



1st Quarter 2014 Earnings Results

May 2014



Participants

Anand Vadapalli: President and Chief Executive Officer

Wayne Graham: Chief Financial Officer

Leonard Steinberg: General Counsel

Laurie Butcher: Vice President of Finance

Safe Harbor Statement

Forward-Looking Statements

We have included in this presentation certain "forward-looking statements," as that term is defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on management's beliefs as well as on a number of assumptions concerning future events made using information currently available to management. You are cautioned not to put undue reliance on such forward-looking statements, which are not a guarantee of performance and are subject to a number of risks, uncertainties and other factors, many of which are outside Alaska Communications' control.

For further information regarding risks and uncertainties associated with Alaska Communications' business, please refer to the Alaska Communications' SEC filings, including, but not limited to, our annual report on Form 10-K for the fiscal year ended December 31, 2013, quarterly reports on Form 10-Q filed subsequently, and other filings with the SEC, included under headings such as "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Q1 2014 Highlights and Operational Overview

Anand Vadapalli: President and Chief Executive Officer

How We Create Value For Our Shareholders



Growing Broadband Revenues



Growing EBITDA



Reducing Debt

A Strong Start to 2014



Robust top line growth with core Service and Other revenue growing 7.7%



Continued strength in Broadband, growing business 17.1% and consumer 11.8%



TekMate transaction closed



Strategic customer wins fuel future revenue growth



Wireless re-positioning efforts underway

Superior Broadband Revenue Growth Validates Market Opportunity (in thousands)

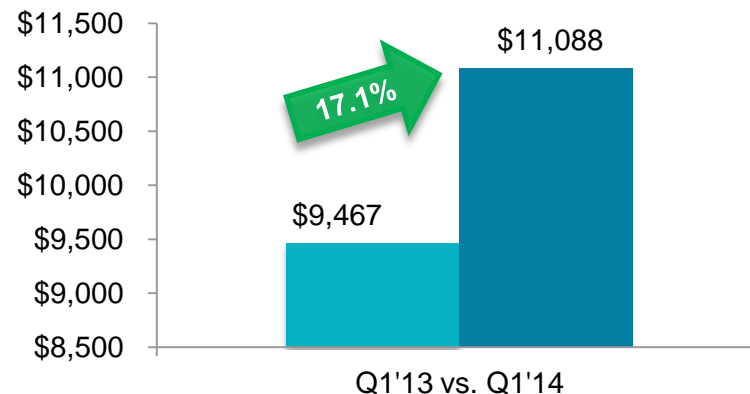
Business and Wholesale:

- Revenue increased 7.2% year over year
- Broadband grew 17.1%

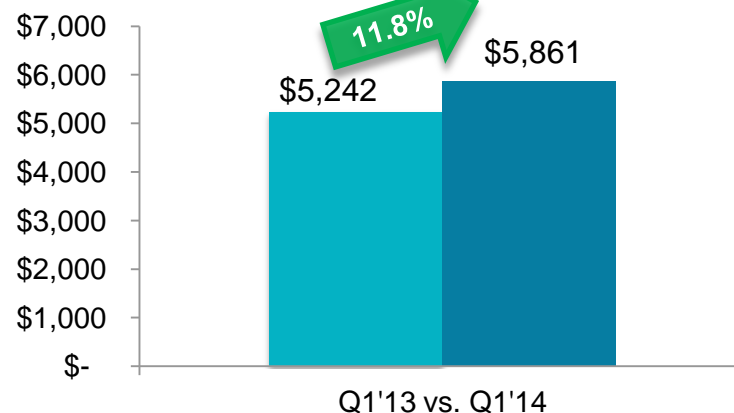
Consumer:

- Revenue increased 1.9% year over year
- Broadband grew 11.8%

Business Broadband



Consumer Broadband

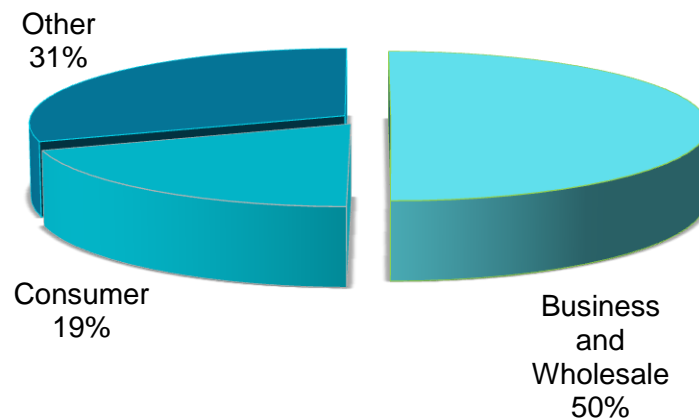


TekMate Transaction Will Further Drive Business Growth

(in thousands)

- TekMate was acquired January 31, and generated \$1,080 of revenue in the quarter
- Leading provider of IT services in Alaska
- TekMate and our portfolio of services will accelerate our offerings of Managed Services in the marketplace

**Business and Wholesale revenue is a key area of focus
(Q1 revenue by type)**



Strategic Customer Wins

Anchorage School District:

- Increasing bandwidth to all schools and facilities, 95 of which will be served by fiber-optic cable
- Revenue grows as bandwidth needs accelerate
- Leverages positioning with education market in Alaska

Large National Carrier:

- Signaling our return to the backhaul business

Multiple Other Customer Wins:

- New national retail customers
- Alaska based carriers
- Several commercial account win-backs

Wireless Re-positioning Efforts Underway

Multi-faceted approach looking at all aspects of retail operations

Product changes include:

- Deploying “Buy it, Bring it, Finance it” handset model
- Simplification of plans with substantial reduction in number of plans and increasing emphasis on “no annual contract” plans
- Phone in the Box will expand reach into addressable market segments with new distribution channels

Channel changes include:

- Re-alignment of our agents channel
- Improved on-line capabilities and other improvements to come in upcoming quarters

Review of First Quarter 2014 Results

Wayne Graham, Chief Financial Officer

Source: NEI Estimates, 2013

Q1 2014 Revenue Performance (in millions)

Superior year over year revenue growth

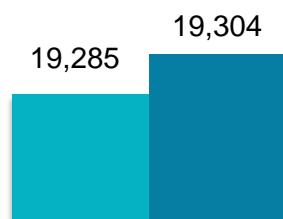
- Total Service and Other revenue performance will drive EBITDA and Free Cash Flow performance throughout the year
- Q1 validates robust start to the year

	Q1 2014	Q1 2013	% Increase
Business and Wholesale	\$26.4	\$24.6	7.2%
Consumer	\$10.2	\$10.0	1.9%
Other	\$16.1	\$14.3	12.9%
Total Service and Other Revenue	\$52.7	\$48.9	7.7%

Q1 2014 Connections and ARPU

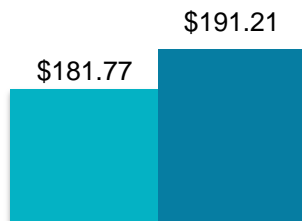
Business Broadband

Connections



Q4'13 vs. Q1'14

ARPU

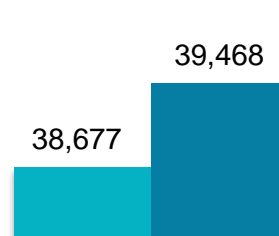


Q4'13 vs. Q1'14

- Connections and ARPU grew 0.1% and 5.2% sequentially
- Customers continue to demand higher bandwidth speeds, which will drive ARPU performance

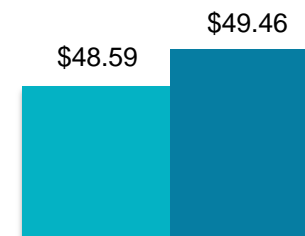
Consumer Broadband

Connections



Q4'13 vs. Q1'14

ARPU



Q4'13 vs. Q1'14

- Connections and ARPU grew 2.0% and 1.8% sequentially
- Our value proposition is flat rate unlimited data, resulting in moderate consumer ARPU growth

Adjusted EBITDA, FCF and Leverage (\$ in millions)

We are reaffirming 2014 guidance

- Free Cash Flow is higher due to seasonality with the first quarter capital build season
- Over \$13 million of early debt payments in Q1, and another \$5 million of debt payments were made in April 2014
- Debt is substantially lower and we have solid cash reserves

	Q1 2014	2014 Guidance
Total Revenue	\$78.3	\$310
Adjusted EBITDA	\$22.9	\$90
Free Cash Flow	\$8.4	\$20

	3/31/14	3/31/13
Total Debt	\$443.6	\$541.0
Cash	\$31.9	\$19.1

In Closing, Q1 Performance was Strong and we Deliver Value by Doing What We Say...

**Grow retail
broadband
REVENUES**



RESULTS:

- Solid start to the year
- Superior revenue and Broadband growth validates market opportunity
- TekMate transaction and multiple customer wins fuels further growth

**Enhancing
EBITDA**



RESULTS:

- Strong Q1
- Focus on Business and Wholesale to drive margins
- Broadband focus

**FREE
CASH FLOW**



RESULTS:

- Debt down by over \$100 million in past year
- Strong cash reserves
- Free Cash Flow will be dedicated to continued balance sheet strengthening
- Reaffirming 2014 guidance expectations

DEBT

