADS1
									907	354	WASILLA	AK	WSLLAKXACM1
									907	355	WASILLA	AK	WSLLAKMKCM1
									907	357	WASILLA	AK	WSLLAKXADS1
									907	373	WASILLA	AK	WSLLAKXADS1
									907	376	WASILLA	AK	WSLLAKXADS1
									907	430	WASILLA	AK	WSLLAKMKCM1
									907	715	WASILLA	AK	ANCRAKXCCM4
									907	730	WASILLA	AK	WSLLAKXACM1
									907	841	WASILLA	AK	WSLLAKMCCM1
									907	863	WASILLA	AK	WSLLAKXACM1
Wasilla - Palmer	12	**80**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***					
Wrangell	—	**81**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	874	WRANGELL	AK	WRGLAKXADS0
Red Dog Mine		**88**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	426	RED DOG MN	AK	RDDGAKXADS1
Juneau - Douglas	2	**89**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	364	DOUGLAS	AK	DGLSAKXARS1
Yakutat		**91**	$ ***	$ ***	$ ***	$ ***	$ ***	$ ***	907	784	YAKUTAT	AK	YKUTAKXADS1

Exhibit G

ICD – BILLING FEED

[This ICD – BILLING FEED is considered proprietary and confidential by Verizon, (a party to the Agreement), is not considered by the Company as material to investment decisions by investors or prospective investors in the Company, and therefore is not included in this filing with the Securities and Exchange Commission.]

Exhibit H

ICD – ORDER AND INVENTORY

(Reserved)

Exhibit I

ICD – MANUAL ASR
(Reserved)

Exhibit 10.148

STOCK PURCHASE AGREEMENT

dated as of October 12, 2007

among

GCI COMMUNICATION CORP.,

UNITED COMPANIES, INC.,

SEA LION CORPORATION

and

TOGIAK NATIVES LTD.

TABLE OF CONTENTS

EXHIBITS

<u>STOCK PURCHASE AGREEMENT</u>

THIS STOCK PURCHASE AGREEMENT (this "<u>Agreement</u>"), is made and entered into as of October 12, 2007 by and among GCI Communication Corp., an Alaska corporation ("<u>GCI</u>"), United Companies, Inc., an Alaska corporation (the "<u>Company</u>"), Sea Lion Corporation, an Alaska corporation ("<u>Sea Lion</u>"), and Togiak Natives Limited, an Alaska corporation ("<u>Togiak</u>" and, together with the Company and Sea Lion, the "<u>Sellers</u>").

Recitals

A. Collectively, Sea Lion and Togiak own all of the issued and outstanding shares of common stock of the Company.

B. The Company owns 100% of the issued and outstanding shares of all classes of capital stock of each of United Utilities, Inc., an Alaska Corporation ("UUI"), and Unicom, Inc., an Alaska corporation (collectively, the "Common Stock").

C. Subject to the terms and conditions of this Agreement, in consideration of the sale of the outstanding Common Stock, GCI will pay aggregate consideration in immediately available funds at the times and in the amounts set forth in this Agreement (the "Acquisition").

D. Defined terms used as capitalized terms and not otherwise defined herein shall have the respective meanings set forth in Exhibit A hereto.

NOW, THEREFORE, in consideration of the foregoing premises, and the representations, warranties, covenants and other agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and accepted by the Parties, and intending to be legally bound hereby, the Parties hereto hereby agree as follows:

ARTICLE 1

PURCHASE AND SALE

1.1 Purchase and Sale of the Shares Upon the terms and subject to the conditions set forth in this Agreement, at the Closing the Company shall sell, assign, transfer, convey and deliver to GCI or cause to be sold, assigned, transferred, conveyed and delivered to GCI, free and clear of any and all Liens and GCI shall purchase, all Common Stock owned by the Company.

1.2 Payments at the Closing.

1.2.1Subject to Section 1.6 below, the aggregate purchase price to be paid by GCI to the Company on the Closing Date in consideration for the Common Stock will be $40,000,000, less cash and marketable securities retained by the Company in the amount of $1,318,242, payable in cash (the "Cash Consideration"). At the Closing, the Company shall receive the Estimated Cash Consideration less the Escrow Amount (such amount the "Closing Payment") by wire transfer of immediately available funds to accounts designated by the Company in writing and delivered to GCI at least two Business Days prior to the Closing Date.

1.2.2GCI shall be entitled to deduct and withhold from any consideration payable or otherwise deliverable pursuant to this Agreement such amounts as may be required to be deducted or withheld therefrom under any provision of federal, local, or foreign Tax law or under any applicable legal requirement. To the extent such amounts are so deducted or withheld, such amounts shall be treated for all purposes under this Agreement as having been paid to the Person to whom such amounts would otherwise have been paid.

1.3 Escrow Arrangements. At the Closing, GCI, the Company and the Escrow Agent will enter into an Escrow Agreement substantially in the form attached hereto as Exhibit B (the "Escrow Agreement") pursuant to which, among other things, GCI will deposit an amount of cash equal to the Escrow Amount to be held in an escrow fund (the "Escrow Fund"), with such Escrow Fund to be used to compensate GCI for any Losses incurred or sustained by it for which it is entitled to recovery pursuant Article 7 hereof.Closing. The consummation of the transactions contemplated by this Agreement (the "Closing") shall occur at 10:00 a.m. AKST on the third Business Day following the day on which the last of the conditions set forth in Article 6 (other than those based on acts to be performed at Closing) has been fulfilled or waived by the Party entitled to the benefit of such condition (the "Closing Date") at the offices of GCI, unless another date, time or place is agreed upon by the Parties.

1.5 Closing Deliveries.

1.5.1Closing Deliveries of the Company. Upon the terms and subject to the conditions set forth in this Agreement, at the Closing (unless otherwise indicated below), the Company shall deliver, or cause to be delivered, to GCI the following:

1.5.1.1 a stock certificate, or certificates, representing the Common Stock held by the Company, duly endorsed in blank or accompanied by stock powers duly executed in blank;

1.5.1.2 a receipt for the Cash Consideration paid to the Company at the Closing pursuant to Section 1.2;

1.5.1.3 evidence of the assignment contemplated by Section 5.9;

1.5.1.4 evidence of the assignment contemplated by Section 5.10;

1.5.1.5 evidence of the transfer of Employee Benefit Plans pursuant to Section 5.11;

1.5.1.6 evidence of the easements required to be obtained pursuant to Section 5.12;

1.5.1.7 each of the documents required to be delivered by the Company pursuant to Section 6.2 that has not been delivered prior to the Closing; and

1.5.1.8 such certificates or other documents as may be reasonably requested by GCI, including without limitation certificates of legal existence, good standing and certified articles of incorporation from the Alaska Department of Community and Economic Development and certificates of officers of the Company with respect to minutes, resolutions, bylaws and any other relevant matters concerning the authorization of the transactions contemplated hereby.

1.5.2 Closing Deliveries of GCI. Upon the terms and subject to the conditions set forth in this Agreement, at the Closing (unless otherwise indicated below), GCI shall deliver, or cause to be delivered:

1.5.2.1 to the Company, the Closing Payment payable at the Closing on account of the Common Stock held by the Company, as shown on Schedule I hereto;

1.5.2.2 to the Escrow Agent, the Escrow Amount to be held in the Escrow Fund pursuant to the Escrow Agreement; and

1.5.2.3 each of the documents required to be delivered by GCI pursuant to Section 6.3 that has not been delivered prior to the Closing.

1.6 Adjustment of Cash Consideration.

1.6.1 Estimated Cash Consideration. Not less than two nor more than five Business Days prior to the Closing Date, the Company shall prepare and deliver to GCI a good faith estimate of Closing Date Shareholder's Equity ("Estimated Closing Date Shareholder's Equity") determined as if it were the actual Closing Date Shareholder's Equity, but based on the Company's review of financial information then available and inquiries of personnel responsible for the preparation of the financial information relating to the Acquired Companies in the Ordinary Course. If the Estimated Closing Date Shareholder's Equity is less than $26,991,189 (the "Shareholder's Equity Target"; the amount of such shortfall being referred to as the "Shareholder's Equity Shortfall"), then the Cash Consideration shall be decreased dollar-for-dollar by the Shareholder's Equity Shortfall. If Estimated Closing Date Shareholder's Equity is greater than the Shareholder's Equity Target (the amount of such excess being referred to as the "Shareholder's Equity Excess"), then the Cash Consideration shall be increased dollar-for-dollar by the Shareholder's Equity Excess. The Cash Consideration that would result if the Estimated Closing Date Shareholder's Equity were the actual Closing Date Shareholder's Equity is referred to as the "Estimated Cash Consideration."

1.6.2 Post-Closing Adjustment.

1.6.2.1 No later than 45 days following the Closing Date, GCI will prepare and deliver to the Company a statement (the "Closing Date Statement") showing, in reasonable detail, a calculation of Shareholders' Equity as of immediately prior to the Closing (the "Closing Date Shareholders' Equity").

1.6.2.2 Within 45 days after the date GCI delivers to the Company the Closing Date Statement, if the Company disagrees in good faith with GCI's calculation of Closing Date Shareholders' Equity as set forth in the Closing Date Statement, then the Company may give written notice (the “Objection Notice”) to GCI within such 45-day period (i) setting forth the Company’s determination of Closing Date Shareholders’ Equity and (ii) specifying in reasonable detail the Company’s basis for disagreement with GCI’s determination of Closing Date Shareholders’ Equity. The failure by the Company to deliver an Objection Notice within such 45-day period shall constitute the acceptance of GCI’s computation of Closing Date Shareholders’ Equity. If the Company and GCI are unable to resolve any matter raised in the Objection Notice with respect to the determination of Closing Date Shareholders’ Equity within 30 days after delivery of the Objection Notice, the items in dispute shall be submitted to binding arbitration in accordance with Section 10.1. The final computation of Closing Date Shareholders’ Equity, determined by reference to either GCI’s computation of Closing Date Shareholders’ Equity, agreement of the parties or binding arbitration, as the case may be, is referred to herein as the “Final Shareholders’ Equity.”

1.6.2.3 If, after the Final Shareholders’ Equity has been determined, the Cash Consideration is less than the Estimated Cash Consideration, the Sellers shall promptly pay to GCI, within five days after the Final Shareholders’ Equity has been determined, an amount equal to such difference plus interest accruing on such amount at a rate of 8% per annum from the Closing Date until such amount is paid, by wire transfer of immediately available funds to an account designated by GCI. If the Estimated Cash Consideration is less than the Cash Consideration, GCI shall promptly pay to the Company, within five days after the Final Shareholders’ Equity has been determined, an amount equal to such difference plus interest accruing on such amount at a rate of 8% per annum from the Closing Date until such amount is paid, by wire transfer of immediately available funds to the account designated by the Company.

ARTICLE 2

REVENUE GROWTH PAYMENTS

2.1 Structure. In addition to the Cash Consideration payable at Closing, the Company shall be entitled to receive additional payments determined and payable as provided in this Article 2 (the “Revenue Growth Payments”) to reflect additional revenues generated from the Specified Customers. The Revenue Growth Payments shall be calculated separately for each of the following periods (collectively, the “Revenue Sharing Period”): (i) calendar year 2008 (“Period One”); (ii) calendar year 2009 (“Period Two”); (iii) calendar year 2010 (“Period Three”); (iv) calendar year 2011 (“Period Four”); and (iv) calendar year 2012 (“Period Five”). In no event shall the Sellers be required to make payments to GCI under this Article 2 if revenues decline instead of increase. Attached as Exhibit C is an illustration of the calculation of the Revenue Growth Payments payable to the Company. In the event of any conflict between the illustration and the provisions of this Article 2, the provisions of this Article 2 shall control.

2.2 Amount & Payment.

2.2.1The Revenue Growth Payment for Period One shall be an amount equal to the product of (i) ten percent (0.10) and (ii) the difference, if any, between the Gross Revenue for Period One and the Gross Revenue for calendar year 2007 (the “Baseline Gross Revenue”). The Revenue Growth Payment for Period Two shall be an amount equal to the product of (i) ten percent (0.10) and (ii) the difference, if any, between the Gross Revenue for Period Two and the

Baseline Gross Revenue. The Revenue Growth Payment for Period Three shall be an amount equal to the product of (i) ten percent (0.10) and (ii) the difference, if any, between the Gross Revenue for Period Three and the Baseline Gross Revenue. The Revenue Growth Payment for Period Four shall be an amount equal to the product of (i) ten percent (0.10) and (ii) the difference, if any, between the Gross Revenue for Period Four and the Baseline Gross Revenue. The Revenue Growth Payment for Period Five shall be an amount equal to the product of (i) ten percent (0.10) and (ii) the difference, if any, between the Gross Revenue for Period Five and the Baseline Gross Revenue.

2.2.2 The Revenue Growth Payments for each of the Revenue Sharing Periods under Section 2.2.1 shall be made as soon as reasonably practicable after the completion of GCI's annual audit for each respective period, and in any event, on or prior to forty-five (45) days following the completion of such audit.

2.3 Gross Revenue Statement. The Revenue Growth Payments for each period shall be accompanied by a schedule reflecting the calculation of the Revenue Growth Payments in reasonable detail. The Company shall have the right, at its expense, to audit the underlying statements and accounts relating to the Specified Customers, which GCI shall make or cause to be made reasonably available to the Company, to verify the accuracy of the Revenue Growth Payments; provided that only one audit shall be conducted by the Company in respect of the Revenue Growth Payment for any given period. All information obtained in any such audit shall be maintained in confidence and used only for the purpose contemplated by this Section 2.3. Any such audit shall be conducted upon reasonable notice, during normal business hours and in a manner that does not unnecessarily or unreasonably interfere with the operations of GCI. If, as a result of such audit, the Company believes that an additional Revenue Growth Payment is due, it shall notify GCI in writing and shall provide GCI reasonably detailed information reflecting the basis for the additional payment claimed. Within ten (10) days of receipt of that notice, GCI shall either pay the additional amount claimed or notify the Company that GCI disagrees with the claim, which notice shall specify the amount, if any, of the additional Revenue Growth Payment that GCI agrees is due. If the Parties are unable to resolve any disagreement within ten (10) days after a notice of disagreement is given by GCI, either party may have such disagreement resolved pursuant to arbitration provided for in Section 10.1.

2.4 Non-Transferability of Right to Revenue Growth Payments. The rights of the Company to receive Revenue Growth Payments cannot be sold, assigned, hypothecated or otherwise transferred except to an Affiliate of the Company or the Sellers. Any attempted transfer in violation of this provision shall be null and void and GCI shall not be obligated to recognize any rights in the purported transferee. In the event that GCI in good faith is uncertain after consulting with outside legal counsel as to the legal rights of any purported transferee or any other person claiming the right to receive Revenue Growth Payments, it may withhold the Revenue Growth Payments in question until it is presented with a court order establishing the rights of the parties and then pay the amount withheld, without interest, to the person entitled thereto in accordance with that order. No transfer shall affect the rights of GCI to set off against Revenue Growth Payments as provided in Section 7.7.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except for representations and warranties that, by their terms, are made only as of a specified date, all representations and warranties of the Parties shall be deemed to be made at and as of the date hereof and at and as of the Closing Date. For purposes of applying the representations and warranties as of the Closing Date, all references to the date of this Agreement (or words of similar import) shall be deemed to refer to the Closing Date. Except as set forth in the corresponding sections of the disclosure schedule (the "Disclosure Schedule"), each of the Sellers, severally and not jointly, hereby represents and warrants to GCI that:

3.1 Organization and Good Standing. Section 3.1 of the Disclosure Schedule contains a complete and accurate list for each of the Acquired Companies of its name, its jurisdiction of incorporation, other jurisdictions in which it is authorized to do business, and its capitalization (including the identity of each shareholder and the number of shares held by each). Each of the Acquired Companies is a corporation duly organized, validly existing, and in good standing under the laws of its jurisdiction of incorporation, with full corporate power and authority to conduct its business as it is now being conducted, to own or use the properties and assets that it purports to own or use, and to perform all its obligations under the Contracts in Section 3.11.1 of the Disclosure Schedule. Each of the Acquired Companies is duly qualified to do business as a foreign corporation and is in good standing under the laws of each state or other jurisdiction in which either the ownership or use of the properties owned or used by it, or the nature of the activities conducted by it, requires such qualification. The Company has delivered to GCI or has made available for inspection (i) copies of the Organizational Documents of each of the Acquired Companies and (ii) all minutes of actions of the board of directors since January 1, 2004 of the Company and each of the Acquired Companies.

3.2 Capitalization; Other Equity.

3.2.1The Company owns all of the outstanding shares of Common Stock, all of which are owned free and clear of Liens. The shares of Common Stock owned by the Company are set forth on Schedule I. There are no outstanding subscriptions, options, employee stock options, rights, warrants, calls, convertible securities or other rights, agreements or commitments of any kind issued or granted by, or binding upon, any of the Acquired Companies to issue any shares or other equity interests of any of the Acquired Companies or irrevocable proxies or any agreements, instruments or understandings restricting the transfer of or otherwise relating to shares or other equity interests of any of the Acquired Companies, including any stockholder agreements, voting agreements or trusts or proxies. There are no outstanding or authorized stock appreciation, phantom stock, profit participation, or other similar rights with respect to any of the Acquired Companies. All of the outstanding shares of capital stock or other equity interests of each of the Acquired Companies were not issued in violation of any preemptive or similar right of any Person and have not been transferred in violation of, and are not currently subject to, any right of first refusal or similar right of any Person. All of the outstanding shares of capital stock or other equity interests of each of the Acquired Companies have been duly authorized, validly issued and are fully paid and non-assessable, and are free of preemptive rights. Except as set forth on Section 3.2.1 of the Disclosure Schedule, there are no restrictions applicable to the payment of dividends or distributions on the capital stock or other equity interests of any of the Acquired Companies and all dividends or distributions declared prior to the date hereof have been paid. All issuances of securities by any of the Acquired Companies were exempt from any registration requirements under all applicable securities laws.

3.2.2UUI owns all of the outstanding shares of capital stock or other equity interests of United-KUC, Inc., an Alaska corporation ("KUC") as set forth on Schedule I, all of which are, except as set forth on Schedule 3.2.2, owned free and clear of Liens. Section 3.2.2 of the Disclosure Schedule sets forth a complete list of all Subsidiaries and Equity Affiliates of each of the Acquired Companies. Except as set forth on Section 3.2.2 of the Disclosure Schedule, none of the Acquired Companies own, directly or indirectly, any equity interest in any other Person including any general or limited partnership interest, limited liability company interest or other form of joint venture.

3.3 Authority. Each of the Sellers has all requisite power and authority to enter into this Agreement and the Transaction Agreements and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Transaction Agreements and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of the Sellers and no further action is required on the part of such entities or any of the Acquired Companies to authorize the Agreement and the Transaction Agreements and the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement and the Transaction Agreements each have been unanimously approved by the board of directors of each of the Sellers and have been approved by the shareholders of each of the Sellers to the extent such approval is required. This Agreement and the Transaction Agreements have been duly executed and delivered by each of the Sellers and assuming the due authorization, execution and delivery by the other parties hereto and thereto, constitute the valid and binding obligations of the Sellers enforceable against them in accordance with their respective terms, subject to applicable bankruptcy, insolvency, moratorium or other similar laws relating to creditors' rights and general principles of equity.

3.4 No Conflict; Consents and Approvals. Except as and to the extent set forth on Section 3.4 of the Disclosure Schedule, neither the execution, delivery nor performance of this Agreement in its entirety, nor the consummation of all of the transactions contemplated hereby, will:

3.4.1contravene, conflict with, or result in a violation of (i) any provision of the Organizational Documents of the Acquired Companies or the Sellers, or (ii) any resolution adopted by the board of directors or the shareholders of any of the Acquired Companies or the Sellers;

3.4.2violate (with or without the giving of notice or the passage of time), any law, order, writ, judgment, injunction, award, decree, rule, statute, ordinance or regulation applicable to any of the Acquired Companies or the Sellers;

3.4.3contravene, conflict with, result in a breach or termination of any provision of, cause the acceleration of the maturity of any debt or obligation pursuant to, constitute a default (or give rise to any right of termination, cancellation or acceleration) under, or result in the creation of any Lien upon any property or assets of any of the Acquired

Companies or the Common Stock pursuant to any terms, conditions or provisions of any note, license, instrument, indenture, mortgage, deed of trust or other agreement or understanding or any other restriction of any kind or character, to which any of the Acquired Companies or any of the Sellers is a party or by which any of the Acquired Companies' or any of the Sellers' assets or properties is subject or bound;

3.4.4require notice to, or consent, approval, order or authorization of, or declaration, filing or registration with, any Governmental Body or any Person, domestic or foreign; or

3.4.5terminate or impair the corporate existence, business organization, assets, licenses, permits, authorizations, or other contracts and agreements of any of the Acquired Companies or the Sellers.

3.5 Financial Statements; No Undisclosed Liabilities.

3.5.1The Company has delivered to GCI true and complete copies of (i) the audited consolidated and consolidating balance sheets of each of the Acquired Companies as of December 31, 2004, December 31, 2005 and December 31, 2006 and the related statements of income, retained earnings, shareholders' equity and cash flows of each of the Acquired Companies for each of the 12-month periods ended on such dates (the "Year End Financials"), and (ii) the unaudited balance sheet of each of the Acquired Companies for the eight (8) months ended August 31, 2007 (the "Balance Sheet Date") and the related statements of income, retained earnings, shareholders' equity and cash flows of each of the Acquired Companies (the "Interim Financials" and collectively with the Year End Financials and the Company Audited Financial Statements, the "Company Financial Statements"). The Company Financial Statements have been prepared in accordance with GAAP applied on a consistent basis throughout the periods indicated. The Company Financial Statements present fairly in all material respects the financial position and operating results of the Acquired Companies as of the dates, and for the periods, indicated therein, subject, in the case of the Interim Financials, to normal year-end audit adjustments. No financial statements of any Person other than the Acquired Companies are required by GAAP to be included in the Company Financial Statements.

3.5.2The accounting records underlying the Company Financial Statements accurately and fairly reflect in all material respects the transactions of the Acquired Companies. The Acquired Companies do not have any off balance sheet liabilities associated with financial derivative products or potential liabilities associated with financial derivative products.

3.5.3Except as set forth on Section 3.5 of the Disclosure Schedule, to the knowledge of the Sellers, (i) none of the principal executive officers or principal financial officers of the Sellers or any of the Acquired Companies has concluded that a material weakness currently exists, other than what is described on the Disclosure Schedule and (ii) no claim or allegation has been made that a material weakness exists or that there has been any fraud with respect to the preparation of the Company Financial Statements or the internal control over financial reporting utilized by the Acquired Companies.

3.5.4Except as set forth on Section 3.5 of the Disclosure Schedule, the Acquired Companies do not have any Liabilities except those that are accrued or reserved against in the Company Financial Statements for the period ended on the Balance Sheet Date or incurred in the Ordinary Course (none of which Liabilities arises out of or relates to any breach of contract, breach of warranty, tort, infringement or violation of law). The Acquired Companies have not incurred or paid any Liability since the Balance Sheet Date except for such Liabilities incurred or paid in the Ordinary Course and which are fully reflected on the books and records of the Acquired Companies. Except as set forth on Section 3.5 of the Disclosure Schedule, none of the Acquired Companies is (i) a guarantor or otherwise liable by contract for any Liability of any other Person, (ii) obligated in any way to provide funds in respect of any other Person, or (iii) obligated to guaranty or assume any debt, commitment or dividend of any Person.

3.5.5Except as set forth on Section 3.5 of the Disclosure Schedule, none of the Acquired Companies have any outstanding indebtedness (excluding trade payables, rent, prepaid expenses, wages and taxes ("Company Indebtedness") and the Acquired Companies have no outstanding loans, advances or other extensions of credit to any Person.

3.5.6Section 3.5.6 of the Disclosure Schedule sets forth a description, grouped by site with respect to the Microwave Network, of all capital expenditures in excess of $10,000 in the aggregate intended to occur on or prior to the Closing Date or to which any of the Acquired Companies reasonably expects to become obligated after the Closing Date based on actions taken as of the date of this Agreement.

3.6 Absence of Certain Changes or Events. Except as and to the extent set forth on Section 3.6 of the Disclosure Schedule, and except for this Agreement and the transactions contemplated hereby, since January 1, 2007, (i) there has occurred no fact, event or circumstance which has had or could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (ii) none of the Acquired Companies has taken any of the actions as are described in Section 5.5 for which consent of GCI would be required if such actions had been taken after the date of this Agreement, and (iii) none of the Acquired Companies has entered into any contract or agreement to take any actions as are described in Section 5.5 for which consent of GCI would be required if such actions had been taken after the date of this Agreement.

3.7 Litigation; Regulatory Actions. Except as set forth on Section 3.7 of the Disclosure Schedule, there are no actions, suits, claims, investigations, reviews or other proceedings (excluding any docketed and non-confidential action, suit, claim, investigation, review or other proceeding before the FCC or RCA) that have been commenced by or against any of the Acquired Companies or that otherwise relate to or may affect the business of, or any of the assets owned or used by, any of the Acquired Companies or, to the knowledge of the Sellers, threatened against any of the Acquired Companies or involving any of their properties or assets, at law or in equity or before or by any Governmental Body, or other instrumentality or Person or any board of arbitration or similar entity. Section 3.7 of the Disclosure Schedule describes all material actions, claims, suits, investigations or proceedings (excluding any docketed and non-confidential action, suit, claim, investigation, review or other proceeding before the FCC or RCA) commenced or made against any of the Acquired Companies or any predecessor since January 1, 2002, that are no longer pending, including the disposition thereof.

3.8 Tax Matters. The Acquired Companies have duly filed, or will file when due, all Tax Returns that are or were required to be filed by or with respect to any of them, either separately or as a member of a group of corporations (the “Filed Returns”). All such Filed Returns were correct and complete. The Acquired Companies have paid all Taxes (whether or not shown on any tax return). None of the Acquired Companies is currently the beneficiary of any extension of time within which to file any Tax Return. There are no liens for any Taxes on any assets of the Acquired Companies except for liens for taxes not yet due or for Taxes being contested in good faith and for which adequate reserves have been established in accordance with GAAP. None of the Acquired Companies has entered into any Tax sharing agreement or other agreement regarding the allocation of Tax liability. The Sellers have delivered to GCI prior to the date hereof true, correct and complete copies of each Filed Return relating to periods beginning on and after January 1, 2004 and each amended return filed for any period for which statutory periods of limitation have not expired. All deficiencies asserted as a result of any examination or audit relating to Taxes of the Acquired Companies have been paid in full, and no such examination or audit is currently in progress or, to the knowledge of the Sellers, threatened. There are no outstanding agreements extending or waiving any statutory period of limitations applicable to the assessment or collection of Taxes with respect to any of the Acquired Companies. The Acquired Companies have withheld and paid over all taxes required to be so withheld and paid over in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder or other third party. The Acquired Companies are not obligated to make any payments, nor are they a party to any agreement, that under certain circumstances could obligate them to make any payments that will not be deductible under Section 280G of the Code. None of the Acquired Companies has been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code. None of the Acquired Companies has any liability for the Taxes of any Person under Reg. Section 1.1502-6 (or any similar provision of state, local or foreign law), as a transferee or successor, by contract, or otherwise. Except as set forth on Section 3.8 of the Disclosure Schedule, none of the Acquired Companies (i) has been a member of an affiliated group filing a consolidated federal income tax return and (ii) has any liability for the Taxes of any Person under Reg. Section 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract, or otherwise. No claim has been made by any authority in a jurisdiction where any of the Acquired Companies do not file Tax Returns that any of such entities is or may be subject to taxation by that jurisdiction. None of the Acquired Companies has agreed to make any adjustments under Section 481 of the Code by reason of a change in method of accounting. None of the Acquired Companies has executed or entered into a closing agreement pursuant to Section 7121 of the Code or any similar provision of state, local or foreign law, or are subject to any private letter ruling of the Internal Revenue Service or comparable ruling of any other Governmental Body. None of the Acquired Companies has engaged in any reportable transaction as defined in Treasury Regulation Section 1.6011-4(b). None of the Acquired Companies has executed any power of attorney with respect to Taxes that is currently in force. Since January 1, 2005, none of the Acquired Companies has been a party to a transaction described in Section 355 of the Code.

3.9 Employee Benefit Plans.

3.9.1 Section 3.9 of the Disclosure Schedule lists, and the Company has made available to GCI copies of, all “employee benefit plans” within the meaning of § 3(3) of ERISA, all bonus, stock option, stock purchase, incentive, deferred compensation, supplemental retirement, severance and other employee benefit plans, programs and arrangements, all binding employment agreements, and all policies providing for the indemnification of officers, directors or other employees, in each case for the benefit of, or relating to, current or former employees, directors or contractors of any of the Acquired Companies and, where applicable under plan terms, their dependents, and any such plans, programs and arrangements of any person (as defined in § 3(9) of ERISA) which together with any of the Acquired Companies would be deemed to be a "single employer" within the meaning of § 414 of the Code (any such Person, an "ERISA Affiliate") (collectively, the "Employee Plans").

3.9.1.1 All Employee Plans are in compliance in all material respects with the requirements prescribed by applicable law currently in effect with respect thereto, and each of the Acquired Companies has performed all material obligations required to be performed by it under, and are not in any respect in default under or in violation of, any of the Employee Plans. Each Employee Plan by its terms is terminable at any time.

3.9.1.2 None of the Acquired Companies or any ERISA Affiliate has ever maintained, established, sponsored, participated in, or contributed to, any pension plan subject to Part 3 of Subtitle B of Title I of ERISA, Title IV of ERISA or Section 412 of the Code.

3.9.2None of the Acquired Companies or any ERISA Affiliate has ever maintained, established, sponsored, participated in or contributed to any self-insured plan pursuant to which a stop-loss policy or insurance contract applies.

3.9.3At no time has any of the Acquired Companies or any ERISA Affiliate contributed to or been obligated to contribute to any multiemployer plan (as defined in Section 3(37) of ERISA). None of the Acquired Companies or any ERISA Affiliate has at any time ever maintained, established, sponsored, participated in or contributed to any multiple employer plan or to any plan described in Section 413 of the Code.

3.9.4No Employee Plan or Employee Agreement provides, or reflects or represents any liability to provide, retiree life insurance, retiree health or other retiree employee welfare benefits to any Person for any reason, except as may be required by COBRA or other applicable statute, and none of the Acquired Companies has represented, promised or contracted (whether in oral or written form) to any employee (either individually or to employees as a group) or any other Person that such employee(s) or other Person would be provided with retiree life insurance, retiree health or other retiree employee welfare benefits, except to the extent required by statute.

3.9.5Each of the Acquired Companies and each ERISA Affiliate has, prior to the Closing, complied in all material respects with COBRA, the Family Medical Leave Act of 1993, as amended, the Health Insurance Portability and Accountability Act of 1996, as amended ("HIPAA"), the Women's Health and Cancer Rights Act of 1998, the Newborns' and Mothers' Health Protection Act of 1996, the Mental Health Parity Act, the Uniformed Services Employment and Reemployment Rights Act, as amended, the Medicare Prescription Drug Improvement and Modernization Act of 2003, as amended, and any similar provisions of state law applicable to its employees. To the extent required under HIPAA and the regulations issued thereunder, each of the Acquired Companies has, prior to the Closing, performed all obligations under the medical privacy rules of HIPAA (45 C.F.R. Parts 160 and 164), the nondiscrimination rules of HIPAA (45 C.F.R. 146), the electronic data interchange requirements of HIPAA (45 C.F.R. Parts 160 and 162), and the security requirements of HIPAA (45 C.F.R. Part 142). None of the Acquired Companies has any unsatisfied obligations to any employees or qualified beneficiaries pursuant to COBRA, HIPAA or any state law governing health care coverage or extension.

3.9.6The execution of this Agreement and the consummation of the transactions contemplated hereby do not constitute a triggering event under any Employee Plan which (either alone or upon the occurrence of termination of employment in connection therewith) will or may result in any payment (whether of severance pay or otherwise) that is a "parachute payment," as such term is defined in § 280G of the Code, resulting in a penalty tax under § 4999 of the Code.

3.9.7With respect to nonqualified deferred compensation plans, as such term is defined under Code Section 409A, each of the Acquired Companies and each ERISA Affiliate has, prior to the Closing, administered each such plan in good-faith compliance with the guidance issued under Code Section 409A.

3.10Employment Matters. Section 3.10 of the Disclosure Schedule lists all employees of the Acquired Companies and shows for each such employee: (a) his or her position and title; (b) his or her date of hire and, if different, deemed date of hire (for service credits in connection with Employee Plans); (c) his or her salary; (d) his or her unpaid wages owed and/or accrued vacation time and accrued personal time as of September 8, 2007; (e) any bonuses paid to him or her with respect to the fiscal year ended December 31, 2006, or earned or promised to him or her with respect to the current fiscal year, and (f) setting forth separately any vested or unvested: vacation, overtime, wages, personal time, bonuses or similar items. The Acquired Companies have paid, or set forth as an accrual on the Company Financial Statements, and performed all obligations when due with respect to their respective employees, consultants, agents, officers and directors, including without limitation the payment of any accrued and payable wages, severance pay, vacation pay, benefits and commissions. Except as disclosed on Section 3.10 of the Disclosure Schedule, the employment of all employees of the Acquired Companies is terminable at will without any penalty or severance obligation being incurred by any of the Acquired Companies. Except as disclosed on Section 3.10 of the Disclosure Schedule, there is no management, employment, severance, consulting, relocation or other agreement, contract or understanding between the any of the Acquired Companies and any employee. None of the employees of the Acquired Companies is subject to any covenant against competition or similar agreement that would limit his or her ability to participate in all aspects of the Acquired Companies' respective businesses at any present or future location. Except as disclosed on Section 3.10 of the Disclosure Schedule, (a) none of the Acquired Companies is, nor have any of them been a party to, or subject to compliance with, any union agreement or collective bargaining agreement or work rules or practices agreed to with any labor organization or employee association, and (b) no attempt to organize any of the Acquired Companies' employees has occurred, is pending or, to the knowledge of the Company, has been proposed or threatened. Except as disclosed on Section 3.10 of the Disclosure Schedule, (a) none of the Acquired Companies has had any Equal Employment Opportunity Commission charges or other claims of employment discrimination, sexual harassment or wrongful discharge made against it by any of its employees or any Wage and Hour Department investigations with respect to its employees or independent contractors, and (b) none of the Acquired Companies has any currently pending or, to the knowledge of the Sellers, threatened Equal Employment Opportunity Commission charges or other claims of employment discrimination or wrongful discharge made against it by any of its employees or Wage and Hour Department investigations with respect to its employees or independent contractors. Except as disclosed on Section 3.10 of the Disclosure Schedule, none of the persons performing services for the Acquired Companies are or have been improperly classified as independent contractors or as being exempt from the payment of wages for overtime. Except as disclosed on Section 3.10 of the Disclosure Schedule, there have not been and there are no pending or, to the knowledge of the Sellers, threatened or reasonably anticipated claims or actions against any of the Acquired Companies by any employee, including without limitation, under any workers' compensation policy or long term disability policy.

3.11 Leases, Contracts & Agreements.

3.11.1 Section 3.11.1 of the Disclosure Schedule sets forth an accurate and complete list, and the Sellers have made available to GCI true and complete copies, of:

3.11.1.1 each Applicable Contract that involves performance of services for or delivery of goods or materials by one or more Acquired Companies of an amount or value in excess of twenty five thousand dollars ($25,000);

3.11.1.2 each Applicable Contract that involves performance of services for or delivery of goods or materials to one or more Acquired Companies of an amount or value in excess of twenty five thousand dollars ($25,000);

3.11.1.3 each Applicable Contract that was not entered into in the Ordinary Course and that involves expenditures or receipts of one or more Acquired Companies in excess of twenty five thousand dollars ($25,000);

3.11.1.4 each lease, rental agreement, license, installment and conditional sale agreement, and other Applicable Contract affecting the ownership of, leasing of, title to, use of, or any leasehold or other interest in, any personal property (except personal property leases and installment and conditional sales agreements having a value per item or aggregate payments of less than twenty five thousand dollars ($25,000) and with terms of less than one year);

3.11.1.5 each licensing agreement (other than shrink wrap licenses) or other Applicable Contract with respect to Intellectual Property Rights, including agreements with current or former employees, consultants, or contractors regarding the appropriation or the non-disclosure of any Intellectual Property Rights;

3.11.1.6 each collective bargaining agreement and other Applicable Contract to or with any labor union or other employee representative of a group of employees;

3.11.1.7 each joint venture, partnership, and other Applicable Contract (however named) involving a sharing of profits, losses, costs, or liabilities by any of the Acquired Companies with any other Person;

3.11.1.8 each Applicable Contract containing covenants that in any way purport to restrict the business activity of any of the Acquired Companies or any of their Affiliates or limit the freedom of any of the Acquired Companies or their Affiliates to engage in any line of business or to compete with any Person;

3.11.1.9 each Applicable Contract providing for payments to or by any Person based on sales, purchases, or profits, other than direct payments for goods;

3.11.1.10 each Applicable Contract for capital expenditures in excess of twenty five thousand dollars ($25,000);

3.11.1.11 each written warranty, guaranty, and or other similar undertaking with respect to contractual performance extended by any of the Acquired Companies other than in the Ordinary Course; and

3.11.1.12 each amendment, supplement, and modification (whether oral or written) in respect of any of the foregoing.

Section 3.11.1 of the Disclosure Schedule sets forth reasonably complete details concerning such Contracts, including the parties to the Contracts and the amount of the remaining commitment of the Acquired Companies under the Contracts.

3.11.2 Except as set forth on Section 3.11.2 of the Disclosure Schedule:

3.11.2.1 None of the Sellers (and no Affiliate of any of the Sellers) has or may acquire any rights under, and none of the Sellers has or may become subject to any obligation or liability under, any Contract that relates to the business of, or any of the assets owned or used by, any Acquired Company; and

3.11.2.2 no officer, director, agent, employee, consultant, or contractor of any of the Acquired Companies is bound by any Contract that purports to limit the ability of such officer, director, agent, employee, consultant, or contractor to (A) engage in or continue any conduct, activity, or practice relating to the business of any of the Acquired Companies, or (B) assign to any of the Acquired Companies or to any other Person any rights to any invention, improvement, or discovery.

3.11.3 Except as set forth in Section 3.11.3 of the Disclosure Schedule, each Contract identified or required to be identified in Section 3.11.1 of the Disclosure Schedule is in full force and effect and is valid and enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or similar laws affecting the enforcement of creditors rights generally and to general principles of equity, and will continue to be legal, valid, binding, enforceable and in full force and effect following the consummation of the transactions contemplated hereby.

3.11.4 Except as set forth on Section 3.11.4 of the Disclosure Schedule:

3.11.4.1 each of the Acquired Companies is, and at all times since January 1, 2006 has been, in full compliance with all applicable terms and requirements of each Contract under which any of such Acquired Companies has or had any obligation or liability or by which any of such Acquired Companies or any of the assets owned or used by any of such Acquired Companies is or was bound;

3.11.4.2 each other Person that has or had any obligation or liability under any Contract under which any of the Acquired Companies has or had any rights is, and at all times since January 1, 2006 has been, in full compliance with all applicable terms and requirements of such Contract;

3.11.4.3 no event has occurred or circumstance exists that (with or without notice or lapse of time) may contravene, conflict with, or result in a violation or breach of, or give any of the Acquired Companies or other Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate, or modify, any Applicable Contract; and

3.11.4.4 other than notices or other communications given by an Acquired Company to an employee regarding any actual or alleged breach of an employment contract by such employee, none of the Acquired Companies has given to or received from any other Person, at any time since January 1, 2006, any notice or other communication (whether oral or written) regarding any actual, alleged, possible, or potential violation or breach of, or default under, any Contract.

3.11.5 There are no renegotiations of, attempts to renegotiate, or outstanding rights to renegotiate any material amounts paid or payable to any of the Acquired Companies under current or completed Contracts with any Person and no such Person has made written demand for such renegotiation.

3.11.6 The Contracts relating to the sale, design, manufacture, or provision of products or services by the Acquired Companies have been entered into in the Ordinary Course and have been entered into without the commission of any act alone or in concert with any other Person, or any consideration having been paid or promised, that is or would be in violation of applicable laws.

3.12 Risk Insurance.

3.12.1 The Sellers have made available to GCI:

3.12.1.1 true and complete copies of all policies of insurance to which any of the Acquired Companies is a party or under which any of the Acquired Companies, or any director of any of the Acquired Companies, is or has been covered at any time within the three (3) years preceding the date of this Agreement;

3.12.1.2 true and complete copies of all pending applications for policies of insurance; and

3.12.1.3 any statement by the auditor of any of the Company Financial Statements with regard to the adequacy of such entity's coverage or of the reserves for claims.

3.12.2 Section 3.12.2 of the Disclosure Schedule describes:

3.12.2.1 any self-insurance arrangement by or affecting any of the Acquired Companies, including any reserves established thereunder; and

3.12.2.2 any contract or arrangement, other than a policy of insurance or indemnification agreements entered into in the Ordinary Course, for the transfer or sharing of any risk by any of the Acquired Companies.

3.12.3 Section 3.12.3 of the Disclosure Schedule sets forth, by year, for the current policy year and each of the preceding three (3) policy years:

3.12.3.1 a summary of the loss experience under each policy;

3.12.3.2 a statement describing each claim under an insurance policy for an amount in excess of five thousand dollars ($5,000), which sets forth:

(a) the name of the claimant;

(b) a description of the policy by insurer, type of insurance, and period of coverage; and

(c) the amount and a brief description of the claim; and

3.12.3.3 a statement describing the loss experience for all claims that were self-insured, including the number and aggregate cost of such claims.

3.12.4 Except as set forth on Section 3.12.4 of the Disclosure Schedule:

3.12.4.1 All policies to which any of the Acquired Companies is a party or that provide coverage to any of the Sellers, any of the Acquired Companies, or any director or officer of any of the Acquired Companies:

(a) are valid, outstanding, and enforceable;

(b) are issued by an insurer that is financially sound and reputable;

(c) taken together, provide adequate insurance coverage for the assets and the operations of the Acquired Companies for all risks normally insured against by a Person carrying on the same business or businesses as the Acquired Companies;

(d) are sufficient for compliance with all applicable laws and Contracts to which any of the Acquired Companies is subject or by which any of them is bound;

(e) will continue in full force and effect following the consummation of the transactions contemplated hereby; and

(f) do not provide for any retrospective premium adjustment or other experienced-based liability on the part of any of the Acquired Companies

3.12.4.2 Neither the Sellers nor any of the Acquired Companies has received (A) any refusal of coverage or any notice that a defense will be afforded with reservation of rights, or (B) any notice of cancellation or any other indication that any insurance policy is no longer in full force or effect or will not be renewed or that the issuer of any policy is not willing or able to perform its obligations thereunder.

3.12.4.3 The Acquired Companies have paid all premiums due, and have otherwise performed all of their respective obligations, under each policy to which any of the Acquired Companies is a party or that provides coverage to any of the Acquired Companies or director thereof.

3.12.4.4 The Acquired Companies have given notice to the insurer of all claims that may be insured thereby.

3.12.4.5 The Sellers have delivered to GCI a summary schedule of insurance policies in effect as of the date of this Agreement which sets forth the amount of coverage and the amount of any deductible under such policies.

3.13Intellectual Property. Section 3.13 of the Disclosure Schedule sets forth a list of all Intellectual Property Rights and all material licenses (other than shrink wrap licenses), including all registrations and applications (by name, number, jurisdiction, and owner) for such rights and licenses, sublicenses, and other similar agreements, including any ongoing software or website maintenance agreements, as to which any of the Acquired Companies is a party, including the identity of all parties thereto. The Acquired Companies own or have valid and legally enforceable right to use, sell and license, as the case may be, free and clear of any Liens, all Intellectual Property Rights necessary to conduct the business of the Acquired Companies as currently conducted without any conflict with or infringement or misappropriation of any rights or property, including intellectual property rights, of third parties. Section 3.13 of the Disclosure Schedule lists all actions that must be taken by the Acquired Companies within thirty (30) days of the Closing Date to maintain the validity of the Intellectual Property Rights. There is no unauthorized use, disclosure, infringement, or misappropriation of, nor is there any valid basis for any claim of infringement or misappropriation from any third party upon, the Intellectual Property Rights or other proprietary rights of the Acquired Companies.

3.14 Environmental Matters.

3.14.1 Compliance. Except as set forth on Section 3.14 of the Disclosure Schedule, each of the Acquired Companies is conducting and at all times has conducted its business and operations, and has occupied, used and operated all real property and facilities presently or previously owned, occupied, used or operated by it, in compliance (in all material respects) with all Environmental Laws and so as not to give rise to any Loss or Liability under any Environmental Laws or to any adverse impact on the business or activities of any of the Acquired Companies. The Sellers have no knowledge of pending or proposed changes to any Environmental Laws that would require any changes in any of the Acquired Companies' premises, facilities, equipment, operations or procedures or that would affect any of the Acquired Companies' business or its cost of conducting its business as now conducted. To the knowledge of the Sellers, no conditions, circumstances or activities have existed or currently exist (including, without limitation, off-site disposal or treatment of Hazardous Materials) which could give rise to any Loss or Liability pursuant to any Environmental Laws.

3.14.2 Hazardous Materials. Except as set forth on Section 3.14 of the Disclosure Schedule, any chemicals and chemical compounds and mixtures which are included among the assets of any of the Acquired Companies, or are required for the conduct of any of the Acquired Companies' businesses, have not been and are not intended to be discarded or abandoned, and are not Hazardous Materials. Except as set forth on Section 3.14 of the Disclosure Schedule, none of the Acquired Companies has generated, handled, used, transported or disposed of Hazardous Materials. All Hazardous Materials which are generated as part of the business of the Acquired Companies are handled, stored, treated and disposed of in accordance with applicable Environmental Laws or are turned over to an independent third-party contractor with appropriate licenses to handle, store, treat or dispose of Hazardous Materials.

3.14.3 Tanks; Asbestos. Except as set forth on Section 3.14 of the Disclosure Schedule, any underground storage tanks ever located at real property owned or leased by any of the Acquired Companies have been removed in compliance with all applicable Environmental Laws, all remediation required in connection with such removal has been completed in accordance with applicable Environmental Laws and all governmental agencies having jurisdictions have approved such removal and remediation and issued appropriate certificates reflecting that no further action is required. Except as set forth on Section 3.14 of the Disclosure Schedule, all above ground storage tanks located at real property owned or leased by any of the Acquired Companies comply with applicable Environmental Laws and are appropriate and adequate for the conduct of the Acquired Companies' businesses. No real properties or facilities presently or previously owned, occupied, used or operated by any of the Acquired Companies or any predecessor have been used at any time as a gasoline service station, dry cleaning facility or as a facility for storing, pumping, dispensing or producing gasoline or any other petroleum products or any other Hazardous Materials. No building or other structure on any of the real property owned, occupied, used or operated by any of the Acquired Companies contains asbestos or asbestos-containing materials. Except as set forth on Section 3.14 of the Disclosure Schedule, there are not nor have there been any incinerators, septic tanks, leach fields, cesspools or wells (including without limitation dry, drinking, industrial, agricultural and monitoring wells) on any real property owned, occupied, used or operated by any of the Acquired Companies.

3.14.4 Environmental Assessments. The Sellers have made available to GCI correct and complete copies of all documents, correspondence, reports or other materials in their possession or control, or the possession or control of any of the Acquired Companies, concerning the environmental condition of any real property currently or formerly used, owned or occupied by any of the Acquired Companies, including, without limitation, all environmental site assessments. None of the Acquired Companies have received any written notification of the existence of any action, suit, investigation (other than a routine inspection), demand, demand letter, claim, Lien, notice of non-compliance or violation, notice of liability, proceeding, consent order or consent agreement against any of the Acquired Companies or any Person made under or in accordance with any Environmental Laws.

3.15 Assets; Title to Property.

3.15.1 Section 3.15.1 of the Disclosure Schedule contains a true and complete list of all depreciable tangible Business Assets (including tangible Business Assets leased by any of the Acquired Companies under leases that are required to be capitalized for accounting purposes), that reflects the in-service dates of such tangible Business Assets, the depreciation methods and periods of such tangible Business Assets and the net book value of such tangible Business Assets as of August 31, 2007. Except as described in Section 3.15.1 of the Disclosure Schedule, none of the Acquired Companies own or lease any depreciable tangible assets used in its business. The tangible Business Assets, taken as a whole, are in good operating condition and repair, subject to ordinary wear and tear reasonably to be expected in a business of the type operated by each of the Acquired Companies, and are suitable for the purposes for which they are currently used.

3.15.2 Section 3.15.2 of the Disclosure Schedule contains a true and complete list of all real property owned by any of the Acquired Companies (the "Owned Real Property"). The Sellers have delivered or made available to GCI copies of the deeds and other instruments (as recorded) by which the Acquired Companies acquired the Owned Real Property, and copies of all title insurance policies, opinions, abstracts and surveys in the possession of the Sellers or the Acquired Companies and relating to such properties. Each parcel of Owned Real Property is supplied with utilities and other services necessary for the operation thereof. The Owned Real Property is free from material defects, has been maintained in accordance with normal industry practice, is in good operating condition and repair, and is suitable for the purposes for which it presently is used. The Owned Real Property complies in all material respects with applicable laws, rules and regulations and all applicable declarations and covenants, has received all approvals of Governmental Bodies (including permits) required in connection with the occupation and operation thereof and has been occupied, operated and maintained in accordance with applicable law. The Acquired Companies enjoy peaceful and undisturbed possession of all Owned Real Property. All buildings, plants and structures contained on the Owned Real Property lie wholly within the boundaries of such Owned Real Property and do not encroach upon the property of, or otherwise conflict with the property rights of, any other Person.

3.15.3 Section 3.15.3 of the Disclosure Schedule contains a true and complete list of all leases and a description of the real property subject to each. Such leases and other agreements or arrangements pursuant to which the Acquired Companies occupy or use any real property are referred to herein as the "Real Property Leases." All of the Real Property Leases are in full force and effect, and will continue to be in full force and effect following the consummation of the transactions contemplated hereby, and neither the Acquired Companies nor, to knowledge of the Sellers, any other Person is in default under any Real Property Lease. Without limiting the generality of the foregoing, the Acquired Companies are current in the performance of their maintenance obligations under all Real Property Leases. Each parcel of Leased Real Property is supplied with utilities and other services necessary for the operation thereof. The Leased Real Property is free from material defects, has been maintained in accordance with normal industry practice, is in good operating condition and repair, and is suitable for the purposes for which it presently is used. The Leased Real Property complies in all material respects with applicable laws, rules and regulations and all applicable declarations and covenants, has received all approvals of Governmental Bodies (including permits) required in connection with the occupation and operation thereof and has been occupied, operated and maintained in accordance with applicable law. The Acquired Companies enjoy peaceful and undisturbed possession of all Leased Real Property.

3.15.4 Except as set forth on Section 3.15.4 of the Disclosure Schedule and except for Liens securing current Taxes not yet due and payable, the Acquired Companies have good and marketable title to all of the Business Assets, Owned Real Property and Leased Real Property free and clear of all Liens.

3.15.5 The Business Assets, the Owned Real Property and the Leased Real Property constitute all of the assets, properties and rights used by any of the Acquired Companies to conduct its business and are sufficient for the continued conduct of the Acquired Companies' businesses after the Closing in substantially the same manner as conducted prior to the Closing.

3.16Books and Records. The books of account, minute books, stock record books, and other records of the Acquired Companies, all of which have been made available to GCI, are complete and correct and have been maintained in accordance with sound business practices and the requirements of Section 13(b)(2) of the Securities Exchange Act of 1934, as amended (regardless of whether or not the Acquired Companies are subject to that section), including the maintenance of an adequate system of internal controls. The minute books of each of the Acquired Companies contain accurate and complete records of all meetings held of, and corporate action taken by, the shareholders, the boards of directors, and committees of the boards of directors of each of the Acquired Companies, and no meeting of any such shareholders, board of directors, or committee has been held for which minutes have not been prepared and are not contained in such minute books. At the Closing, all of those books and records will be in the possession of the Acquired Companies.

3.17Transactions With Affiliates. Section 3.17 of the Disclosure Schedule contains a complete and accurate list of all amounts and obligations owed by any one of the Acquired Companies, on the one hand, and the Sellers or any of their Affiliates (other than an Acquired Company), on the other hand, and transactions and services provided since January 1, 2002 between any one of the Acquired Companies, on the one hand, and the Sellers or any of their Affiliates (other than an Acquired Company), on the other hand.

3.18 Communications Regulatory Matters.

3.18.1 Each of the Telecom Entities is fully qualified under the Communications Laws to be an FCC licensee. Schedule 3.18.1 lists all licenses and authorizations issued by the FCC to each of the Telecom Entities (the “FCC Licenses”), together with the name of the licensee or authorization holder, the expiration date of the FCC Licenses and, where applicable, the relevant FCC market designation. Each of the Telecom Entities validly holds the FCC Licenses which represent all the FCC authorizations required in connection with the ownership and operation of the Acquired Companies’ telecommunications business as it is presently being conducted. The FCC Licenses are not subject to any restrictions, requirements, or conditions that are not generally imposed by the FCC upon holders of such FCC licenses. No person other than the Telecom Entities has any right, title or interest (legal or beneficial) in or to, or any right or license to use, the FCC Licenses. The FCC Licenses have been granted to the Telecom Entities by Final Order and are in full force and effect.

3.18.2 Each of the Acquired Companies is fully qualified under the State Communications Laws to hold the RCA Authorizations. Schedule 3.18.2 lists all licenses and authorizations issued by the RCA to each of the Acquired Companies (the "RCA Authorizations" and, together with the FCC Licenses, the "Telecom Licenses"), together with the name of the licensee or authorization holder; where applicable, the expiration date of the RCA Authorization, and, where applicable, the relevant service area designation. Each of the Acquired Companies validly holds the RCA Authorizations which represent all the RCA authorizations required in connection with the ownership and operation of the Acquired Companies' telecommunications business as it is presently being conducted. The RCA Authorizations are not subject to any restrictions, requirements, or conditions that are not generally imposed by the RCA upon holders of such RCA authorizations. No person other than the Acquired Companies has any right, title or interest (legal or beneficial) in or to, or any right or license to use, the RCA Authorizations. The RCA authorizations have been granted to the Acquired Companies by Final Order and are in full force and effect.

3.18.3 Except as disclosed on Section 3.18.3 of the Disclosure Schedule, each of the Acquired Companies is in material compliance with the Communications Laws, including without limitation those relating to: (i) the Communications Assistance for Law Enforcement Act (CALEA); (ii) E-911 Phase I and Phase II compliance; (iii) number porting, number pooling and related number usage and utilization reports; (iv) Telecommunications Relay Service obligations; (v) universal service obligations; (vi) the payment of regulatory fees; (vii) Text Telephone Devices (TTY); (viii) the submission of quarterly, semi-annual, annual or other periodic reports or filings with the FCC or other Governmental Body or administrative body (e.g. the National Exchange Carrier Association (NECA) and the Universal Service Administrative Company (USAC)); (ix) compliance with the National Environmental Protection Act (NEPA) provisions applicable to telecommunications carriers; (x) compliance with any spectrum clearing or incumbent relocation cost sharing obligations; (xi) compliance with FCC and FAA antenna registration and painting and lighting requirements; and (xii) compliance with the United States Fish and Wildlife Service antenna requirements. Except as disclosed on Section 3.18.2 of the Disclosure Schedule, each of the Acquired Companies is in material compliance with all State Communications Laws, including without limitation those relating to: (i) compliance with the Alaska Fish and Wildlife Service antenna requirements; and (ii) compliance with the Alaska Department of Natural Resources antenna requirements.

3.18.4 There are no objections, petitions to deny, complaints (formal or informal) competing applications, investigation or letter of inquiry, or other proceedings pending before the FCC or any other Governmental Body having jurisdiction over any of the Acquired Companies or the Telecom Licenses relating to any of the Acquired Companies or the Telecom Licenses. None of the Acquired Companies have received any notice of any claim of default with respect to any of the Telecom Licenses. Except for proceedings affecting the telecommunications industry generally, and except as disclosed on Section 3.18.4 of the Disclosure Schedule, there is not pending or, to the knowledge of the Sellers, threatened against any of the Acquired Companies or the Telecom Licenses any action, petition, objection or other pleading, investigation or letter of inquiry, or any proceeding with the FCC or any other Governmental Body, which contests the validity of, or seeks the revocation, forfeiture, non-renewal modification or suspension of, the Telecom Licenses, or which would adversely affect the ability of the Acquired Companies to consummate the transactions contemplated by this Agreement.

3.18.5 All documents required to be filed in connection with the Telecom Licenses held by the Acquired Companies with the FCC or any other Governmental Body have been timely filed or the time period for such filing has not lapsed, except where such failure to timely file would not reasonably be expected to result in the revocation, cancellation, forfeiture, non-renewal or suspension of any authorization or license or the imposition of any monetary forfeiture. All of such filings were complete and correct in all material respects when filed.

3.18.6 None of the Acquired Companies are in breach or otherwise in violation of any FCC build-out requirements with respect to any of the FCC Licenses. Each FCC licensed station has been built out at least to the minimum extent required by the Communications Laws. Any and all FCC notifications or filings associated with the build-out were timely filed and were true complete and correct when filed. There has been no discontinuance of service subsequent to the completion of construction and certification that would cause any of the FCC Licenses to be deemed forfeited or automatically cancelled by the FCC.

3.18.7 The Acquired Companies all are eligible to receive funding from the federal Universal Service Fund ("USF") program as RCA-designated eligible telecommunications carriers ("ETCs") and are vendors to organizations that receive funding from the USF program. UUI and KUC (i) receive funding from the Alaska Universal Service Fund program, (ii) participate in the Alaska Exchange Carriers Association's intrastate access charge pooling program and (iii) the National Exchange Carriers Association's interstate access charge pooling program. UUI has received grants from the Rural Alaska Broadband Internet Access Program and both UUI and Unicom, Inc., have received grants and loans from Rural Utilities Services, an agency of the U.S. Department of Agriculture. KUC has received loans from CoBank, an entity affiliated with the U.S. Farm Credit System. Except as disclosed in Section 3.18.7 of the Disclosure Schedule, the preceding sentence represents a complete and accurate list of all government and government-affiliated funding, rate support, cost pooling, grant and low-cost credit programs in which the Acquired Companies participate (together the "Support Programs"). Except as set forth on Section 3.18.7 of the Disclosure Schedule, the Acquired Companies are in compliance with all conditions, covenants and other requirements of the Support Programs, are not under investigation for potential non-compliance (and have not been under such investigation since January 1, 2002), and do not face any regulatory, contractual, or other action that would jeopardize their continuing participation in such programs.

3.19Microwave Network. Section 3.19 of the Disclosure Schedule sets forth a complete and accurate description of the microwave network that UUI and Unicom, Inc., are deploying to provide broadband services in the Yukon-Kuskokwim Delta (the "Microwave Network"). This description includes information on each microwave site's (i) stage of completion, (ii) design and documentation, (iii) facilities and (iv) equipment as well as information on equipment and materials procured for microwave sites not yet built. The Microwave Network has been designed in accordance with industry standards for long-haul microwave networks. There are no material defects or deficiencies in the design or construction of the Microwave Network, and all construction was done in accordance with the design documents of record. The Microwave Network was designed to perform at an annual two way network availability level on the core network (ring protected) of 99.999% or better and on any spur microwave hop subtending the core network at an annual availability level of 99.995% or better per hop. The designed availability assumed industry standard maintenance procedures are documented and performed and excluded Force Majeure Events, human error, and network maintenance during planned maintenance windows. All licenses, permits, and other governmental authorizations required for the construction of the Microwave Network were approved and received, and all design and construction work on the Microwave Network was done in compliance with those licenses, permits, and governmental authorizations and with applicable laws, regulations, and industry standards. Section 3.19 of the Disclosure Schedule sets forth the additional network construction that UUI and Unicom, Inc. plan to undertake prior to the Closing.

3.20Capital Expenditures. The Sellers have delivered to GCI copies of the Acquired Companies' 2007 capital expenditure budget (the "Capital Expenditure Budget").

3.21Accounts Receivable. All accounts receivable of the Acquired Companies that are reflected on the Company Financial Statements or on the accounting records of the Acquired Companies as of the Closing Date (collectively, the "Accounts Receivable") represent or will represent valid obligations arising from sales actually made or services actually performed in the Ordinary Course. Unless paid prior to the Closing Date, the Accounts Receivable are or will be as of the Closing Date current and collectible net of the respective reserves shown on the Company Financial Statements (which reserves are adequate and calculated consistent with past practice). Except as set forth on Section 3.21 of the Disclosure Schedule and subject to such reserves, each of the Accounts Receivable either has been or will be collected in full, without any set-off, within 90 days after the day on which it first becomes due and payable. There is no contest, claim, or right of set-off relating to the amount or validity of such Accounts Receivable. Section 3.21 of the Disclosure Schedule contains an aged summary showing the amount of Accounts Receivable as of the Balance Sheet Date for each local telephone exchange and showing the aging category for each such local telephone exchange.

3.22Licenses and Authorizations. There is no material license, permit or other governmental authorization issued to or held by any of the Acquired Companies that by its terms or applicable law expires, terminates or is otherwise rendered invalid upon the transfer of the Common Stock or the transactions contemplated by this Agreement.

3.23Compliance With Laws. Each of the Acquired Companies has conducted its operations in material compliance with applicable laws. The Sellers have no knowledge of, nor has any of such parties received notice of, any violations of law relating to the Acquired Companies, any of their operations or the Business Assets. Neither any of the Acquired Companies nor any officer, employee or agent of any of the Acquired Companies has directly or indirectly given or agreed to give any gift, contribution, payment or similar benefit to any supplier, customer, governmental official or employee or other Person who was, is or may be in a position to help or hinder any of the Acquired Companies or made or agreed to make any contribution, or reimbursed any political gift or contribution made by any other Person, to any candidate for United States federal, state, local or foreign public office, in any case, which would subject any of the Acquired Companies to any Liability or the failure to make which in the future could adversely affect the business or prospects of any of the Acquired Companies.

3.24 Brokers. Except as set forth on Section 3.24 of the Disclosure Schedule, no Person is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon any agreement, arrangement or understanding made by or on behalf of any of the Acquired Companies or of the Sellers.

3.25 Bank Accounts; Powers of Attorney. Section 3.25 of the Disclosure Schedule sets forth a list of all bank and brokerage accounts or any other account maintained at any financial institution maintained by the Acquired Companies, together with a list of all authorized signatories for such accounts, and all safe deposit boxes maintained by the Acquired Companies, and all persons authorized to gain access thereto. Section 3.25 of the Disclosure Schedule also sets forth a list of all powers of attorney granted by any of the Acquired Companies.

3.26 Representations Not Misleading. To the knowledge of the Sellers, no representation or warranty by the Sellers in this Agreement, nor any summary, exhibit or schedule furnished to GCI by the Sellers or any of the Acquired Companies under and pursuant to, or in anticipation of this Agreement, contains or will contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein or therein, in light of the circumstances in which they were made, not misleading.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF GCI

Except for representations and warranties that, by their terms, are made only as of a specified date, all representations and warranties of the parties shall be deemed to be made at and as of the date hereof and at and as of the Closing Date. For purposes of applying the representations and warranties as of the Closing Date, all references to the date of this Agreement (or words of similar import) shall be deemed to refer to the Closing Date. GCI hereby represents and warrants to the Sellers that:

4.1 Organization and Authority. GCI is an Alaska corporation duly incorporated, validly existing, and in good standing under the laws of the State of Alaska. GCI has all requisite corporate power and authority to enter into this Agreement and the Transaction Agreements to which it is a party and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and any Transaction Agreements to which it is a party and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of GCI and no further action is required on the part of GCI to authorize the Agreement and any Transaction Agreements to which GCI is a party and the transactions contemplated hereby and thereby.

4.2 Execution and Validity of Agreements. This Agreement and each of the Transaction Agreements to which GCI is a party has been duly executed and delivered by GCI and assuming the due authorization, execution and delivery by the other parties hereto and thereto, constitute the valid and binding obligations of GCI enforceable against GCI in accordance with their respective terms, subject to applicable bankruptcy, insolvency, moratorium or other similar laws relating to creditors' rights and general principles of equity.

4.3 Brokers. Except as set forth on Section 4.3 of the Disclosure Schedule, no Person is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon any agreement, arrangement or understanding made by or on behalf of GCI.

4.4 Representations Not Misleading. To the knowledge of GCI, no representation or warranty by GCI in this Agreement, nor any summary, exhibit or schedule furnished to the Sellers by GCI under and pursuant to, or in anticipation of this Agreement, contains or will contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein or therein, in light of the circumstances in which they were made, not misleading. Nothing in the Disclosure Schedules will be deemed adequate to disclose an exception to a representation or warranty made in this Agreement unless the Disclosure Schedule identifies the exception with particularity and describes the relevant facts in reasonable detail.

ARTICLE 5

PRE-CLOSING COVENANTS

5.1 Exclusivity; Acquisition Proposals.

5.1.1Unless and until this Agreement has been terminated pursuant to Section 8.1, except as required by law, none of the Sellers nor any of the Acquired Companies shall take or cause, directly or indirectly, any of the following actions with any Person other than GCI and the designees or agents of GCI: (i) solicit, encourage, initiate or participate in any negotiations, inquiries or discussions with respect to any offer or proposal to acquire the business or assets of any of the Acquired Companies, whether by merger, consolidation, other business combination, purchase of assets or stock, tender or exchange offer or otherwise (each of the foregoing an "Acquisition Transaction"); (ii) disclose any information not customarily disclosed to any Person who is or may be requesting such information for purposes of a possible Acquisition Transaction; (iii) agree to or execute any letter of intent, term sheet or agreement relating to an Acquisition Transaction; or (iv) make or authorize any public statement or solicitation with respect to any Acquisition Transaction or any offer or proposal relating to an Acquisition Transaction other than with respect to the transactions contemplated hereby. In the event that Sellers receive any offer or proposal to acquire the business or assets of the Acquired Companies from a Person other than GCI or the designees or agents of GCI, Sellers shall immediately share such offer with GCI.

5.1.2In the event that Sellers are required by law to pursue a sale of the Acquired Companies with a Person other than GCI or the designees or agents of GCI and this Agreement has not been terminated pursuant to Section 8.1, Sellers shall pay to GCI all out-of-pocket costs and expenses (including, without limitation, all fees and expenses of counsel, advisors and consultants) incurred by GCI and its affiliates or on their behalf in connection with this Agreement and the letter of intent dated August 23, 2007. Sellers shall make such payment within 30 days of receiving an invoice from GCI. Such payment shall not limit any other rights available to GCI under law or in equity. Notwithstanding anything to the contrary in this Agreement, in no event shall such payment exceed $200,000.

5.2 Notices and Consents.

5.2.1GCI shall prepare and file as promptly as reasonably practicable all documentation to effect all necessary notices, reports and other filings and to obtain as promptly as reasonably practicable all consents, registrations, approvals, permits and authorizations necessary or advisable to be obtained from any third party and/or any Governmental Body in order to consummate the transactions contemplated by this Agreement, including (i) all applications required to be filed with the FCC and the RCA, and (ii) filings under any other comparable pre-acquisition notification or control laws of any applicable jurisdiction, as agreed by the Parties hereto (collectively, the "Regulatory Consents"). The Parties agree that any reasonable fees, costs and expenses associated with the preparation and filing of applications required to be filed with the FCC in connection with obtaining Regulatory Consents from the FCC will be paid 50% by GCI and 50% by the Sellers. The Parties agree that GCI will pay any reasonable fees, costs and expenses associated with the preparation and filing of applications required to be filed with the RCA in connection with obtaining Regulatory Consents from the RCA.

5.2.2Each of the Sellers and GCI shall cooperate with each other and use, and shall cause their respective Affiliates to use, their respective commercially reasonable efforts to prepare and file the Regulatory Consents. GCI and the Sellers shall, upon request by the other, furnish the other with all information concerning itself, its Subsidiaries, directors, officers, members and such other matters as may be reasonably necessary or advisable in connection with any statement, filing, notice or application made by or on behalf of any such parties to any Governmental Body in connection with the transactions contemplated by this Agreement.

5.2.3None of GCI, the Sellers, nor any of their respective Affiliates shall agree to participate in any substantive meeting or discussion with any such Governmental Body in respect of any filing, investigation or inquiry concerning the Regulatory Consents, this Agreement or the transactions contemplated by this Agreement unless it consults with the other Parties reasonably in advance and, to the extent permitted by such Governmental Body, gives the other Parties the opportunity to attend and participate. Subject to applicable law and the instructions of any Governmental Body, each of such Parties shall keep the others apprised of the status of matters relating to completion of the transactions contemplated hereby, including promptly furnishing the other with copies of notices or other communications received by such Person from any Governmental Body with respect to such transactions.

5.3 Preparation for Closing. Each of the Parties will use commercially reasonable efforts to take all actions necessary, proper or advisable in order to consummate and make effective the transactions contemplated by this Agreement (including the satisfaction, but not the waiver, of the conditions precedent set forth in Article 6) and the other Transaction Agreements.

5.4 Notification of Certain Matters. Between the date of this Agreement and the Closing Date, each of the Parties to this Agreement shall give prompt notice in writing to the other Parties of: (i) any information that indicates that any Party's representations or warranties contained herein was not true and correct in all material respects as of the date hereof or, to its knowledge, will not be true and correct in all material respects at and as of the Closing Date, (ii) the occurrence of any event that will result, or has a reasonable prospect of resulting, in the failure of any condition specified in Article 6 to be satisfied, (iii) any notice or other communication from any Person indicating that such Person will not or may not grant any consent or approval required in connection with the transactions contemplated by this Agreement or that such transactions otherwise may violate the rights of or confer remedies upon such Person and (iv) any other material development that occurs after the date of this Agreement and affects the representations, warranties, covenants or Disclosure Schedule contained herein. No notice given under this Section 5.4 will be deemed to amend or supplement any Disclosure Schedule or to prevent or cure any misrepresentation, breach of warranty or breach of covenant of any Party.

5.5 Other Limitations on Conduct of Business Prior to the Closing Date. Prior to the Closing Date, unless the prior written consent of GCI shall have been obtained (which consent shall not be unreasonably delayed or withheld) and except as otherwise contemplated herein, the Sellers shall operate the business of each of the Acquired Companies only in the usual, regular and Ordinary Course. Without limiting the foregoing, unless the prior written consent of GCI shall have been obtained (which consent shall not be unreasonably delayed or withheld) and except as otherwise contemplated herein, prior to the Closing Date each of the Sellers shall cause the Acquired Companies to:

5.5.1(A) conduct its business in the Ordinary Course, (B) pay or perform its material obligations when due, subject to good faith disputes with respect thereto, and (C) use commercially reasonable efforts to preserve intact its present business organization;

5.5.2not amend or restate its Organizational Documents or merge, consolidate, liquidate or dissolve;

5.5.3not authorize for issuance, issue, sell, deliver or agree or commit to issue, sell or deliver (A) any capital stock of, or other equity or voting interest in, any of the Acquired Companies, (B) any securities convertible into, exchangeable for, or evidencing the right or option to subscribe for or acquire either (1) any capital stock of, or other equity or voting interest in, any of the Acquired Companies, or (2) any securities convertible into, exchangeable for, or evidencing the right to subscribe for or acquire, any capital stock of, or other equity or voting interest in, any of the Acquired Companies, (C) any stock appreciation, phantom stock, profit participation or similar rights;

5.5.4not split, combine, redeem, reclassify, purchase or otherwise acquire directly, or indirectly, any capital stock of, or other equity or voting interest in, any of the Acquired Companies;

5.5.5not declare, pay or set aside for payment any dividend or make any other distribution on its securities or make any other payment or distribution to any of the shareholders of the Acquired Companies;

5.5.6 not sell, transfer, lease, license or otherwise dispose of any assets or properties other than in the Ordinary Course, provided that the fair market value of such assets or properties shall not exceed twenty thousand dollars ($20,000) per item or one hundred thousand dollars ($100,000) in the aggregate;

5.5.7 not make any material change in any method of accounting or accounting practice, other than changes required by GAAP;

5.5.8 not make any Tax election or accounting method change that is reasonably likely to adversely affect in any material respect the tax liability or tax attributes of the Acquired Companies or settle or compromise any material income tax liability or consent to any extension or waiver of any limitation period with respect to Taxes;

5.5.9 not increase the compensation payable (including wages, salaries, bonuses or any other remuneration) or to become payable to any officer or employee being paid an annual base salary of $100,000 or more, or any director of any of the Acquired Companies, or enter into any Employee Agreement with any Person, except for (A) such increases that are required in accordance with the terms of any Contracts binding on any of the Acquired Companies or any Employee Plans set forth in the Disclosure Schedule, or (B) salary increases in the Ordinary Course;

5.5.10 not make any profit sharing, pension, retirement or insurance payment, distribution or arrangement to or with any officer, employee or agent being paid an annual base salary of $100,000 or more, or any director of any of the Acquired Companies, except for payments that are accrued on the company financial statements used in determining the Closing Date Statement, and (A) are required by the terms of any Contracts binding on an Acquired Company, or (B) are required by the terms of any Employee Plans set forth in the Disclosure Schedule;

5.5.11 not establish, adopt, enter into, amend or terminate any Employee Plans or any collective bargaining, thrift, compensation or other plan, agreement, trust, fund, policy or arrangement for the benefit of any directors, officers or employees except as required by applicable law;

5.5.12 not acquire any Person or business, by merger or consolidation, purchase of assets or equity interests, or by any other manner, in a single transaction or a series of related transactions;

5.5.13 not grant any exclusive rights with respect to any Intellectual Property Rights;

5.5.14 not enter into or renew any Contracts containing, or otherwise subjecting any of the Acquired Companies or GCI to, any non-competition, exclusivity or other material restrictions on any of the Acquired Companies or GCI, or any of their respective businesses, following the Closing;

5.5.15 not make any loans, advances or capital contributions to, or investments in, any other Person, other than loans or advances made in the Ordinary Course;

5.5.16 not incur any indebtedness for borrowed money or guarantee any such indebtedness of another Person, issue or sell any debt securities or options, warrants, calls or other rights to acquire any debt securities of any of the Acquired Companies, guarantee any debt securities of another Person, enter into any "keep well" or other agreement to maintain any financial statement condition of any other Person or enter into any arrangement having the economic effect of any of the foregoing, other than in connection with the financing of ordinary course trade payables or the incurrence of indebtedness of up to $13,500,000 (as an RUS loan), the proceeds of which are expended for the capital expenditures set forth on Section 3.5.6 of the Disclosure Schedule;

5.5.17 not (A) enter into or terminate any Real Property Leases other than those listed on Schedule II ; (B) create any Subsidiary; (C) release or create any Liens or other security interests on assets of any of the Acquired Companies, other than purchase money Liens granted in connection with additional network construction of the Microwave Network; or (D) agree to any settlement of any action, suit, claim, investigation or other proceeding other than in the Ordinary Course, provided that such settlement involves no material obligation of the Acquired Companies other than the payment of money not to exceed five thousand dollars ($5,000) per claim or fifty thousand dollars ($50,000) in the aggregate;

5.5.18 not: (A) make any capital expenditure or capital expenditure commitment, other than as set forth on Section 3.5 of the Disclosure Schedule; or (B) enter into any lease of capital equipment as lessee or lessor;

5.5.19 not sell any asset of any of the Acquired Companies or make any commitment relating to any such assets other than in the Ordinary Course, transfer any asset of the Acquired Companies to a shareholder, incur material damage, destruction or loss to any assets of the Acquired Companies or have any assets of the Acquired Companies subjected to a Lien;

5.5.20 not enter into or terminate any Contracts, other than in the Ordinary Course, or do or fail to do anything that would cause a material breach of, or material default under, any Contracts;

5.5.21 not increase or experience any adverse change in any accounting assumption underlying any method of calculating bad debts, contingencies or other reserves from that reflected in the Company Financial Statements;

5.5.22 not cancel, write down, write off or waive any claim or right of substantial value;

5.5.23 not pay any severance or termination pay to any officer, director or manager of the Company, except for payments required by the terms of any Contract binding on an Acquired Company set forth in the Disclosure Schedule;

5.5.24 not enter into, add to or modify any Employee Plans;

5.5.25 not change in any respect any of the material business policies or practices of the Acquired Companies, enter into any material transaction other than in the Ordinary Course or fail to operate the business of Company in the Ordinary Course;

5.5.26 not file any rate case request with any third party or Governmental Body; or

5.5.27 not enter into any Contracts or binding letter of intent with respect to, or otherwise commit or agree, whether or not in writing, to do any of the actions described in Sections 5.5.1 through 5.5.27, inclusive.

5.6 Capital Expenditure Requirements. In addition to the foregoing, the Sellers shall cause the Acquired Companies to make capital expenditures in the Ordinary Course and in a manner that will allow the Acquired Companies to complete the construction described in Section 3.19 of the Disclosure Schedule and in a manner consistent with the Capital Expenditure Budget.

5.7 Access to Information. The Sellers and each of the Acquired Companies shall afford GCI and their accountants, counsel and other representatives reasonable access during normal business hours prior to the Closing Date to (i) all of the Sellers' and each of the Acquired Companies' financial statements, properties, books, contracts, commitments and records and (ii) all other information concerning the Acquired Companies' business and assets as GCI may reasonably request. No information or knowledge obtained after the date hereof in any investigation pursuant to this Section 5.7 shall affect or be deemed to modify any representation or warranty contained herein or the conditions to the obligations of the Parties to consummate the transactions contemplated hereby.

5.8 Company Audited Financial Statements. The Sellers shall deliver to GCI as soon as practicable after December 31, 2007, but in no event later than April 16, 2008 if the Closing has not occurred by such date, audited consolidated and consolidating financial statements of the Acquired Companies, including an unqualified audit report and balance sheet as of December 31, 2007 and the statement of operations, changes in shareholders' equity, and cash flows for the year then ended (collectively, the "Company Audited Financial Statements") if such Company Audited Financial Statements were not required to be provided pursuant to Section 6.2.12. The Company shall take all steps to have the Acquired Companies' December 31, 2007 financial statements audited as soon as practicable. If the Closing occurs prior to such time as the Acquired Companies' audited December 31, 2007 financial statements are needed under Section 6.2.12 and such audit is not completed, the Sellers and GCI shall cooperate to complete such audit and allocates costs based on chargeable hours completed as of the Closing. The Sellers shall cooperate with GCI and shall use their commercially reasonable efforts to cause the Acquired Companies' independent accounting firm to deliver all necessary consents for inclusion of such firm's audit report on the Company Audited Financial Statements and the financial statements required by Section 6.2.12 to be included, to the extent required, in GCI's SEC filings (including registration statements) from time to time. The Sellers shall also provide unaudited interim consolidated and consolidating financial statements for periods prior to the Closing for the Acquired Companies necessary to allow GCI to timely complete and file required reports and filings necessary to comply with SEC reporting obligations or necessary for the filing of registration statements that are required by Rule 3-05 of Regulation S-X (including the corresponding period for the prior year) if such interim financial statements were not required to be provided pursuant to Section 6.2.12.

5.9 Transfer of Manley Utility Company Assets. Prior to the Closing Date, the Company shall cause UUI to assign, transfer and convey all real property and buildings owned by UUI that are used in connection with the operations of MUC (the "MUC Real Property"), to the Company or MUC, and not to an Acquired Company. Such transfer shall be evidenced by an assignment in form and substance satisfactory to GCI.

5.10Assignment of Cellular Switch. Prior to the closing Date, the Company shall assign, transfer and convey the UT Starcom CDMA 2000 Cellular Switch and related equipment to Unicom, Inc. In connection with such transfer, the Company shall assign each Contract, including but not limited to any lease, easement, or other rights, used in connection with such cellular switch. Such transfers shall be evidenced by an assignment in form and substance satisfactory to GCI.

5.11Employee Benefit Plans. Prior to the Closing Date, the Company shall transfer to UUI, and the Company shall cause UUI to assume the sponsorship of, all Employee Benefit Plans sponsored by the Company that are applicable to employees of the Acquired Companies. In connection with the transfer, the Company shall notify each insurance carrier and each plan vendor (including third party administrators and trustees) that UUI has assumed the sponsorship of the Employee Benefit Plans. The Company shall report the change in sponsorship on all applicable Form 5500s filed subsequent to the transfer and shall amend all plan documents to reflect the new sponsor.

5.12Relocation of Business Assets. The Company shall relocate all tangible Business Assets located on or within the MUC Real Property, including without limitation the Redcom Cellular Switch, to other real property or buildings owned or leased by the Acquired Companies. In connection with such relocation, the Company shall cause the Acquired Companies to obtain all easements necessary to enable the Acquired Companies to conduct their business following the relocation in substantially the same manner as conducted prior to such relocation. If all tangible Business Assets to be relocated pursuant to this Section have not been moved on or before the Closing Date, then the Company or MUC, as the case may be, shall enter into a collocation agreement for the subject equipment with the applicable Acquired Companies for space and power at no cost, for a term beginning on the Closing Date and ending on the earlier of (i) three (3) years or (ii) the date on which the tangible Business Assets have been relocated in accordance with this Section.

5.13Microwave Network Monitoring Program. Promptly, but in any event within thirty (30) Days after the date of this Agreement, the Company shall commence a continuous monitoring program measuring the availability performance of the Microwave Network. The monitoring program shall track the availability of two T1 circuits, one provisioned between Bethel and Scammon Bay and the other provisioned between Bethel and Mekoryuk. The Company shall provide GCI monthly status reports regarding the Microwave Network and all information provided by such monitoring program. Such monthly report shall include root cause analyses of any outages on each of the two T1 circuits. In addition, the

Company shall make available for inspection by GCI prior to Closing all documents relating to the design and documentation of the Microwave Network. If either microwave ring availability performance or spur microwave hop availability performance during the Measurement Period falls below the level specified in Section 6.2.15, then GCI and the Sellers shall meet prior to the Closing to determine what mitigation measures are reasonably available to remedy the performance shortfall.

5.14No Transfers of Common Stock The Company may not sell, assign, hypothecate or otherwise transfer any Common Stock or any interest therein (other than as necessary to effect the transactions contemplated by this Agreement) without the prior written consent of GCI, which GCI may withhold at its sole discretion.

5.15Cooperation. Each of the Parties, upon the reasonable request from time to time of any other Party, shall take and cooperate with the other Parties in taking such actions as may be reasonably necessary or desirable to consummate the transactions contemplated hereby and to comply with the terms of this Agreement.

5.16Confidentiality. Unless otherwise agreed to in writing by the party disclosing (or whose Representatives disclosed) the same (a “Disclosing Party”), each receiving party (a “Receiving Party”) will, and will cause its Affiliates, directors, officers, employees, attorneys, accountants, consultants, and other agents and advisors (such Affiliates and other Persons with respect to any Party being collectively referred to as such Party’s “Representatives”) to, (i) keep all Proprietary Information of the Disclosing Party confidential and not disclose or reveal any such Proprietary Information to any Person other than those Representatives of the Receiving Party who are participating in effecting the transactions contemplated hereby or who otherwise need to know such Proprietary Information, (ii) use such Proprietary Information only in connection with consummating the transactions contemplated hereby and enforcing the Receiving Party’s rights hereunder, and (iii) not use Proprietary Information in any manner detrimental to the Disclosing Party. In the event that a Receiving Party is requested pursuant to, or required by, applicable law or regulation or by any legal process to disclose any Proprietary Information of the Disclosing Party, the Receiving Party will provide the Disclosing Party with prompt notice of such request(s) to enable the Disclosing Party to seek an appropriate protective order. A Party’s obligations hereunder with respect to Proprietary Information that (A) is disclosed to a third party with the Disclosing Party’s written approval, (B) is required to be produced under order of a court of competent jurisdiction or other similar requirements of a governmental agency, or (C) is required to be disclosed by applicable law or regulation will, subject in the cause of clauses (B) and (C) above to the Receiving Party’s compliance with the preceding sentence, cease to the extent of the disclosure so consented to or required, except to the extent otherwise provided by the terms of such consent or covered by a protective order. In no event will a Receiving Party be liable for any indirect, punitive, special or consequential damages unless such disclosure resulted from its willful misconduct or gross negligence in which event it will be liable in damages for the Disclosing Party’s lost profits resulting directly and solely from such disclosure. In the event this Agreement is terminated, each Party will, if so requested by the Disclosing Party, promptly return or destroy all of the Proprietary Information of such Disclosing Party, including all copies, reproductions, summaries, analyses or extracts thereof or based thereon in the possession of the Receiving Party or its Representatives; provided, however, that the Receiving Party will not be required to return or cause to be returned summaries, analyses or extracts prepared by it or its Representatives, but will destroy (or cause to be destroyed) the same upon request of the Disclosing Party. Notwithstanding the foregoing, GCI shall not disclose any Proprietary Information to any of its Representatives that currently or in the future may serve on the team that negotiates Interconnection for GCI, including the current members of the negotiating team: Rick Hitz, Emily Thatcher, Sue Keeeling, and Nancy Conklin. Sellers shall not disclose any Proprietary Information pertaining to GCI or its Affiliates to any attorney, paralegal/professional, other employee or Affiliate of Dorsey & Whitney LLP. Nothing in this paragraph shall be construed to prohibit or otherwise limit the Sellers from engaging the services of Dorsey & Whitney LLP on a matter other than the Acquisition.

5.17Announcements. Prior to the Closing, except as may be required by law or applicable stock exchange rules, no Party to this Agreement shall issue any press release or make any public announcement relating to the subject matter of this Agreement without the prior written approval of GCI and the Sellers, which approval will not be unreasonably withheld or delayed. If any of GCI or the Sellers believes that it is required by law or applicable stock exchange rules to make such a public announcement, it shall promptly advise the other and use reasonable efforts, consistent with its legal obligations, to allow the other an opportunity to review and comment upon the announcement before the announcement is made.

5.18Non-Disparagement. Neither Party will disparage or in any way portray in a negative light the other Party or its Affiliates or any of such Person's products, services or businesses, either directly or indirectly, in the form of oral statements, written statements, electronic communications or otherwise. Neither Party will take any action to intentionally and improperly interfere with the existing contractual or economic relationships of the other Party or its Affiliates by encouraging or inducing any Person not to perform their existing contracts with or otherwise conduct business with the other Party or its Affiliates, provided, however, that nothing herein shall be deemed to prohibit or change normal and customary sales and marketing activities.

5.19Assumption of Employment Agreements. Prior to the Closing Date, the Company shall assign to UUI, and the Company shall cause UUI to assume, all employment agreements between the Company and any employee performing work for the Acquired Companies.

ARTICLE 6

CONDITIONS PRECEDENT

6.1 Conditions to Each Party's Obligations. The obligations of each of the Parties to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction or waiver of the following conditions on or prior to the Closing Date:

6.1.1All Regulatory Consents shall have been made, obtained, granted or effected without the imposition of any adverse condition on GCI or the Acquired Companies and all such Regulatory Consents shall be in full force and effect as of the Closing Date.

6.1.2No temporary restraining order, preliminary or permanent injunction or other order by court or governmental body prohibiting, preventing or restraining the consummation of the transactions contemplated by this Agreement or the other Transaction Agreements shall have been issued and shall not have expired or been withdrawn or reversed and there shall be no pending or threatened litigation or other proceeding seeking to prohibit, prevent or restrain the consummation of such transactions.

6.2 Conditions to the Obligations of GCI. The obligations of GCI to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction or waiver of the following conditions on or prior to the Closing Date:

6.2.1The representations and warranties of the Sellers shall be true and correct in all material respects as of the Closing Date with the same force and effect as if made on and as of the Closing Date (other than any such representations and warranties that are made as of a specified date, which shall have been true and correct as of such specified date).

6.2.2The Sellers shall have performed in all material respects, or complied in all material respects with, all covenants and agreements contained in this Agreement to be performed or complied with by the Sellers prior to the Closing Date.

6.2.3There shall not have occurred a Material Adverse Effect with respect to the Sellers or the Acquired Companies.

6.2.4The Company shall have tendered delivery of all items required to be delivered by it pursuant to Section 1.5.

6.2.5GCI shall have received from the Company a signed counterpart to the Escrow Agreement.

6.2.6GCI shall receive an opinion of counsel of Kemppel, Huffman & Ellis, P.C., counsel for the Company, dated the Closing Date and addressed to GCI, in the form of Exhibit D.

6.2.7GCI shall receive an opinion of counsel of Kemppel, Huffman & Ellis, P.C., counsel for the Company, dated the Closing Date and addressed to GCI, in the form of Exhibit E.

6.2.8GCI shall have received resignations of all current members of the board of directors of the Acquired Companies effective as of the Closing.

6.2.9GCI shall have received from the Company executed copies of all Tax forms and documents required for the Section 338(h)(10) Election contemplated by Section 9.2 to the extent that GCI has requested delivery of such forms and documents prior to the Closing.

6.2.10 The Sellers and the Acquired Companies shall have received all consents, including those identified in the Disclosure Schedule, as are required to enable GCI to continue to enjoy the benefit of any governmental authorization, lease, license, permit, contract or other agreement or instrument to or of which any of the Acquired Companies is a party or a beneficiary.

6.2.11 GCI shall have received all consents, governmental authorizations, permits, licenses, certifications and designations required for it to acquire, own and operate the businesses conducted by the Acquired Companies following the Closing in the same manner as such businesses were conducted prior to the Closing.

6.2.12 GCI shall have received audited (including an audit report with no qualifications) and unaudited consolidated financial statements of the Acquired Companies necessary for GCI to comply with any applicable requirements for filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, each as amended, and the rules and regulations of the SEC promulgated thereunder, which shall be certified by the Chief Financial Officer of the Company as fairly presenting in all material respects the matters presented therein and otherwise as materially consistent with the Company Financial Statements previously provided to GCI.

6.2.13 As of the Closing Date, the Acquired Companies' consolidated Working Capital shall be greater than or equal to $0 and the Acquired Companies shall have cash and marketable securities in an aggregate amount of at least $4,000,000.

6.2.14 GCI shall have received all reports from the Company disclosing the results of the Microwave Network monitoring program established pursuant to Section 5.13 and a summary report specifying the duration and root cause of any outages for the Bethel-Scammon Bay T1 circuit and Bethel-Mekoryuk T1 circuit from the date the continuous monitoring program commenced through the date that is five (5) Business Days before the Closing Date (the "Measurement Period") and a calculation and analysis of microwave ring and spur microwave hop availability performance based on the monitoring results on the two T1 circuits. For the purposes of calculating availability under this Section, outages resulting from excluded Force Majeure Events, human error, and network maintenance during planned maintenance windows shall be excluded. The demarcation point for measuring availability is the transmission level point ("TLP") of the building housing the Harris microwave equipment.

6.2.15 As of the Closing Date, the Microwave Network shall have demonstrated a two-way network availability level during the Measurement Period of 99.995% or better between the Bethel microwave repeater and any repeater station on the microwave ring, and two-way availability for any spur microwave hop subtending the microwave ring during the Measurement Period shall have been 99.99% or better per hop.

6.2.16 GCI shall have received a certificate from the Company with respect to the matters set forth in Sections 6.2.1, 6.2.2, 6.2.3, 6.2.10, 6.2.13, 6.2.14 and 6.2.15 signed for and on behalf of the Company by duly authorized officers thereof.

6.3 Conditions to the Obligations of the Sellers. The obligations of the Sellers to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction or waiver of the following conditions on or prior to the Closing Date:

6.3.1All representations and warranties of GCI shall be true and correct in all material respects as of the Closing Date with the same force and effect as if made on and as of the Closing Date (other than any such representations and warranties that are made as of a specified date, which shall have been true and correct as of such specified date);

6.3.2GCI shall have performed in all material respects, or complied in all material respects with, all covenants and agreements contained in this Agreement to be performed or complied with by GCI prior to the Closing Date;

6.3.3The Company shall have received from GCI a signed counterpart to the Escrow Agreement;

6.3.4GCI shall have delivered all items required to be delivered by it pursuant to Section 1.5; and

6.3.5The Sellers shall have received a certificate from GCI with respect to the matters set forth in Sections 6.3.1 and 6.3.2 signed for and on behalf of GCI by a duly authorized officer thereof.

ARTICLE 7

INDEMNIFICATION

7.1 By GCI. Subject to the limitations set forth in this Article 7, from and after the Closing Date, GCI agrees to indemnify and hold harmless (in such capacity, the "GCI Indemnifying Party"), to the fullest extent permitted by law, the Sellers and any of their Affiliates, respectively (in such capacity, the "Seller Indemnitee") from, against and in respect of any Losses arising from or otherwise related to, directly or indirectly, any of the following:

7.1.1Any breach of any representation or warranty made by or on behalf of GCI in this Agreement (as each such representation or warranty would be read if all qualifications as to materiality, knowledge or words of similar import were deleted therefrom); or

7.1.2Any breach or default in performance by GCI of any covenant or other agreement of such party contained in this Agreement.

7.2 By the Sellers. Subject to the limitations set forth in this Article 7, from and after the Closing, (A) the Company; and (B) Sea Lion and Togiak, severally and not jointly based on their percentage ownership of the Company; agree to indemnify and hold harmless (in that capacity, the "Seller Indemnifying Party"), to the fullest extent permitted by law, GCI and each of its officers, directors, employees and Affiliates (each, in that capacity, the "GCI Indemnitee") from, against and in respect of any Losses arising from or otherwise related to, directly or indirectly, any of the following:

7.2.1Any breach of any representation or warranty made by or on behalf of the Sellers in this Agreement (as each such representation or warranty would be read if all qualifications as to materiality, knowledge or words of similar import were deleted therefrom);

7.2.2Any breach or default in performance by the Sellers of any covenant or other agreement of such parties contained in this Agreement;

7.2.3Any claim, Lien, notice of non-compliance or violation, notice of liability, proceeding, consent order or consent agreement against any of the Acquired Companies or any Person made under or in accordance with any Environmental Laws or any Liability or obligation for injury or damages due to, or as a result of, the presence of, effects of, or exposure to any Hazardous Materials; or

7.2.4Any other event, act, omission, condition, fact or circumstance occurring, existing or first arising prior to the Closing Date and relating to the Acquired Companies or the Sellers, whether or not such event, act, omission, condition, fact or circumstance is described in this Agreement or otherwise known to GCI or was known to any of the Sellers or the Acquired Companies, except such as (A) constitute or give rise to a breach of representations, warranties or covenants of GCI under this Agreement, and (B) constitute Liabilities specifically identified on the Closing Financial Statements.

7.3 Survival; Time Limits for Indemnification. The representations and warranties made in this Agreement, or in any certificate or other document delivered pursuant to this Agreement, will survive the Closing Date (even if the damaged party knew or had reason to know of any misrepresentation or breach of warranty at the time of Closing) for a period of three years from the Closing Date, except that (a) the representations and warranties contained in Sections 3.8 (Tax Matters), 3.9 (Employee Benefit Plans) and 3.14 (Environmental Matters) shall survive the Closing Date until the expiration of the applicable statutes of limitation and (b) the representations and warranties contained in Sections 3.1 (Organization and Good Standing), 3.2 (Capitalization; Other Equity), 3.3 (Authority), 3.4 (No Conflict), 3.15.4 (Ownership of Property) and 3.25 (Representations Not Misleading) will survive the Closing Date indefinitely. The covenants of the Parties contained in this Agreement will survive the Closing Date indefinitely. The Sellers, on the one hand, and GCI, on the other hand, shall promptly give written notice to the other of any facts or circumstances of which any such Person becomes aware or has knowledge that is reasonably likely to give rise to a claim for indemnification under this Article 7. No Party will have any obligation to indemnify any Person pursuant to this Agreement with respect to any breach of a representation or warranty unless a notice of such breach is given to the Party against whom indemnification is sought on or prior to the last day of the applicable survival period, except that if a Party has a reasonable basis to believe that an indemnifiable claim will arise and gives notice to the other Party concerning such matter within the survival period, then all rights of such Party to seek indemnification with respect to such matter will survive the expiration of such period for a period of 180 days. If an indemnifiable claim has not arisen prior to the expiration of that 180-day period but the Party continues to have a reasonable basis to believe that an indemnifiable claim will arise and gives notice to such effect to the other Party prior to the end of such 180-day period, then all rights of the Party to seek indemnification with respect to such matter will survive for one additional period of 180 days. If an indemnifiable claim does not arise prior to the end of the second 180-day period, the rights of the Party to seek indemnification will terminate at the expiration thereof. If a Party is obligated to indemnify another Party against a particular breach, the indemnity obligation shall extend to all Losses, whether occurring before or after the survival period.

7.4 Basket and Cap.

7.4.1 The Seller Indemnifying Party will have no obligation to indemnify any GCI Indemnitee from and against any Losses under 7.2.1 until the GCI Indemnitees have suffered Losses in the aggregate amount of $500,000 or more arising from, or otherwise related to, directly or indirectly, any of the items set forth in Section 7.2.1. If and when the aggregate of such Losses exceeds $500,000, the GCI Indemnitees shall be entitled to indemnification against all Losses incurred under Section 7.2.1, including the initial $500,000 of Losses.

7.4.2 The aggregate indemnification obligations of the Sellers under Sections 7.2.1 and 7.2.4 shall not exceed 25% of the amount of the Cash Consideration. The limits on liability contained in this Section 7.4 shall not apply to the indemnification obligations of the Sellers under Sections 7.2.2 and 7.2.3.

7.4.3 Notwithstanding anything to the contrary in this Agreement, there shall be no limitation on any GCI Indemnitee's right to indemnification from and against any Losses arising directly or indirectly out of (a) any breach of any representation, warranty or covenant of the Sellers that involves an intentional misrepresentation or the commission of fraud by the Sellers or (b) any act or omission or other matter arising prior to Closing that involves a claim by a third party for material misrepresentation, fraud, gross negligence or intentional misconduct, and each GCI Indemnitee shall have all remedies available to it at law and in equity with respect to any such breach, act, omission or matter.

7.5 Defense of Claims. Subject to Section 9.1.5, the procedures to be followed with respect to the defense and settlement of any claim made by a third party which, if true, would give rise to a right on the part of a Party to be indemnified against resulting Losses (an "Indemnitee"), in whole or in part, under this Article 7 (a "Claim") shall be as follows:

7.5.1 Right of Indemnifying Party to Defend. Unless in the reasonable and good faith judgment of the Indemnitee (i) there is a material conflict between the positions of the Party against whom indemnification is sought under this Article 7 (an "Indemnifying Party") and the Indemnitee in conducting the defense of a Claim or (ii) legitimate business considerations would require the Indemnitee to defend or respond to a Claim in a manner that is materially different from the defense or response that would be most beneficial to the Indemnifying Party, the Indemnifying Party shall, by giving notice to the Indemnitee confirming the Indemnifying Party's obligation under this Article 7 to indemnify the Indemnitee in respect of the Claim, be entitled to assume and control the defense of the claim with counsel chosen by it and reasonably satisfactory to the Indemnitee. The Indemnitee shall be entitled to participate in the defense after such assumption, but the costs of such participation (other than the costs of providing witnesses or documents at the request of the Indemnifying Party or in response to legal process) following such assumption shall be at the expense of the Indemnitee. Upon assuming such defense, the Indemnifying Party shall have full right to enter into any compromise or settlement which is dispositive of the matter involved; provided that, except for the settlement of a Claim that involves no material obligation of the Indemnitee other than the payment of money for which full indemnification is provided by the Indemnifying Party hereunder, the Indemnifying Party shall not settle or compromise any Claim without the prior written consent of the Indemnitee, which consent will not be unreasonably delayed or withheld; and provided, further, that the

Indemnifying Party may not consent to entry of any judgment or enter into any settlement in respect of a Claim which does not include the giving by the claimant or plaintiff to the Indemnitee of a complete and unconditional release from all liability in respect of the Claim.

7.5.2 Defense by Indemnitee. If the Indemnifying Party (i) does not have the right to assume the defense of a Claim under Section 7.5.1 or (ii) shall not have exercised its right to assume the defense of the Claim, the Indemnitee may assume and control the defense of the Claim with counsel chosen by it that is reasonably satisfactory to the Indemnifying Party and the Indemnifying Party shall be obligated to pay all reasonable attorneys' fees and expenses of the Indemnitee incurred in connection with such defense; provided, however, that the Indemnifying Party shall not be obligated to pay the fees and disbursements of more than one counsel in each applicable jurisdiction for all Indemnitees in any single action. The Indemnifying Party shall be entitled to participate in the defense of such Claim, but the cost of such participation shall be at its own expense. The Indemnitee shall not be required to defend any Claim under this Section 7.5.2 that the Indemnifying Party had the right to defend under Section 7.5.1 and, if the Indemnitee elects to defend such a Claim, it shall owe no duties to the Indemnifying Party with respect to the defense of such Claim, and may defend, fail to defend or settle such Claim without affecting its right to indemnity hereunder. The Indemnitee may compromise or settle any Claim that it is defending at any time; provided, however, that the Indemnitee shall not settle or compromise any Claim that the Indemnifying Party did not have the right to defend under Section 7.5.1 without the prior written consent of the Indemnifying Party, which consent will not be unreasonably delayed or withheld.

7.5.3 Indemnitee's Right to Settle. Without regard to whether the Indemnifying Party or the Indemnitee is defending a Claim, if in the reasonable judgment of the Indemnitee it would be materially harmed or otherwise materially prejudiced by not entering into a proposed settlement or compromise and the Indemnifying Party withholds consent to such settlement or compromise, the Indemnitee may enter into such settlement or compromise, but such settlement or compromise shall not be conclusive as to the existence or amount of the liability of the Indemnifying Party to the Indemnitee.

7.5.4 Cooperation. Both the Indemnifying Party and the Indemnitee shall cooperate fully with one another in connection with the defense, compromise or settlement of any Claim, including without limitation making available to the other all pertinent information and witnesses within its control at reasonable intervals during normal business hours.

7.6 Recovery from Escrow Fund. The Escrow Fund shall be available to compensate any GCI Indemnitee for any Losses actually suffered or incurred by the GCI Indemnitees for which the GCI Indemnitees are entitled to indemnification pursuant to this Article 7. All claims for recovery for any Loss or Losses from the Escrow Fund shall be made pursuant to and in accordance with, and governed by the terms of, the Escrow Agreement.

7.7 Set-off. Subject to the limitations contained in this Article 7, GCI may offset any Loss for which it is entitled to be indemnified under this Article 7 against any Revenue Growth Payments that subsequently become due pursuant to Article 2. This provision is not intended to limit GCI's right to indemnification to amounts offset pursuant to this Section 7.7. In the event that GCI intends to effect a set-off under this Section 7.7, it shall provide the

Sellers with notice thereof, including a reasonably detailed description of the matter in respect of which the right to indemnification is claimed.

7.8 Limitations. Except in the case of intentional misrepresentation or the commission of fraud, the right to be indemnified pursuant to this Article 7 will constitute the exclusive remedy of the parties after the Closing Date for Losses arising by virtue of a breach of any representation, warranty or covenant under this Agreement, absent fraud.

7.9 Insurance. With respect to any Losses for which an Indemnitee is entitled to indemnification under this Article 7 and which Losses may be covered by insurance, such Indemnitee will be able to make a claim for indemnification (i) to the extent that the Indemnitee has not received proceeds from insurance applicable to such claim, (ii) in an amount equal to the Indemnitee's applicable deductible for such coverage, (iii) to the extent that the Loss otherwise exceeds the applicable insurance coverage, and (iv) to the extent that the Loss is otherwise excluded in whole or in part from any such applicable insurance coverage. If an Indemnifying Party paid an Indemnitee for an indemnification claim under this Agreement and the Indemnitee subsequently receives insurance proceeds in respect of such indemnification claim, the Indemnitee shall remit promptly to the Indemnifying Party who paid such indemnification claim the lesser of the amount so paid by the Indemnifying Party or such insurance proceeds.

7.10Recovery from Third Parties. With respect to any Losses for which an Indemnitee is entitled to indemnification under this Article 7 and which Losses may be covered by insurance, an Indemnitee shall use its commercially reasonable efforts (and not more) to recover all insurance proceeds reasonably available. An Indemnitee shall also use its commercially reasonable efforts (and not more) to assist an Indemnifying Party in the recovery of any amounts reasonably available from other third parties with respect to such Losses.

ARTICLE 8

TERMINATION

8.1 Right to Terminate. The Parties may terminate this Agreement as provided below:

8.1.1The Sellers and GCI may terminate this Agreement by mutual written consent at any time prior to the Closing.

8.1.2GCI may terminate this Agreement by giving written notice to the Sellers at any time prior to the Closing (i) in the event the Sellers have breached any representation, warranty or covenant contained in this Agreement in a way that would result in the nonfulfillment of the conditions to the obligations of GCI hereunder, GCI has notified each of the Sellers of the breach, and the breach has not been cured within ten (10) days after the notice of breach or such longer period as agreed by the Parties, or (ii) if the Closing has not occurred on or before December 31, 2008 because of the failure of any condition precedent to the obligations of GCI to consummate the Closing (unless the failure results primarily from GCI breaching any representation, warranty or covenant contained in this Agreement).

8.1.3 The Sellers may terminate this Agreement by giving written notice to GCI at any time prior to the Closing (i) if GCI has breached any representation, warranty or covenant contained in this Agreement in a way that would result in the nonfulfillment of the conditions to the obligations of the Sellers hereunder, the Sellers have notified GCI of the breach, and the breach has not been cured within ten (10) days after the notice of breach or such longer period as agreed by the Parties or (ii) if the Closing has not occurred on or before December 31, 2008 because of the failure of any condition precedent to the obligations of the Sellers to consummate the Closing (unless the failure results primarily from the Sellers breaching any representation, warranty or covenant contained in this Agreement).

8.2 Effect of Termination. The termination of this Agreement by a Party pursuant to Section 8.1.2 or 8.1.3 will in no way limit any obligation or liability of any other Party based on or arising from a breach or default by such other Party with respect to any of its representations, warranties, covenants or agreements contained in this Agreement prior to the termination, and the terminating Party will be entitled to seek all relief to which it is entitled under applicable law.

ARTICLE 9

POST-CLOSING COVENANTS

9.1 Tax Matters.

9.1.1 The Sellers shall be responsible for the preparation of drafts of all Tax Returns of the Acquired Companies for all tax periods ending on or prior to the Closing Date ("Final Tax Returns") and the submission of the Final Tax Returns to GCI for its review and filing at least sixty (60) days before the due dates thereof; in the case of the state income or franchise tax returns for the Acquired Companies, such return shall be prepared by the Acquired Companies' current accounting firm in a manner consistent with past practice. The Sellers shall submit the Final Tax Returns to GCI's corporate tax department in a form suitable for immediate filing together with all schedules, supplemental forms and other attachments required by applicable law for such Tax Returns, including such schedules and forms necessary for the Section 338(h)(10) Election. The Sellers shall consult with GCI regarding any material issue that GCI may have with any matter reported on the Final Tax Returns as presented by the Sellers and shall attempt in good faith to resolve any such issues. In the event any such matter is not resolved to GCI's satisfaction, the Sellers shall submit such matter to tax counsel or an independent accounting firm reasonably acceptable to GCI and the determination of such counsel or independent accounting firm shall be binding on GCI and the Sellers. The Final Tax Returns (i) shall be signed on behalf of the Acquired Companies by one or more of the officers of the Company as appropriate in their official capacities with the Acquired Companies as of the day immediately preceding the Closing Date and (ii) shall include such schedules and forms necessary for the Section 338(h)(10) Election. Following the procedure outlined above the Company shall file all Final Tax Returns.

9.1.2 The Sellers shall be liable for income Taxes that may be imposed on the Acquired Companies or the Sellers for any taxable period that ends on or before the Closing Date, including transactions deemed to occur as a result of the Section 338(h)(10) Election.

9.1.3The Sellers shall be liable for Taxes other than income Taxes that may be imposed on the Sellers for any taxable period that ends on or before the Closing Date, including transactions deemed to occur as a result of the Section 338(h)(10) Election.

9.1.4With respect to any taxable period that begins before the Closing Date but ends after the Closing Date, the Sellers shall pay the Taxes attributable to the portion of such period ending on the Closing Date (inclusive thereof). The amount of such Taxes attributable to such parties for such period shall be determine on a daily pro-rata basis, unless the parties agree otherwise. With respect to any Tax Return required to be filed by the Acquired Companies for any period that includes a period (or portion thereof) ending on or prior to the Closing Date, GCI shall provide the Sellers with copies of such Tax Return at least 30 days prior to the due date for the filing of such Tax Return for the Sellers' review. GCI shall make any changes requested by the Sellers that are consistent with and not in possible violation of any applicable laws.

9.1.5The Sellers and GCI will provide each other with such cooperation and information as any of them reasonably may request of each other in matters pertinent to the subject matter covered by this Section 9.1.5. GCI will retain all Tax Returns, schedules and work papers and all material records or other documents relating to Tax matters of the Acquired Companies until the expiration of all applicable statute of limitations for further assessment. GCI shall notify the Sellers in writing in the case of an audit or legal proceeding that relates to periods ending on or prior to the Closing Date and the Sellers shall have the right at their own expense to participate in and control the conduct of such audit or proceeding to the extent that such audit or proceeding relates to a potential adjustment for which the Sellers would be liable. With respect to a potential adjustment of Taxes of the Acquired Companies for which both the Sellers and GCI could be liable, or which involves an issue that recurs in any period ending after the Closing Date (whether or not the subject of an audit at such time), (i) both GCI and the Sellers may participate at their own expense in the audit or proceeding and (ii) the audit or proceeding shall be controlled by that Party which would bear the burden of the greater portion of the sum of the adjustment and any corresponding adjustments that may reasonably be anticipated for a future Tax period. Neither GCI nor the Sellers shall enter into any compromise or agree to settle any claim pursuant to any Tax audit or proceeding which would adversely affect the other Party for such year or a subsequent year without the written consent of the other Party, which consent may not be unreasonably withheld or delayed.

9.1.6At the request of GCI, at the Closing, the Company shall promptly join with GCI in making an election (the "Section 338(h)(10) Election") under Section 338(h)(10) of the Code and the Treasury Regulations promulgated thereunder and any corresponding rules of any other jurisdiction, with respect to the purchase of the Common Stock hereunder. Incident thereto, the Company agrees to include any income, gain, loss, deduction or other Tax item resulting from the Section 338(h)(10) Election on its Tax Return to the extent required by applicable law. GCI will be responsible for completing and filing the Tax forms in each state, federal and other jurisdiction necessary to make any Section 338(h)(10) Election and any corresponding election. The "aggregate deemed sale price," determined in accordance with Section 338 of the Code and Treasury Regulations promulgated thereunder, shall be allocated among the assets of the Acquired Companies in the manner set forth below. If any of such forms are required to be signed by the Company then the Company agrees to sign and return such signed forms to GCI within ten days of receipt. The Company agrees to attach a copy of such forms to its tax returns as required.

9.1.7GCI shall prepare an allocation of the purchase price among the assets of the Acquired Companies based upon the following methodology: first, to tangible fixed assets, the fair market value as reasonably determined by GCI; second, to all other assets (other than intangibles and goodwill) GAAP value as reflected on the Closing Financial Statements; and third, the remainder to goodwill and other intangibles. GCI shall submit to the Company the preliminary allocation no later than 90 days after the Closing Date. The Company shall have up to ten days to review such allocation and comment thereon, after which time GCI and the Company shall endeavor to mutually agree on an allocation. In the event that GCI and the Company are unable to agree to an allocation of the purchase price in accordance with this Section 9.1.7, any such dispute shall be resolved by an independent accounting firm reasonably acceptable to both GCI and the Company, the decision of which shall be binding on, and the cost of which shall be shared equally by, GCI and the Company. GCI and the Company shall thereafter jointly complete, and the Acquired Companies and GCI shall separately file, Form 8883's with the respective Tax Returns for the tax year in which the Closing Date occurs in accordance with such allocation, and no Party shall take any position on any Tax Return or before any governmental entity charged with the collection of any Tax or in any legal proceeding that is in any manner inconsistent with the terms of such conclusive allocation without written consent of the other Parties unless required to do so by applicable law.

9.2 Additional Covenants.

9.2.1For a period of ten (10) years from the date of this Agreement, GCI shall provide funding to the Company's existing scholarship program described on Schedule 9.2.1 at an annual funding level of no less than $300,000 per calendar year, which amount shall be subdivided into one hundred fifty (150) student scholarships at a value of two thousand dollars ($2,000) each. No less than 25 such scholarships shall be allocated to residents of Hooper Bay. GCI shall also provide adequate administrative support for such program. All scholarship awards shall be made by a committee composed of the then-current chief executive officer of KUC and UUI, three members of the board of directors of Sea Lion, and one member of the board of directors of Togiak. GCI shall reimburse all reasonable travel expenses of such committee members, provided that GCI has received adequate documentation supporting such expenses.

9.2.2For a period of ten (10) years from the date of this Agreement, GCI or its Affiliates shall provide T-1 Internet connectivity service to the Hooper Bay E-Commerce Center at no charge.

9.2.3GCI shall cause the Acquired Companies to provide funds to the Company to satisfy its obligations to pay the incremental obligations owed to the current chief executive officer of the Company at the Closing under the terms of the second amendment to the CEO's employment agreement dated October 5, 2007, a copy of which has been provided to GCI.

9.2.4To the extent that the Company requests within twelve (12) months after the Closing Date, GCI shall cause the Acquired Companies to allow MUC to attach its transmission lines to the existing poles owned by the Acquired Companies in the village of Manley at no cost for a period equal to the remaining useful life of such existing poles.

9.2.5GCI shall maintain or cause the Acquired Companies to maintain reasonable D&O insurance coverage for the former directors of the Acquired Companies for a period of at least three years beginning on the Closing Date. This insurance shall be procured at the expense of GCI or the Acquired Companies.

9.2.6GCI shall maintain or cause the Acquired Companies to maintain a maintenance program for the Microwave Network for a period of at least three (3) years beginning on the Closing Date. Such maintenance program shall be adopted by the Company with GCI's agreement prior to the Closing Date.

9.2.7In addition, GCI shall direct the Acquired Companies to satisfy their express responsibilities under each Acquired Companies "employee benefit plan", as that term is defined in ERISA Section 3(3), to the extent vested and in effect as of the date of this Agreement, including any vested interest any employee of the Acquired Companies may have in any written nonqualified deferred compensation arrangement.

ARTICLE 10

MISCELLANEOUS

10.1Arbitration. The Parties will attempt in good faith to resolve any controversy or claim arising out of or relating to this Agreement or any other Transaction Agreement through discussions between the senior management of the Parties. As part of this process, either party may request a mediation. If these attempts are unsuccessful, the Parties agree that any action asserting a claim by one Party against any other Party or Parties hereto (collectively, the "Disputing Parties") arising out of or relating to this Agreement or any other Transaction Agreement shall, on the written notice by one Disputing Party to the others, be submitted to binding arbitration to be held in Anchorage, Alaska. The arbitration shall be conducted by and in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The Disputing Parties shall hold an initial meeting within 30 days from receipt of notice from the requesting Party of a request for arbitration. Unless otherwise agreed in writing, they will jointly appoint a mutually acceptable arbitrator not affiliated with any of the Disputing Parties. If they are unable to agree upon such appointment within 30 days of the initial meeting, the Disputing Parties shall obtain an odd numbered list of not less than five potential arbitrators from the Superior Court for the Third Judicial District, State of Alaska. Each Disputing Party shall alternatively strike a single name from the list until only one name remains, with such person to be the arbitrator. The Disputing Party requesting the arbitration shall strike the first name. Each Disputing Party shall pay an equal share of the costs related to the arbitration, unless the arbitrator's decision provides otherwise. Each Disputing Party shall bear its own costs to prepare for and participate in the arbitration. Each Disputing Party shall produce at the request of any other Disputing Party, at least 30 days in advance of the hearing, all documents to be submitted at the hearing and such other documents as are relevant to the issues or likely to lead to relevant information. The arbitrator shall promptly render a written decision, in accordance with Alaska law and supported by substantial evidence in the record. The prevailing Party shall be entitled to recover reasonable attorneys' fees, costs, charges and expended or incurred therein, if the arbitrator's decision so provides. Failure to apply Alaska law, or entry of a decision that is not based on substantial evidence in the record, shall be additional grounds for modifying or vacating an arbitration decision. Judgment on any arbitration award shall be entered in any court of competent jurisdiction.

10.2Remedies. Subject to Section 10.1, all remedies under this Agreement and at law shall be cumulative. In the event of a breach of this Agreement prior to Closing, the Parties shall be entitled to all remedies available under applicable law or in equity, including specific performance and other injunctive relief, and in the event that any Party seeks an equitable remedy, the breaching Party expressly waives, and shall not raise in any action or proceeding, the claim or defense that an adequate remedy at law exists.

10.3Amendments and Supplements. At any time prior to the Closing Date, this Agreement may be amended or supplemented by a written instrument signed by the Sellers and GCI, and any such amendment shall be binding on all Parties.

10.4Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Alaska without giving effect to any choice or conflict of laws rule or provision that would cause the application of the domestic substantive laws of any other jurisdiction.

10.5Notices. All notices and other communications required or permitted hereunder shall be in writing and shall be sent by any means selected by the sender. Each such notice or other communication shall be effective (i) if given by recognized overnight courier, one Business Day after being delivered to such courier, addressed to the intended recipient at the address specified below or (ii) if given by any other means, when actually received.

To GCI:

GCI Communication Corp.
2550 Denali Street, Suite 1000
Anchorage, AK 99503
Attention: Corporate Counsel

With a copy to (which copy shall not constitute notice to any Party):

General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, AK 99503
Attention: General Manager & Executive Vice President

With a copy to (which copy shall not constitute notice to any Party):

Sherman & Howard L.L.C.

633 Seventeenth Street, Suite 3000
Denver, CO 80202
Attention: Steven D. Miller

To the Company:

United Companies, Inc.
5450 A Street
Anchorage, AK 99518
Attention: President

With a copy to (which copy shall not constitute notice to any Party):

Kemppel, Huffman and Ellis, P.C.
255 East Fireweed Lane, Suite 200
Anchorage, Alaska 99503
Attention: John Andrew Leman

To Sea Lion:

Sea Lion Corporation. Inc.
PO Box 87
Hooper Bay, AK 99604
Attention: President

To Togiak:

Togiak Natives Limited
PO Box 150
Togiak AK 99678
Attention: President

Any Party may change its address for purposes of this Section 10.5 by notice to the other Parties.

10.6Entire Agreement, Assignability, Etc. This Agreement (including the Disclosure Schedules, the Exhibits, and a Letter Agreement executed by the Parties contemporaneously with the execution of this Agreement) (i) constitutes the entire agreement, and supersedes all other prior agreements and understandings, both written and oral, among the Parties, or any of them, with respect to the transactions and matters contemplated hereby, (ii) is not intended to confer upon any Person other than the Parties hereto any rights or remedies hereunder, (iii) shall not be assignable by a party without the prior written consent of the other Parties and (iv) subject to that restriction, shall be binding upon and inure to the benefit of the Parties and their successors and assigns.

10.7Exclusivity of Representations. The Sellers shall not be deemed to have made to GCI any representation or warranty other than as expressly set forth in Article 3. GCI shall not be deemed to have made to the Sellers any representation or warranty other than as expressly set forth in Article 4. No investigation made by any Party shall limit its right to rely on any representation or warranty.

10.8Counterparts. This Agreement may be executed in any number of counterparts, no one of which need be signed by all Parties, but all of which together shall constitute one and the same instrument. This Agreement may be signed and delivered by facsimile or other electronic transmission and any such signature shall be deemed an original.

10.9Representations as to Knowledge. The representations and warranties contained in this Agreement that are made to the "knowledge" (or words of similar import) of any Party to this Agreement, shall be deemed to mean knowledge in good faith after reasonable investigation and as to representations and warranties of the Sellers, shall be the knowledge of the Sellers after such reasonable investigation into the activities of the Acquired Companies.

10.10Headings. The section headings contained in this Agreement are inserted for convenience only and will not affect in any way the meaning or interpretation of this Agreement.

10.11Waivers. No failure by any Party to insist upon the strict performance of any provision of this Agreement on one or more occasions shall constitute a waiver of any right or remedy hereunder. Any waiver must be in writing signed by the Party charged with the waiver. No waiver by any Party will be deemed to extend to any prior or subsequent default, misrepresentation or breach.

10.12Severability. The invalidity or unenforceability of any term or provision of this Agreement shall not affect the validity or enforceability of the remaining terms and provisions hereof.

10.13Expenses. Except as specified in Section 5.1.2, whether or not the transactions contemplated hereby are consummated, each Party shall bear its own costs and expenses (including, without limitation, legal fees and expenses) incurred either before or after the date of this Agreement in connection with this Agreement or the transactions contemplated hereby.

10.14Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement will be construed as having been drafted jointly by the Parties and no presumption or burden of proof will arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. The Parties intend that each representation, warranty and covenant contained herein will have independent significance. If any Party breaches any representation, warranty or covenant contained herein in any respect, the fact that there exists another representation, warranty or covenant relating to the same subject matter (regardless of the relative levels of specificity) which the Party has not breached will not detract from or mitigate the fact that the Party is in breach of the first representation, warranty or covenant. Defined terms have the meanings specified, applicable to both singular and plural forms. All pronouns include the masculine, feminine or neuter. The singular or plural includes the other. The word include (and any variation) is used in an illustrative rather than a limiting sense. The word day means a calendar day, unless a Business Day is specified.

10.15Incorporation of Exhibits. The Exhibits and Disclosure Schedules identified in this Agreement are incorporated herein by reference and made a part hereof.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date first above written.

GCI COMMUNICATION CORP.

By: /s/ Gregory F. Chapados
Name: Gregory F. Chapados
Title: Senior Vice President

UNITED COMPANIES, INC.

By: /s/ Myron P. Naneng, Sr.
Name: Myron P. Naneng, Sr.
Title: Chairman

SEA LION CORPORATION

By: /s/ Myron P. Naneng, Sr.
Name: Myron P. Naneng, Sr.
Title: President

TOGIAK NATIVES LIMITED

By: /s/ Joe Alexie
Name: Joe Alexie
Title: Chairman

EXHIBIT A

DEFINITIONS

As used in this Agreement, the following terms have the indicated meanings:

"Accounts Receivable" has the meaning set forth in Section 3.21.

"Acquired Companies" means United-KUC, Inc., an Alaska corporation, United Utilities, Inc., an Alaska corporation, and Unicom, Inc., an Alaska corporation, collectively.

"Acquisition" has the meaning set forth in the Recitals.

"Acquisition Transaction" has the meaning set forth in Section 5.1.

"Affiliate" means, as to any Person, another Person that controls, is controlled by or is under common control with such Person, and control means the power, directly or indirectly, by stock ownership, contract, family relationship, employment, position or otherwise, to significantly influence the business decisions of another Person.

"Agreement" has the meaning set forth in the Introduction.

"Applicable Contract" means any Contract (a) under which any of the Acquired Companies has or may acquire any rights, (b) under which any of the Acquired Companies has or may become subject to any obligation or liability, or (c) by which any of the Acquired Companies or any of the assets owned or used by it is or may become bound.

"Balance Sheet Date" has the meaning set forth in Section 3.5.1.

"Baseline Gross Revenue" has the meaning set forth in Section 2.2.1.

"Business Assets" means all assets and properties of the Acquired Companies, whether real or personal, tangible or intangible, including, without limitation, (a) the Telecom Licenses, (b) all furniture, office equipment, other equipment, automobiles and other tangible personal property contained on the list delivered to GCI pursuant to Section 3.15.1, (c) all of the Acquired Companies' rights under the Contracts listed on Section 3.11.1 of the Disclosure Schedule, (d) all inventory, fixed assets and leasehold improvements, (e) all notes and accounts receivable of the Acquired Companies, (f) all customer deposits, advance payments, prepaid items and expenses, deferred charges, rights of offset and credits and claims for refund, (g) all claims, rights and causes in action against third parties and all rights to insurance proceeds relating to any damage, destruction or impairment of the Business Assets, (h) all Intellectual Property Rights, (i) all books of account and all customer and supplier lists and other records related to the Acquired Companies' businesses, and (j) all goodwill associated with the Business Assets.

"Business Day" means any day other than a Saturday, Sunday or day on which banks located in Anchorage, Alaska are authorized or required to close.

"Capital Expenditure Budget" has the meaning set forth in Section 3.20.

"Cash Consideration" has the meaning set forth in Section 1.2.

"Claim" has the meaning set forth in Section 7.5.

"Closing" has the meaning set forth in Section 1.4.

"Closing Date" has the meaning set forth in Section 1.4.

"Closing Date Statement" has the meaning set forth in Section 1.6.2.1.

"Closing Date Shareholders' Equity" has the meaning set forth in Section 1.6.2.1.

"Closing Payment" has the meaning set forth in Section 1.2.

"COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Common Stock" has the meaning set forth in the Recitals.

"Communication Act" means the Communications Act of 1934, as amended.

"Communications Laws" means the Communications Act and the rules, regulations, published policies, published decisions, published orders, published rulings, and published notices of the FCC promulgated thereunder as well as judicial interpretations of the Communications Act and items promulgated thereunder.

"Company" has the meaning set forth in the Introduction.

"Company Audited Financial Statements" has the meaning set forth in Section 5.8.

"Company Financial Statements" has the meaning set forth in Section 3.5.1.

"Company Indebtedness" has the meaning set forth in Section 3.5.5.

"Contract" means any agreement, contract, obligation, promise, or undertaking (whether written or oral and whether express or implied) that is legally binding.

"Current Assets" means, collectively, the Acquired Companies' (i) cash, (ii) accounts receivable (net of allowance for doubtful accounts), (iii) inventory, (iv) prepaid expenses and (v) other current assets, all determined in accordance with GAAP.

"Current Liabilities" means, collectively, the Acquired Companies' (i) accounts payable, (ii) unearned revenues, (iii) accrued liabilities, including accrued payroll expenses and accrued liabilities for payroll, sales and use Taxes, (iv) current notes payable and (v) other current liabilities, all determined in accordance with GAAP.

"Disclosing Party" has the meaning set forth in Section 5.16.

"Disclosure Schedule" has the meaning set forth in Article 3.

"Disputing Parties" has the meaning set forth in Section 10.1.

"Employee Agreement" means each management, employment, severance, consulting, contractor, relocation, repatriation, expatriation, loan, visa, work permit or other agreement, or contract (including any offer letter or any binding written or oral agreement providing for acceleration of options, or other binding written or oral agreement providing for compensation or benefits) between any of the Acquired Companies or any ERISA Affiliate, on the one hand, and any employee of an Acquired Company, on the other hand.

"Employee Plans" has the meaning set forth in Section 3.9.1.

"Environmental Laws" means all applicable laws, Environmental Permits, and similar items of any Governmental Authority relating to the protection of human health or safety or the environment, including: (i) all requirements pertaining to liability for reporting, management, licensing, permitting, investigation, and remediation of emissions, discharges, releases, or threatened releases of a Hazardous Materials; (ii) all requirements pertaining to the protection of the health and safety of employees or the public; and (iii) all other limitations, restrictions, conditions, standards, prohibitions, obligations, and timetables contained therein or in any notice or demand letter issued, entered, promulgated, or approved thereunder. The term "Environmental Law" includes, without limitation, (x) Federal Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. § 9601 et seq., the Federal Water Pollution Control Act (which includes the Federal Clean Water Act), the Federal Clean Air Act, the Federal Solid Waste Disposal Act (which includes the Resource Conservation and Recovery Act), the Federal Toxic Substances Control Act, the Federal Insecticide, Fungicide and Rodenticide Act, each as amended from time to time, any regulations promulgated pursuant thereto, and any state or local counterparts and (y) any common law or equitable doctrine (including injunctive relief and tort doctrines such as negligence, nuisance, trespass, strict liability, contribution and indemnification) that may impose liability or obligations for injuries or damages due to, or threatened as a result of, the presence of, effects of, or exposure to any Hazardous Materials.

"Environmental Permits" means all permits, licenses, authorizations, certificates, and approvals of any Governmental Body relating to or required by Environmental Laws and necessary for or held in connection with the conduct of the business.

"Equity Affiliates" means all Persons in which the Company or any Subsidiaries of the Company hold an equity interest that are not Subsidiaries of the Company that are accounted for under the equity method of accounting in accordance with GAAP.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" has the meaning set forth in Section 3.9.1.

"Escrow Agent" means Alaska Trust Company.

"Escrow Agreement" has the meaning set forth in Section 1.3.

"Escrow Amount" means Eight Million Dollars ($8,000,000).

"Escrow Fund" has the meaning set forth in Section 1.3.

"Estimated Cash Consideration" has the meaning set forth in Section 1.6.1.

"Estimated Closing Date Shareholders' Equity" has the meaning set forth in Section 1.6.1.

"ETCs" has the meaning set forth in Section 3.18.7.

"FCC" means the Federal Communications Commission.

"FCC Licenses" has the meaning set forth in Section 3.18.1.

"FCC Rules" means the rules, regulations, policies, instructions and orders of the FCC.

"Filed Returns" has the meaning set forth in Section 3.8.

"Final Order" means any action or decision of the FCC, or a bureau or division thereof under properly delegated authority, as to which (i) no request for a stay or similar request is pending, no stay is in effect, the action or decision has not been vacated, reversed, set aside, annulled or suspended and any deadline for filing such request that may be designated by statute or regulation has passed without the filing of any such request, (ii) no petition for rehearing or reconsideration or application for review is pending and the time for the filing of any such petition or application has passed, (iii) the FCC does not have the action or decision under reconsideration on its own motion and the time within which it ordinarily may effect such reconsideration has passed and (iv) no appeal is pending or in effect including other administrative or judicial review, and any deadline for filing any such appeal that may be designated by statute or rule has passed.

"Final Tax Returns" has the meaning set forth in Section 9.1.1.

"Final Shareholders' Equity" has the meaning set forth in Section 1.6.2.2.

"Force Majeure Events" means war or military operations; terrorism; sabotage; vandalism, and other third-party aggression; insurrections or riots; tsunamis; earthquakes; avalanches; a thirty-year storm or flood; a commercial power outage of five days or more; or another cause (excluding radio wave propagation and permafrost conditions) that was unforeseeable by the Company and the Acquired Companies during the design and construction of the Microwave Network and is entirely beyond the control of the Company and the Acquired Companies.

"GAAP" means United States generally accepted accounting principles consistently applied from period to period.

"GCI" has the meaning set forth in the Introduction.

"GCI Indemnifying Party" has the meaning set forth in Section 7.1.

"GCI Indemnitee" has the meaning set forth in Section 7.2.

"Governmental Body" means any nation, state, county, city, town, village, district, or other jurisdiction of any nature; federal, state, local, municipal, foreign, or other government; governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal); multi-national organization or body; or body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature.

"Gross Revenue" means the gross revenue generated from operations of the Acquired Companies, GCI, or any of their respective Affiliates for services and equipment provided to the Specified Customers, determined in accordance with GAAP.

"Hazardous Materials" means any chemical, material, substance, element, compound, mixture, contaminant, pollutant, toxic or hazardous material or waste defined or regulated as toxic or hazardous or as a pollutant or contaminant or as a waste under any applicable Environmental Law and includes, without limitation, petroleum and petroleum products, by-products or breakdown products, radioactive materials, urea formaldehyde insulation, asbestos containing materials and polychlorinated biphenyls, any hazardous substance, hazardous waste, hazardous material, pollutant or contaminant, any petroleum hydrocarbon and any degradation product of a petroleum hydrocarbon, PCB, mold spores, or similar substance.

"HIPAA" has the meaning set forth in Section 3.9.5.

"Indemnifying Party" has the meaning set forth in Section 7.5.1.

"Indemnitee" has the meaning set forth in Section 7.5.

"Intellectual Property Rights" means all trademarks, trademark rights, service marks, service mark rights, trade names, trade name rights, copyrights, works of authorship, inventions (whether patentable or not), invention disclosures, industrial models, industrial designs, utility models, certificates of invention, designs, emblems and logos, domain names, trade secrets, manufacturing formulae, technical information, patents, patent applications, moral rights, mask work registrations, franchises, franchise rights, customer and supplier lists, and related identifying information together with the goodwill associated therewith, product formulae, product designs, product packaging, business and product names, slogans, rights of publicity, improvements, processes, specifications, technology, methodologies, computer software (including all source code and object code), firmware, development tools, flow charts, annotations, all Web addresses, sites and domain names, all data bases and data collections and all rights therein, any other confidential and proprietary right or information, whether or not subject to statutory registration, as each of the foregoing rights may arise anywhere in the world, and all related technical information, manufacturing, engineering and technical drawings, know-how, and all pending applications and registrations of patents, and the right to sue for past infringement, if any, in connection with any of the foregoing, and all documents, disks, records, files, and other media on which any of the foregoing is stored, and other proprietary rights, in the case of each of the foregoing which is owned by any of the Acquired Companies or used or held for use by any of the Acquired Companies in connection with any of its businesses.

"Interim Financials" has the meaning set forth in Section 3.5.1.

"KUC" has the meaning set forth in Section 3.2.2.

"Leased Real Property" means real property leased by the Acquired Companies pursuant to the Real Property Leases.

"Liability" means any debt, obligation, duty, or liability of any nature (including any unknown, undisclosed, unfixed, unliquidated, unsecured, unmatured, unaccrued, unasserted, contingent, conditional, inchoate, implied, vicarious, joint, several or secondary liability, or any liability arising pursuant to any Environmental Law), regardless of whether such debt, obligation, duty, or liability would be required to be disclosed on a balance sheet prepared in accordance with GAAP.

"Liens" means all liens, pledges, security interests, mortgages, claims, charges and encumbrances and all options or other rights to purchase or otherwise acquire an interest.

"Loss" means all liabilities (whether known or unknown, matured or unmatured, stated or unstated, fixed or contingent), obligations, damages of any kind, judgments, Liens, injunctions, charges, orders, decrees, rulings, demands, claims, losses, assessments, Taxes, fines, penalties, expenses, fees, costs, and amounts paid in settlement (including reasonable attorneys' and expert witness fees and disbursements in connection with investigating, defending or settling any action or threatened action). For purposes of Section 7.2, any diminution in the value of the Acquired Companies as compared to the value such entities would have had if a representation or warranty of the Company had not been breached shall constitute a Loss.

"Material Adverse Effect" means any effect or change that does have, or would reasonably be expected to have, a material adverse effect on the assets, business, condition (financial or other), operating results or prospects of a specified Person and its subsidiaries, taken as a whole.

"Microwave Network" has the meaning set forth in Section 3.19.

"Measurement Period" has the meaning set forth in Section 6.2.14.

"MUC" means Manley Utility Company, Inc., an Alaska corporation.

"MUC Real Property" has the meaning set forth in Section 5.9.

"Objection Notice" has the meaning set forth in Section 1.6.2.2.

"Ordinary Course" means the ordinary course of business, consistent with past practices.

"Organizational Documents" means as to any corporation, its articles of incorporation and bylaws, as amended through the relevant date.

"Owned Real Property" has the meaning set forth in Section 3.15.2.

"Party" means, individually or collectively, GCI, the Company, Sea Lion or Togiak.

"Period One" has the meaning set forth in Section 2.1.

"Period Two" has the meaning set forth in Section 2.1.

"Period Three" has the meaning set forth in Section 2.1.

"Period Four" has the meaning set forth in Section 2.1.

"Period Five" has the meaning set forth in Section 2.1.

"Person" means an individual, and any corporation, partnership, trust, limited liability company, association, governmental authority or any other entity or organization.

"Proprietary Information" means all information that is disclosed pursuant to this Agreement, regardless of the form or manner of disclosure, and any information disclosed pursuant to the Reciprocal Non-Disclosure Agreement dated August 21, 2007 between GCI and the Company, as amended. "Proprietary Information" shall additionally include all notes, extracts, analyses, or studies prepared by the Receiving Party or its Representatives based on the Proprietary Information or any portion thereof and shall include items provided in electronic, as well as hard copy, format. "Proprietary Information" shall not include information that (a) is generally available to the public or becomes generally available to the public without disclosure by a Receiving Party or its Representatives, (b) was already in the possession of a Receiving Party or its Representatives prior to its disclosure under this Agreement, provided that the source of the information was not under an obligation of confidentiality to the Disclosing Party (c) comes into the possession of a Receiving Party or its Representatives from a source other than the Disclosing Party or its Representatives, provided that such source is not under an obligation of confidentiality to the Disclosing Party, or (d) is developed independently by a Receiving Party or its Representatives without reliance on or reference to the disclosed information.

"RCA" means the Regulatory Commission of Alaska.

"RCA Authorizations" has the meaning set forth in Section 3.18.2.

"Real Property Leases" has the meaning set forth in Section 3.15.3.

"Receiving Party" has the meaning set forth in Section 5.16.

"Regulatory Consents" has the meaning set forth in Section 5.2.1.

"Representatives" has the meaning set forth in Section 5.16.

"Revenue Growth Payments" has the meaning set forth in Section 2.1.

"Revenue Sharing Period" has the meaning set forth in Section 2.1.

"Sea Lion" has the meaning set forth in the Introduction.

"SEC" means the United States Securities and Exchange Commission.

"Section 338(h)(10) Election" has the meaning set forth in Section 9.1.6.

"Seller Indemnifying Party" has the meaning set forth in Section 7.2.

"Seller Indemnitee" has the meaning set forth in Section 7.1.

"Sellers" has the meaning set forth in the Introduction.

"Shareholders' Equity" means, without giving effect to the payment provided for in Section 9.2.3, the aggregate net shareholders' equity of the Acquired Companies determined in accordance with GAAP.

"Shareholders' Equity Excess" has the meaning set forth in Section 1.6.1.

"Shareholders' Equity Shortfall" has the meaning set forth in Section 1.6.1.

"Shareholders' Equity Target" has the meaning set forth in Section 1.6.1.

"Specified Customers" means each of Yukon Kuskokwim Health Corporation, Lower Kuskokwim School District, Lower Yukon School District, Yupiit School District, Association of Village Council Presidents, the Donlin Creek Mining Project and Alaska Commercial Company, and any successor or wholly-owned subsidiary of any of the foregoing.

"State Communications Laws" means the Alaska laws related to communications and the rules, regulations, published policies, published decisions, published orders, published rulings, and published notices of the state agencies, including the RCA, Alaska Fish and Wildlife Service, and Alaska Department of Natural Resources, promulgated thereunder.

"Subsidiary" means, when used with reference to an entity, any corporation, fifty percent or more of the outstanding voting securities of which are owned directly or indirectly by such entity or any partnership, limited liability company, joint venture or other enterprise in which any entity has, directly or indirectly, any equity interest.

"Support Programs" has the meaning set forth in Section 3.18.7.

"Tax" means any federal, state, local or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Section 59A of the Code), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

"Tax Return" means any return, report, form or similar statement required to be filed with respect to any tax (including any attached schedules), including, without limitation, any information return, claim for refund, amended return or declaration of estimated tax.

"Telecom Entities" means United Utilities, Inc., an Alaska corporation, and Unicom, Inc., an Alaska corporation, collectively.

"Telecom Licenses" has the meaning set forth in Section 3.18.2.

"Togiak" has the meaning set forth in the Introduction.

"Transaction Agreements" means this Agreement, the Escrow Agreement and all other instruments and agreements executed and delivered pursuant to this Agreement.

"USF" has the meaning set forth in Section 3.18.7.

"UUI" has the meaning set forth in the Recitals.

"Working Capital" means an amount equal to Current Assets less Current Liabilities.

"Year End Financials" has the meaning set forth in Section 3.5.1.

EXHIBIT B

FORM OF ESCROW AGREEMENT

ESCROW AGREEMENT

dated as of _________, 2007

by and among

GCI COMMUNICATION CORP.,

UNITED COMPANIES, INC.

SEA LION CORPORATION

TOGIAK NATIVES LTD.

and

ALASKA TRUST COMPANY

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ESCROW AGREEMENT

ESCROW AGREEMENT, dated as of _________, 2007 (this “Agreement”), is made and entered into by and among GCI Communication Corp., an Alaska corporation (“GCI”), United Companies, Inc., an Alaska corporation (the “Company”), Sea Lion Corporation, an Alaska corporation (“Sea Lion”), Togiak Natives Limited, an Alaska corporation (“Togiak” and, together with the Company and Sea Lion, the “Sellers”), and Alaska Trust Company, as escrow agent (the “Escrow Agent”).

WHEREAS, GCI and the Sellers are parties to a Stock Purchase Agreement, dated as of October ___, 2007 (the “Purchase Agreement”), providing, among other things, for the purchase by GCI of the Common Stock pursuant to the terms and subject to the conditions set forth in the Purchase Agreement;

WHEREAS, GCI and the Sellers wish to place in escrow the Escrowed Funds (defined below), which represent a portion of the consideration payable pursuant to the Purchase Agreement; and

WHEREAS, the Escrow Agent is willing to hold and distribute the Escrowed Funds in accordance with the instructions of GCI and the Sellers, subject to the terms of this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, warranties, covenants and agreements contained herein and in the Purchase Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1

ESCROW

1.4 Definitions. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Purchase Agreement.

1.5 Establishment of the Escrow Account. On the Closing Date, GCI shall deposit with the Escrow Agent an amount of cash equal to the Escrow Amount (the “Escrowed Funds”) and the Escrowed Funds shall be held by the Escrow Agent in a separate account (the “Escrow Account”), on the terms and conditions set forth in this Agreement, to secure in part the obligations of the Sellers under Article 7 of the Purchase Agreement. The Escrow Agent hereby agrees to act as custodian of the Escrowed Funds and to hold and distribute the Escrowed Funds in accordance with the terms of this Agreement.

1.6 Investment of Escrowed Funds. 1.6.1 The Escrow Agent shall invest the Escrowed Funds upon written directions from the Sellers in (i) guaranteed obligations of the United States of America maturing not more than ninety (90) days from the date of purchase; (ii) a money market fund rated at least “AA” by Standard & Poor’s Ratings Group (or an equivalent rating by Moody’s Investors Service, Inc.) consisting of securities backed by the full faith and credit of the U.S. Government with a maturity of ninety (90) days or less, and providing for funds available on one Business Day advance notice; (iii) certificates of deposit, time deposits or other interest bearing deposits, having a maturity of not more than ninety (90) days, of Federal Deposit Insurance Corporation insured commercial banks having total capital and surplus of at least

$250,000,000, or (iv) such other investment options agreed to in writing by the parties hereto. Portions of the Escrowed Funds not so invested may be kept in cash pending such investment. The Escrow Agent shall have the power to withdraw funds from the Escrow Account only in order to make such disbursements as authorized by this Agreement. The Escrow Agent shall not invest the Escrowed Funds except as provided in this subsection (a).

1.6.2 Any interest earned on the investment of the Escrowed Funds (the “Interest”) shall be collected and reinvested by the Escrow Agent as part of the Escrowed Funds pending distribution in accordance with ARTICLE 14 hereof.

1.6.3 The Escrow Agent is hereby authorized and directed to sell or liquidate all or a portion of the instruments held in the Escrow Account whenever the Escrow Agent shall be required to distribute all or any portion of the Escrowed Funds pursuant to this Agreement. In the event of a sale to liquidate assets, the Sellers shall have the right to instruct the Escrow Agent as to which instruments shall be liquidated to obtain the cash necessary to make the distribution.

1.6.4 Within thirty (30) days of the end of each calendar quarter, the Escrow Agent shall deliver to GCI and the Sellers a statement of the holdings and transactions in the Escrow Account in form and substance customarily provided to clients of the Escrow Agent, which shall include, without limitation, Interest earned during such quarter.

1.6.5 In no event shall any part of the Escrowed Funds be commingled with any other funds held by the Escrow Agent or any of its Affiliates or invested in obligations of GCI, the Sellers or any of their Affiliates.

ARTICLE 2

TRANSFER OF INTEREST IN ESCROWED FUNDS

2.4 Transfer of Interest in Escrowed Funds. Each Sellers’s interest in the Escrowed Funds shall not be transferable or assignable, in whole or in part, except to another Seller or Affiliate of a Seller.

ARTICLE 3

CLAIMS AGAINST THE ESCROWED FUNDS

3.4 Making a Claim for Indemnification. Any claim by GCI on behalf of itself or any other GCI Indemnitee for indemnification pursuant to 7.2 of the Purchase Agreement (an “Escrow Claim”) shall be made in accordance with this Section 13.4. GCI shall concurrently notify the Escrow Agent and the Sellers in writing of an Escrow Claim, which notice shall set forth a description of the Escrow Claim in reasonable detail and a description of the Losses suffered or incurred (the “Escrow Claim Amount”). Upon receipt of notice of an Escrow Claim, the Escrow Agent shall segregate from the Escrowed Funds, to the extent of the unsegregated Escrowed Funds, the Escrow Claim Amount applicable thereto (each, a “Reserve”). The Sellers may contest an Escrow Claim made under this Section 13.4 if they reasonably believe there is a basis for disputing such Escrow Claim or disagree with the Escrow Claim Amount, by giving written notice to the Escrow Agent and GCI (an “Objection”) within thirty (30) days after receipt of notice of an Escrow Claim (the “Objection Period”). The timely delivery of the Objection to an Escrow Claim or Escrow Claim Amount will give rise to a contested claim (a “Contested Escrow Claim”). If the Objection is not delivered prior to the termination of the Objection Period, the Sellers shall be deemed to have accepted such Escrow Claim as valid (an “Uncontested Escrow Claim”).

ARTICLE 4

DISTRIBUTION OF THE ESCROWED FUNDS

4.4 Payment for the Escrow Claims.

4.4.1 In the case of an Uncontested Escrow Claim, the Escrow Agent shall, within two (2) Business Days following the expiration of an Objection Period, pay the Reserve and applicable Interest earned on the Reserve (the "Reserve Interest") related to the Escrow Claim to GCI in immediately available funds by wire transfer to such account as GCI shall have designated to the Escrow Agent.

4.4.2 In the case of a Contested Escrow Claim, the Escrow Agent shall distribute the Reserve and applicable Reserve Interest only in accordance with the entry of a written decision pursuant to the provisions of Section 10.1 of the Purchase Agreement, or with the final, non-appealable judgment, order or decree of the court or other judicial body of competent jurisdiction that decides the underlying claim or in accordance with a duly executed and delivered settlement agreement among GCI and the Sellers (any such decision, judgment, order, decree or agreement being a "Determination of Escrow Claim"). If the Determination of Escrow Claim requires payment of all or a portion of the Reserve (including any applicable Reserve Interest) related to the Escrow Claim to GCI, the Escrow Agent shall (i) pay such amount in immediately available funds by wire transfer to such account as GCI shall have designated to the Escrow Agent within two (2) Business Days of receipt of such Determination of Escrow Claim; and (ii) return any remaining Reserve to the Escrowed Funds. If the Determination of Escrow Claim does not require any payment to GCI, the Reserve shall be returned to the Escrowed Funds.

4.5 First Scheduled Release of Escrowed Funds. On _______ [1st anniversary of Closing Date] (the "First Release Date"), the Escrow Agent shall release to the Company, by wire transfer of immediately available funds to such account as the Sellers shall have designated to the Escrow Agent, an amount equal to (i) Three Million Dollars ($3,000,000) plus all interest or other income earned on such principal amount, minus (ii) the aggregate amount, if any, of the Escrowed Funds previously distributed to GCI on behalf of itself or any other GCI Indemnitee pursuant to Section 4.1 hereof as of the First Release Date, minus (iii) the aggregate amount, if any, of any unresolved Escrow Claims for which Reserves have been established pursuant to Section 3.1 hereof as of the First Release Date. Thereafter, to the extent any Escrow Claims for which Reserves have been established as of the First Release Date are ultimately resolved in favor of the Sellers, the Company shall be entitled to receive that portion of such Reserves in respect of such claims, provided, however, that at no time shall the Company be entitled to receive any portion of such Reserves to the extent the sum of all amounts distributed to the Company under this Section 4.2 would exceed Three Million Dollars ($3,000,000), plus the interest thereon.

4.6 Second Scheduled Release of Escrowed Funds. On _______ [2nd anniversary of Closing Date] (the "Second Release Date"), the Escrow Agent shall release to the Company, by wire transfer of immediately available funds to such account as the Sellers shall have designated to the Escrow Agent, an amount equal to (i) Six Million Dollars ($6,000,000) plus all interest or other income earned on such principal amount, minus (ii) the aggregate amount, if any, of the Escrowed Funds distributed to the Company pursuant to Section 4.2 hereof, minus (iii) the aggregate amount, if any, of the Escrowed Funds distributed to GCI on behalf of itself or any other GCI Indemnitee pursuant to Section 4.1 hereof as of the Second Release Date, minus (iv) the aggregate amount, if any, of any unresolved Escrow Claims for which Reserves have been established pursuant to Section 3.1 hereof as of the Second Release Date. Thereafter, to the extent any Escrow Claims for which Reserves have been established as of the Second Release Date are ultimately resolved in favor of the Sellers, the Company shall be entitled to receive that portion of such Reserves in respect of such claims, provided, however, that at no time shall the Company be entitled to receive any portion of such Reserves to the extent the sum of all amounts distributed to the Company under this Section 4.3 would exceed the sum of (i) the aggregate amount, if any, of the Escrowed Funds distributed to the Company pursuant to Section 4.2 hereof, and (ii) Three Million Dollars ($3,000,000), plus the interest thereon.

4.7 Final Release of Escrowed Funds. Within two business days after ________ [3rd anniversary of Closing Date] (the "Termination Date"), the Escrow Agent shall release to the Company, by wire transfer of immediately available funds to such account as the Sellers shall have designated to the Escrow Agent, all remaining Escrowed Funds (plus all interest or other income earned on such Escrowed Funds) other than funds that are subject to a Reserve (and including, without limitation, any Escrow Claim Amount for which a notice of Escrow Claim has been given pursuant to Section 13.4 hereof but for which a Reserve has not yet been established) as of the close of business on the Termination Date. Any remaining Escrowed Funds shall continue to be held in escrow by the Escrow Agent and shall be released only in accordance with the provisions of Article IV hereof.

4.8 Notice of Disbursements. Upon the disbursement by the Escrow Agent of any amount out of the Escrowed Funds pursuant to the terms of this Agreement, the Escrow Agent shall promptly, but in no event later than three (3) Business Days after such disbursement, send a written statement to GCI and the Sellers stating the payee and the amount of the disbursement.

ARTICLE 5

ESCROW TAXES

5.4 Escrow Taxes. For tax purposes, the Escrowed Funds shall be the property of the Sellers and all interest and other income earned on the Escrowed Funds shall be the income of the Sellers. GCI and the Sellers shall file tax returns and the Escrow Agent shall file a Form 1099 consistent with such treatment.

ARTICLE 6

ESCROW AGENT DUTIES AND FEES

6.4 Duties; Standard of Care. The Escrow Agent shall be obligated to perform only such duties as are expressly set forth in this Agreement. The Escrow Agent shall exercise the same degree of care towards the Escrowed Funds as it exercises towards its own similar property. The Escrow Agent shall not be liable for any mistake of fact or error of judgment or for any acts or omissions of any kind unless caused by its own gross negligence, willful misconduct or bad faith. The Escrow Agent shall not incur any liability for not performing any act or fulfilling any duty, obligation or responsibility hereunder by reason of any occurrence beyond the control of Escrow Agent (including but not limited to any act or provision of any present or future law or regulation or governmental authority, any act of God or war, or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility).

6.5 Reliance. The Escrow Agent may act in reliance upon any written notice, request, or other document specifically provided for in this Agreement which the Escrow Agent in good faith believes to be genuine and to have been signed or presented by the proper party or parties. The Escrow Agent may seek legal counsel with reference to any matter connected herewith. In the event of any ambiguity or uncertainty hereunder or in any notice, instruction or other communication received by Escrow Agent hereunder, Escrow Agent may, in its sole discretion, refrain from taking any action other than retain possession of the Escrowed Funds, unless Escrow Agent receives written instructions, signed by all parties, which eliminates such ambiguity or uncertainty.

6.6 Fees and Expenses. All reasonable fees and expenses (including reasonable counsel fees and disbursements) of the Escrow Agent shall be paid 50% by GCI and 50% by the Sellers, except for any such fees and expenses as may arise from the Escrow Agent's own gross negligence, willful misconduct or bad faith, which shall be borne by the Escrow Agent.

6.7 Resignation or Removal of Escrow Agent. 6.7.1 The Escrow Agent may resign by giving written notice to all the other parties hereto. Such resignation shall take effect upon delivery of the Escrowed Funds to a successor Escrow Agent designated in writing by GCI and the Sellers, and the Escrow Agent shall thereupon be discharged from all obligations under this Agreement, and shall have no further duties or responsibilities in connection herewith.

6.7.2 The Escrow Agent may be removed upon written notice to the Escrow Agent signed by GCI and the Sellers. Such removal shall take effect upon delivery of the Escrowed Funds to a successor Escrow Agent designated in writing by all the parties hereto, and the Escrow Agent shall thereupon be discharged from all obligations under this agreement and shall have no further duties or responsibilities in connection herewith. The Escrow Agent shall deliver the Escrowed Funds without unreasonable delay after receiving the designation of a successor Escrow Agent.

6.7.3 If after 30 days from the date of delivery of its written notice of intent to resign or of notice of removal the Escrow Agent has not received a written designation of a successor Escrow Agent, the Escrow Agent's sole responsibility shall be in its sole discretion either to retain custody of the Escrowed Funds until it receives such designation (whereupon it shall deliver the Escrowed Funds to the successor Escrow Agent so designated), or to apply to a court of competent jurisdiction for appointment of a successor Escrow Agent and after such appointment and the delivery of the Escrowed Funds to the successor Escrow Agent so appointed, to have no further duties or responsibilities in connection herewith.

ARTICLE 7

EXCULPATION AND INDEMNIFICATION OF AGENT

7.4 Liability.

7.4.1 The Escrow Agent shall have no duty to enforce any obligation of any person to make any payment or delivery, or to direct or cause any payment or delivery to be made, or to enforce any obligation of any person to perform any other act. The Escrow Agent shall be under no liability to the other parties hereto or to anyone else by reason of any failure on the part of any party hereto or any maker, guarantor, endorser or other signatory of any document or any other person to perform such person's obligations under any such document. Except for amendments to this Agreement referred to below, definitions of capitalized terms used herein but defined in the Purchase Agreement, duly executed and delivered settlement agreements among GCI and the Sellers and joint instructions given to the Escrow Agent by the other parties hereto relating to the Escrowed Funds, the Escrow Agent shall not be obligated to recognize any agreement between any or all of the persons party hereto or referred to herein, notwithstanding that references thereto may be made herein and whether or not it has knowledge thereof.

7.4.2 The Escrow Agent shall not be liable to the other parties hereto or to anyone else for any action taken or omitted by it, or any action suffered by it to be taken or omitted, in good faith and in the exercise of its own best and reasonable judgment. The Escrow Agent may rely conclusively and shall be protected in acting upon any order, notice, demand, certificate, opinion or advice of counsel (including counsel chosen by the Escrow Agent), statement, instrument, report or other paper or document (not only as to its due execution and the validity and effectiveness of its provisions, but also as to the truth and acceptability of any information therein contained) which is believed by the Escrow Agent to be genuine and to be signed or presented by the proper person or persons. The Escrow Agent shall not be bound by any notice or demand, or any waiver, modification, termination or rescission of this Agreement or any of the terms hereof, unless evidenced by a writing delivered to the Escrow Agent signed by the proper party or parties and, if the duties or rights of the Escrow Agent are affected, unless it shall deliver its prior written consent thereto.

7.4.3 The Escrow Agent shall not be responsible for the sufficiency or accuracy of the form of, or the execution, validity, value or genuineness of, any document or property received, held or delivered by it hereunder, or of any signature or endorsement thereon, or for any lack of endorsement thereon, or for any description therein, nor shall the Escrow Agent be responsible or liable to the other parties hereto or to anyone else in any respect on account of the identity, authority or rights of the persons executing or delivering or purporting to execute or deliver any document or property or this Agreement. The Escrow Agent shall have no responsibility with respect to the use or application of any funds or other property paid or delivered by the Escrow Agent pursuant to the provisions hereof.

7.4.4 To the extent that the Escrow Agent becomes liable for the payment of taxes, including withholding taxes, in respect of income derived from the Escrowed Funds held hereunder or any payment made hereunder, the Escrow Agent may pay such taxes. The Escrow Agent may withhold from any payment of monies held by it hereunder such amount as the Escrow Agent estimates to be sufficient to provide for the payment of such taxes not yet paid, and may use the sum withheld for that purpose. The Escrow Agent shall be indemnified and held harmless by the party or parties responsible for such taxes pursuant to Section 15.4 hereof, against any liability for taxes and for any penalties or interest in respect of taxes, on such investment income or payments. Any payments of income from this Escrow Account shall be subject to withholding regulations then in force with respect to United States taxes. The parties hereto will provide the Escrow Agent with appropriate W-9 forms for tax I.D., number certifications, or W-8 forms for non-resident alien certifications. It is understood that the Escrow Agent shall be responsible for income reporting only with respect to income derived from the Escrowed Funds and is not responsible for any other reporting.

7.5 Indemnification of the Escrow Agent. The Escrow Agent shall be indemnified and held harmless jointly and severally by the other parties hereto from and against any and all expenses, including counsel fees and disbursements, or loss suffered by the Escrow Agent in connection with any action, suit or other proceeding involving any claim, or in connection with any claim or demand, which in any way, directly or indirectly, arises out of or relates to this Agreement, the services of the Escrow Agent hereunder, the Escrowed Funds or other property held by it hereunder or any income derived form the Escrowed Funds, except for any matters resulting from its own gross negligence, willful misconduct or bad faith. The indemnity set forth in this Section 17.5 will survive the resignation or removal of the Escrow Agent or the termination of this Agreement. The Escrow Agent shall have a lien for the amount of any such expense or loss on the Escrowed Funds and other property held by it hereunder and shall be entitled to reimburse itself from such Escrowed Funds or property for the amount of any such expense or loss.

Promptly after the receipt by the Escrow Agent of notice of any demand or claim or the commencement of any action, suit or proceeding, the Escrow Agent shall, if a claim in respect thereof is to be made against any of the other parties hereto, notify such other parties thereof in writing; but the failure by the Escrow Agent to give such notice shall not relieve any party from any liability which such party may have to the Escrow Agent hereunder.

ARTICLE 8

TERM

8.4 Termination. This Agreement shall terminate upon the distribution of the entire Escrow Account pursuant to ARTICLE 14 hereof. The obligations of GCI pursuant to Section 16.6 hereof and the obligations of the parties hereto pursuant to ARTICLE 15 and ARTICLE 17 hereof shall survive the termination of this Agreement.

ARTICLE 9

NOTICE

9.4 Notices. Any notice, request, instruction or other document to be given hereunder by any party to the other shall be in writing and shall be deemed to have been duly given (i) on the date of delivery if delivered personally, (ii) on the first Business Day following the date of dispatch if delivered by Federal Express or other next-day courier service, or (iii) on the third Business Day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. Notices to Escrow Agent shall be deemed to be given when actually received by [name of Escrow Agent’s relevant department].

All notices hereunder shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice.

If to Escrow Agent, to:

Alaska Trust Company
1029 W. Third Avenue, Suite 400
Anchorage, AK 99501
Attention: Brandon J. Cintula or Douglas J. Blattmachr

If to GCI, to:

GCI Communication Corp.
2550 Denali Street, Suite 1000
Anchorage, AK 99503
Attention: Corporate Counsel

with a copy (which shall not constitute notice) to:

Sherman & Howard L.L.C.
633 Seventeenth Street, Suite 3000
Denver, CO 80202
Attention: Steven D. Miller
Facsimile: (303) 298-0940

If to the Company, to:

United Companies, Inc.
5450 A Street
Anchorage, AK 99518
Attention: President

With a copy to (which copy shall not constitute notice to any Party):

Kemppel, Huffman and Ellis, P.C.
255 East Fireweed Lane, Suite 200
Anchorage, Alaska 99503
Attention: John Andrew Leman

If to Sea Lion, to:

Sea Lion Corporation. Inc.
PO Box 87
Hooper Bay, AK 99604
Attention: President

If to Togiak, to:

Togiak Natives Limited
PO Box 150
Togiak AK 99678
Attention: President

ARTICLE 10

MISCELLANEOUS

10.4 Counterparts. For the convenience of the parties hereto, this Agreement may be executed in any number of counterparts, each such counterpart being deemed an original instrument, and all such counterparts shall together constitute the same agreement.

10.5 Governing Law. This Agreement is made and entered into in the State of Alaska and the laws of that State shall govern the validity and interpretation of this Agreement and the performance by the parties of their respective duties and obligations hereunder.

10.6 Entire Agreement. This Agreement and the Purchase Agreement constitute the entire agreement, and supersede all other prior agreements, understandings, representations and warranties, both written and oral, among the parties, with respect to the subject matter hereof and shall be binding upon and inure to the benefit of the parties hereto, their respective successors, heirs, estate and assigns.

10.7 Captions. The Articles, Section and paragraph captions herein are for convenience of reference only, do not constitute part of this Agreement and shall not be deemed to limit or otherwise affect any of the provisions hereof.

10.8 Amendment; Waiver. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by each of the parties hereto, or in the case of a waiver, by the party or parties against whom the waiver is to be effective. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.
10.9 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer upon any person other than the parties hereto, or their successors or permitted assigns, any rights or remedies under or by reason of this Agreement.
10.10Assignment. Neither this Agreement, nor any of the rights, interests or obligations hereunder, shall be assigned by any of the parties hereto by operation of law or otherwise except as expressly provided in this Agreement or with the prior written consent of the other parties; provided, however, that GCI may pledge or assign any or all of its rights hereunder, without the prior written consent of the other parties hereto, to (i) any of its Affiliates, or (ii) to its lenders for security purposes only.

[Signature Page Follows]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officer of each party hereto as of the date first above written.

GCI COMMUNICATION CORP.

By:
Name:
Title:

UNITED COMPANIES, INC.

By:
Name:
Title:

SEA LION CORPORATION

By:
Name:
Title:

TOGIAK NATIVES LIMITED

By:
Name:
Title:

ALASKA TRUST COMPANY

By:
Name:
Title:

EXHIBIT C

ILLUSTRATION OF REVENUE GROWTH PAYMENTS

This exhibit illustrates the operation of Article 2 using hypothetical facts.

Baseline Gross Revenue. Baseline Gross Revenue is calculated by aggregating all GAAP revenues generated in calendar year 2007 by the Acquired Companies, GCI, or any of their respective Affiliates for services and equipment provided to the Specified Customers – the Yukon-Kuskokwim Health Corporation, Lower Kuskokwim School District, Lower Yukon School District, Yupiit School District, the Association of Village Council Presidents, the Donlin Creek mining project, and the Alaska Commercial Company.

Gross Revenue for Each Revenue Sharing Period. Gross Revenue for each of calendar years 2008 through 2012 shall be calculated in the same manner as Baseline Gross Revenue.

Revenue Growth Payment for Each Revenue Sharing Period. For each of calendars years 2008 through 2012, the Revenue Growth Payment shall be calculated by subtracting Baseline Growth Revenue from the Gross Revenue for the calendar year in question. If the resulting difference is a negative number, then GCI shall not owe a Revenue Growth Payment to the Sellers, and the Sellers shall owe nothing to GCI. If the resulting difference is positive, then the difference shall be multiplied by ten percent (0.10), and the resulting product shall be the Revenue Growth Payment owed by GCI to the Sellers.

Hypothetical Numbers.

2007 Baseline Gross Revenue is $9,000,000.

2008 Gross Revenue is $11,000,000.

2009 Gross Revenue is $8,000,000.

2010 Gross Revenue is 15,000,000.

2011 Gross Revenue is $17,000,000.

2012 Gross Revenue is $20,000,000.

Revenue Growth Payment Calculation.

2008: $11,000,000 - $9,000,000 = $2,000,000 x 0.10 = $300,000 Revenue Growth Payment.

2009: $8,000,000 - $9,000,000 = -$1,000,000. No Revenue Growth Payment and no payment from Sellers to GCI.

2010: $15,000,000 - $9,000,000 = $6,000,000 x 0.10 = $600,000 Revenue Growth Payment.
2011: $17,000,000 - $9,000,000 = $8,000,000 x 0.10 = $800,000 Revenue Growth Payment.

2012: $20,000,000 - $9,000,000 = $11,000,000 x 0.10 = $1,100,000 Revenue Growth Payment.

Aggregate 2008-12 Revenue Growth Payments = $2,800,000.

EXHIBIT D

FORM OF OPINION OF KEMPPEL, HUFFMAN & ELLIS, P.C.

___________, 2008

GCI Communication Corp.
2250 Denali Street, Suite 1000
Anchorage, AK 99503

Re: Stock Purchase Agreement dated as of October______, 2007, (the "Stock Purchase Agreement") among GCI Communication Corp., United Companies, Inc., Sea Lion Corporation and Togiak Natives Ltd.

Ladies and Gentlemen:

We have acted as counsel to United Companies, Inc. in connection with the preparation of the Stock Purchase Agreement and the other Documents (as defined below). This opinion letter is provided to you pursuant to Section 6.2.6 of the Stock Purchase Agreement. Except as otherwise indicated herein, capitalized terms used in this opinion letter have the meanings given to them in the Stock Purchase Agreement. For purposes of this opinion letter, the Stock Purchase Agreement, the Escrow Agreement and the Transaction Agreements are collectively referred to as the "Documents."

In our capacity as counsel to United Companies, Inc., we have examined the Documents and such other documents and records, and we have made such other investigations, as we have deemed necessary to enable us to state the opinions expressed below. As to certain factual matters, we have relied upon certificates or comparable documents of officers, other representatives of the Sellers, and upon the representations of the Sellers contained in the Stock Purchase Agreement. In such examination, we have assumed the legal capacity of natural persons, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to originals of all documents and instruments submitted to us as certified or photocopies, and the authenticity of the originals of such documents.

When an opinion set forth below is given to the best of our knowledge, that knowledge is limited to the actual knowledge of the individual lawyers in the firm who have participated directly in the matters referred to our firm by management of any of the Companies and without any special or additional investigation undertaken for the purposes of the opinion.

We have furthermore assumed that GCI has all requisite power and authority to execute, deliver, and perform the Stock Purchase Agreement and the other agreements and instruments to be executed, delivered, or performed by it pursuant thereto, that GCI has duly and validly executed and delivered the Stock Purchase Agreement and such other agreements and instruments and that they constitute valid, binding, and enforceable obligations of GCI.

Each opinion set forth below relating to the enforceability of any agreement or instrument against the Sellers is subject to the following general qualifications:

(i) As to any instrument delivered by the Sellers, we assume that the Sellers have received the agreed-to consideration therefor.

(ii) The enforceability of any obligation of the Sellers may be limited by (i) bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance, marshaling, or other laws affecting the enforcement generally of contractual parties' or creditors rights and remedies (including such as may deny giving effect to waivers of contractual parties' rights) or (ii) by general principles of equity, including, without limitation, limitations on the availability of equitable remedies and concepts of materiality, reasonableness, good faith and fair dealing, and other similar doctrines affecting the enforceability of agreements generally (regardless of whether such enforceability is considered in a proceeding at law or in equity); and

(iii) No opinion is given herein as to the availability of any specific or equitable relief of any kind or as to the enforceability of any particular equitable remedy provided in the Stock Purchase Agreement or the Documents.

The opinions expressed herein are limited solely to the federal law of the United States and the law of the State of Alaska as applied by the Alaska state courts. Subject to the limitations set forth in this letter, we have made such examination of law as we have deemed necessary for the purposes of this opinion. We express no opinion as to the laws of any other jurisdiction that may be applicable as a result of the application by Alaska Courts of conflict of law principles.

Based upon the foregoing and subject to our stated assumptions, qualifications, and limitations, in our opinion:

ARTICLE 21Each of the Sellers and the Acquired Companies is a corporation validly existing and in good standing under the laws of the State of Alaska. Each of the Acquired Companies has all requisite corporate power and authority to own or lease and operate its properties and assets and to carry on its business as now conducted and as presently proposed to be conducted.

ARTICLE 22The execution, delivery, and performance by each of the Sellers of the Documents are within such Seller's corporate powers, have been duly authorized by all necessary corporate action (including shareholder action, if necessary) of such Seller, and do not conflict with any provisions of its Organizational Documents or result in a violation of any applicable law or regulation.

ARTICLE 23Each of the Documents has been duly executed and delivered by each of the Sellers and is a valid and binding obligation of such Seller enforceable against such Seller in accordance with its terms.

ARTICLE 24None of the Sellers or any Acquired Company is required to make any filings with or give any notice to, or obtain any consents, approvals or authorizations from, any Governmental Body in connection with the execution, delivery and performance by it of the Documents to which it is a party other than those consents, approvals or authorizations which have been made or obtained, or disclosed in the Disclosure Schedules.

ARTICLE 25Execution and delivery by each of the Sellers, and performance of its agreements in, the Documents to which it is a party do not (i) result in the creation of a Lien on the property of any of the Acquired Companies or the Sellers under any Contract to which any of the Acquired Companies or any of the Sellers is a party or by which any of the Acquired Companies' or any of the Sellers' assets or properties is subject or bound, or (ii) breach, or result in a default under, any material obligation of any of the Acquired Companies or any Seller under any material Contract to which any of the Acquired Companies or any of the Sellers is a party or by which any of the Acquired Companies' or any of the Sellers' assets or properties is subject or bound.

ARTICLE 26Based upon our review of the Organizational Documents and the stock records of each of the Acquired Companies (i) the authorized capital stock of United-KUC, Inc. consists of _________ shares of Common Stock, [$____] par value per share, of which ___________ shares are issued and outstanding; (ii) the outstanding shares of capital stock of United-KUC, Inc. have been validly issued and are, to our knowledge, fully paid and are non-assessable, were issued free of pre-emptive or similar rights, and are owned of record by the persons in the amounts and types specified on Schedule I to the Purchase Agreement; (iii) the authorized capital stock of United Utilities, Inc. consists of _________ shares of Class A Common Stock and ___________ shares of Class B Common Stock, [$____] par value per share of Class A stock and [$___] par value per share of Class B stock, of which ___________ shares of Class A and ___________ shares of Class B are issued and outstanding; (iv) the outstanding shares of capital stock of United Utilities, Inc. have been validly issued and are, to our knowledge, fully paid and are non-assessable, were issued free of pre-emptive or similar rights, and are owned of record by the persons in the amounts and types specified on Schedule I to the Purchase Agreement; (v) the authorized capital stock of Unicom, Inc. consists of _________ shares of Common Stock, [$____] par value per share, of which ___________ shares are issued and outstanding; and (vi) the outstanding shares of capital stock of Unicom, Inc. have been validly issued and are, to our knowledge, fully paid and are non-assessable, were issued free of pre-emptive or similar rights, and are owned of record by the persons in the amounts and types specified on Schedule I to the Purchase Agreement.

ARTICLE 27Based on our examination of the records of United Companies, Inc., and the Acquired Companies (i) none of the Acquired Companies have issued any of its securities which are outstanding and which are convertible into or evidencing the right to purchase or subscribe for any shares of its stock, (ii) there are no outstanding options, warrants, calls, subscriptions, rights, commitments or any other instruments or agreements obligating any of the Acquired Companies to issue any shares of its stock or any securities convertible into or evidencing the right to purchase or subscribe for any shares of its stock and (iii) none of the Acquired Companies is a party to any agreement with respect to the voting, sale or transfer of any shares of its stock.

This opinion letter is furnished to you by us solely for your benefit and use in connection with the Stock Purchase Agreement and the transactions contemplated thereby, and may not be used or relied upon by you for any other purpose. This opinion letter may not to be circulated, quoted, published or otherwise referred to for any other purpose or relied upon by any other person without our prior written consent. All of the foregoing opinions are rendered as of the date hereof. We assume no obligation to update such opinions to reflect any facts, changes in the law or circumstances that may hereafter come to our attention or any changes in the law that may hereafter occur.

Very truly yours

EXHIBIT E

FORM OF OPINION OF KEMPPEL, HUFFMAN & ELLIS, P.C.
(Regulatory Opinion)
[date]

VIA FAX & FEDERAL EXPRESS

GCI Communication Corp.

Re: Stock Purchase Agreement, dated as of **[date]** (the "Stock Purchase Agreement") between GCI Communication Corp. ("GCI" or the "Company"), United Companies, Inc. ("UCI"), Sea Lion Corporation ("Sea Lion"), and Togiak Natives Ltd. ("Togiak") (together with Sea Lion, the "Sellers")

Ladies and Gentlemen:

We have acted as counsel to United Companies, Inc., in connection with the transaction contemplated by the Stock Purchase Agreement dated October ___, 2007, between the Sellers and GCI. This opinion letter is delivered to you by Sellers pursuant to Section __ of the Stock Purchase Agreement. Except as otherwise indicated herein, capitalized terms used in this opinion letter have the meanings given to them in the Stock Purchase Agreement. In our capacity as Counsel to UCI, we have examined the Stock Purchase Agreement and such other documents and records of the Acquired Companies, and we have made such other investigations, as we have deemed necessary to enable us to state the opinions expressed below.

In such examination, we have assumed the legal capacity of natural persons, the genuineness and authenticity of all documents submitted to us as originals, the conformity with genuine and authentic originals of all documents submitted to us as copies, the genuineness of all signatures, the power and authority of each entity which may be a party thereto (other than Sellers and the Acquired Companies), and the due organization, existence, qualification and authorization to transact business of each such party (other than Sellers and the Acquired Companies). As to questions of fact, we have relied upon certificates or comparable documents of officers and representatives of the Sellers and upon the representations of the Sellers contained in the Stock Purchase Agreement.

When an opinion set forth below is given to the best of our knowledge, that knowledge is limited to the actual knowledge of the individual lawyers in the firm who have participated directly in the matters referred to our firm by management of the Acquired Companies, from consultations with UCI, and our knowledge derived from an examination of the publicly available files as of the close of business on _______________, 2007, of:

(1) the United States District Court for the District of Alaska and Ninth Circuit Court of Appeals;

(2) the Superior and District Courts of Alaska, Third Judicial District and Fourth Judicial District;

(3) the Regulatory Commission of Alaska; and

(4) the Federal Communications Commission.

We express no opinion relating to matters as to which notice may have been filed after the dates these dockets were so examined and of which such lawyers have no actual knowledge.

The law covered by the opinions expressed herein is limited to applicable federal laws of the United States and applicable laws of the State of Alaska as currently in effect as of the date of the signing of this letter.

On the basis of the foregoing and subject to stated qualifications, assumptions and limitations, we are of the opinion that:

(i) Schedule 1 to this opinion accurately lists all the FCC Licenses that have been granted to the Acquired Companies. To the best of our knowledge, the FCC Licenses include all licenses, permits, and authorizations from the FCC necessary for the Acquired Companies to conduct their respective businesses as presently conducted; such FCC Licenses have been duly and validly issued, are in full force and effect and have not been revoked, reversed, stayed, set aside, annulled, or suspended, and are not subject to any restrictions, requirements, or conditions that are not generally imposed by the FCC upon holders of such FCC Licenses. No proceedings to revoke, refuse to renew, modify or restrict such FCC Licenses are pending or, to the best of our knowledge, threatened, and no impediment to renewal expectancy in the normal course exists;

(ii) Schedule 2 to this opinion accurately lists all the RCA Authorizations that have been granted to the Acquired Companies. To the best of our knowledge, the RCA Authorizations include all licenses, permits, and authorizations from the RCA necessary for the Acquired Companies to conduct their respective businesses as presently conducted or proposed to be conducted; such RCA Authorizations have been duly and validly issued, are in full force and effect, and are not subject to any restrictions or conditions outside the ordinary course. No proceedings to revoke, refuse to renew, modify or restrict such RCA Authorizations are pending or, to the best of our knowledge, threatened;

(iii) For the period 2005 to the date hereof, the Acquired Companies have made all reports and filings and paid all filing and/or regulatory fees required by the FCC or RCA;

(iv) Except with respect to general rulemakings, matters to which the Acquired Companies are not named parties, and similar matters relating generally to the telecommunications industry, (a) there are no unsatisfied adverse orders, decrees, or rulings of the FCC or the RCA outstanding against the Acquired Companies; (b) there are no proceedings, complaints, actions, formal inquiries, or investigations against the Acquired Companies pending or threatened by or before the FCC (including any pending judicial review of such an action by the FCC) or before the RCA, except as set forth in Schedule 3; (c) none of the Acquired Companies is a party to any complaint, action, or other proceeding at the FCC or the RCA, including both complaints against other licensees or applicants and rulemakings of general applicability, except as set forth in Schedule 3; (d) none of the Acquired Companies has been the subject of any final adverse order, decree, or ruling of the FCC or of the RCA (including any notice of forfeiture which has not been paid); and (e) no action, suit, proceeding, or investigation is pending or to the best of our knowledge threatened, and no judgment, order, decree, or ruling has been entered, against the Acquired Companies in any court or before the FCC or RCA that gives us reason to believe that any of the Telecom Licenses will be revoked or will not be renewed in the ordinary course or that might result in any other impairment or modification of the rights of the Acquired Companies with respect to the Telecom Licenses;

(v) To the best of our knowledge, the Acquired Companies are not, nor with the passage of time or the giving of notice or both would be, in violation of the Communications Laws or the State Communications Laws relating to the Acquired Companies or to any properties of the Acquired Companies. To the best of our knowledge, since **[date]**, the Acquired Companies have not received any notice of any violation of any governmental laws;

(vi) All necessary consents, approvals, authorizations, licenses or orders of, or filings, registrations or qualifications with, the Federal Communications Commission and the Regulatory Commission of Alaska for the performance by the Sellers of their obligations under the Stock Purchase Agreement, have been obtained and such consents, approvals, authorizations, licenses, orders, filings, registrations, and qualifications are in full force and effect and have not been set aside, suspended, rescinded, or revoked; and

(vii) The execution and delivery of the Stock Purchase Agreement, and the performance by the Sellers of their obligations under the Stock Purchase Agreement, do not violate the Communications Laws or the State Communications Laws.

The opinions expressed above are subject to and qualified in all respects by the following:

1. We have relied as to factual matters on documents of the Acquired Companies, examination of public records, files and certificates on file with and, in certain instances, telephone or other inquiry to the FCC and the RCA, including the publicly available electronic databases of both, and have made no other investigation or inquiry as to such factual matters.

2. We have rendered the foregoing opinions as of the date of this opinion letter, and do not undertake to supplement this opinion with respect to the factual matters or changes in the law, which may hereafter occur.

3. This opinion letter is given to you, in your capacity as purchaser under the Stock Purchase Agreement, and may not be used or relied upon by you for any other purpose whatsoever. This opinion letter may not, without my prior written consent, be quoted, circulated or published, in whole or in part, or furnished to or relied upon by any other person or entity, or otherwise referred to, or be filed with or furnished to any governmental agency or other person or entity, except as required by law or in connection with a governmental inquiry.

Very truly yours,

[[Counsel]]

Schedule I
Organization and Good Standing

[This schedule is not considered by the Company as material to investment decisions by investors or prospective investors in the Company, and therefore is not included in this filing with the Securities and Exchange Commission.]

Schedule 3.1
Organization and Good Standing

[This schedule is not considered by the Company as material to investment decisions by investors or prospective investors in the Company, and therefore is not included in this filing with the Securities and Exchange Commission.]

Disclosure Schedule 3.2.1
Liens, Restrictions on Dividends and other Distributions

[This schedule is not considered by the Company as material to investment decisions by investors or prospective investors in the Company, and therefore is not included in this filing with the Securities and Exchange Commission.]

Disclosure Schedule 3.4
Conflicts: Consents and Approvals

[This schedule is not considered by the Company as material to investment decisions by investors or prospective investors in the Company, and therefore is not included in this filing with the Securities and Exchange Commission.]

Disclosure Schedule 3.5
Financial Statements: No Undisclosed Liabilities

[This schedule is not considered by the Company as material to investment decisions by investors or prospective investors in the Company, and therefore is not included in this filing with the Securities and Exchange Commission.]

<u>Disclosure Schedule 3.6</u>
<u>Absence of Certain Changes or Events</u>

[This schedule is not considered by the Company as material to investment decisions by investors or prospective investors in the Company, and therefore is not included in this filing with the Securities and Exchange Commission.]

Disclosure Schedule 3.7
Litigation: Regulatory Actions

[This schedule is not considered by the Company as material to investment decisions by investors or prospective investors in the Company, and therefore is not included in this filing with the Securities and Exchange Commission.]

<u>Disclosure Schedule 3.8</u>
<u>Tax Matters</u>

[This schedule is not considered by the Company as material to investment decisions by investors or prospective investors in the Company, and therefore is not included in this filing with the Securities and Exchange Commission.]

Schedule 3.9
Employee Benefit Plans

[This schedule is not considered by the Company as material to investment decisions by investors or prospective investors in the Company, and therefore is not included in this filing with the Securities and Exchange Commission.]

Disclosure Schedule 3.10
Employment Matters

[This schedule is not considered by the Company as material to investment decisions by investors or prospective investors in the Company, and therefore is not included in this filing with the Securities and Exchange Commission.]

Disclosure Schedule 3.11.1
Leases, Contracts & Agreements

[This schedule is not considered by the Company as material to investment decisions by investors or prospective investors in the Company, and therefore is not included in this filing with the Securities and Exchange Commission.]

Disclosure Schedule 3.12
Risk Insurance

[This schedule is not considered by the Company as material to investment decisions by investors or prospective investors in the Company, and therefore is not included in this filing with the Securities and Exchange Commission.]

Disclosure Schedule 3.13
Intellectual Property

[This schedule is not considered by the Company as material to investment decisions by investors or prospective investors in the Company, and therefore is not included in this filing with the Securities and Exchange Commission.]

Disclosure Schedule 3.14
Environmental Matters

[This schedule is not considered by the Company as material to investment decisions by investors or prospective investors in the Company, and therefore is not included in this filing with the Securities and Exchange Commission.]

Disclosure Schedule 3.15.1
Assets; Titled Property

[This schedule is not considered by the Company as material to investment decisions by investors or prospective investors in the Company, and therefore is not included in this filing with the Securities and Exchange Commission.]

Disclosure Schedule 3.17
Transactions with Affiliates

[This schedule is not considered by the Company as material to investment decisions by investors or prospective investors in the Company, and therefore is not included in this filing with the Securities and Exchange Commission.]

Disclosure Schedule 3.18.1
Communications Regulatory Matters

[This schedule is not considered by the Company as material to investment decisions by investors or prospective investors in the Company, and therefore is not included in this filing with the Securities and Exchange Commission.]

Disclosure Schedule 3.19
Description of the Microwave Network

[This schedule is not considered by the Company as material to investment decisions by investors or prospective investors in the Company, and therefore is not included in this filing with the Securities and Exchange Commission.]

Disclosure Schedule 3.20
Capital Expenditures

[This schedule is not considered by the Company as material to investment decisions by investors or prospective investors in the Company, and therefore is not included in this filing with the Securities and Exchange Commission.]

Disclosure Schedule 3.21
Accounts Receivable Narrative

[This schedule is not considered by the Company as material to investment decisions by investors or prospective investors in the Company, and therefore is not included in this filing with the Securities and Exchange Commission.]

Disclosure Schedule 3.24
Brokers

[This schedule is not considered by the Company as material to investment decisions by investors or prospective investors in the Company, and therefore is not included in this filing with the Securities and Exchange Commission.]

Schedule 3.25
Bank and Investment Accounts; Powers of Attorney

[This schedule is not considered by the Company as material to investment decisions by investors or prospective investors in the Company, and therefore is not included in this filing with the Securities and Exchange Commission.]

Exhibit 21.1

SUBSIDIARIES OF THE REGISTRANT

Entity	Jurisdiction of Organization	Name Under Which Subsidiary Does Business
Alaska United Fiber System Partnership	Alaska	Alaska United Fiber System Partnership, Alaska United Fiber System, Alaska United
Alaska DigiTel, LLC	Alaska	Alaska DigiTel, DigiTel
GCI Communication Corp.	Alaska	GCI, GCC, GCICC, GCI Communication Corp.
GCI, Inc.	Alaska	GCI, GCI, Inc.
GCI Cable, Inc.	Alaska	GCI Cable, GCI Cable, Inc.
GCI Holdings, Inc.	Alaska	GCI Holdings, Inc.
Potter View Development Co., Inc.	Alaska	Potter View Development Co., Inc.
GCI Fiber Communication, Co., Inc.	Alaska	GCI Fiber Communication, Co., Inc., GFCC, Kanas

Consent of Independent Registered Public Accounting Firm

The Board of Directors
General Communication, Inc.:

We consent to the incorporation by reference in the registration statements (No. 33-60728 and No. 33-60222) on Form S-8 of General Communication, Inc. of our reports dated March 6, 2008, with respect to the consolidated balance sheets of General Communication, Inc. and subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2007 and the effectiveness of internal control over financial reporting as of December 31, 2007, which reports appear in the December 31, 2007, annual report on Form 10-K of General Communication, Inc.

Our report dated March 6, 2008, refers to the adoption of the fair value method of accounting for stock-based compensation as required by Statement of Financial Accounting Standards No. 123(R), "Share-Based Payment," effective January 1, 2006 and a change in the method of quantifying errors in 2006 to conform to Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements When Quantifying Misstatements in Current Year Financial Statements."

Our report dated March 6, 2008, on the effectiveness of internal control over financial reporting as of December 31, 2007, expresses our opinion that General Communication, Inc. did not maintain effective internal control over financial reporting as of December 31, 2007 because of the effect of two material weaknesses on the achievement of the objectives of the control criteria and contains an explanatory paragraph that states that General Communication, Inc.'s internal controls were inadequately designed resulting in material weaknesses with respect to: (i) Information Technology Program Development and Change Controls over the Unified Billing System and Related Monitoring Controls, and (ii) Share-Based Payment Arrangements.

Our report dated March 6, 2008, on the effectiveness of internal control over financial reporting as of December 31, 2007, contains an explanatory paragraph that states the Company excluded Alaska Digitel, LLC's internal control over financial reporting from its assessment of the effectiveness of its internal control over financial reporting. Our audit of internal control over financial reporting of General Communication, Inc. also excluded an evaluation of the internal control over financial reporting of Alaska DigiTel, LLC.

(signed) KPMG LLP

Anchorage, Alaska
March 6, 2008

SECTION 302 CERTIFICATION

I, Ronald A. Duncan, certify that:

1. I have reviewed this annual report on Form 10-K of General Communication, Inc. for the period ended December 31, 2007;

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; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

SECTION 302 CERTIFICATION

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.

March 5, 2008	/s/ Ronald A. Duncan
	Ronald A. Duncan
	President and Director

SECTION 302 CERTIFICATION

I, John M. Lowber, certify that:

1. I have reviewed this annual report on Form 10-K of General Communication, Inc. for the period ended December 31, 2007;

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; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

SECTION 302 CERTIFICATION

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.

March 5, 2008

/s/ John M. Lowber

John M. Lowber
Senior Vice President, Chief Financial Officer, Secretary and Treasurer

Exhibit 32.1

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 Annual Report of General Communication, Inc. (the "Company") on Form 10-K for the period ended December 31, 2007 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. § 1350, as adopted pursuant to § 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: March 5, 2008

/s/ Ronald A. Duncan

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 Annual Report of General Communication, Inc. (the "Company") on Form 10-K for the period ended December 31, 2007 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. § 1350, as adopted pursuant to § 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: March 5, 2008

/s/ John M. Lowber
John M. Lowber
Chief Financial Officer
General Communication, Inc.