



2nd Quarter 2015 Earnings Results

August 2015



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, 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."

Second Quarter 2015 Highlights and Operational Overview

Anand Vadapalli: President and Chief Executive Officer

Solid Performance Meets Expectations

- Strong core business performance
 - Industry leading top line growth will drive future Adjusted EBITDA and cash flow performance
 - Important milestones in our operational plan lend support to continued performance

- Wireless wind down activities being achieved ahead of schedule
 - Key milestones for the reduction of operating expenses will provide financial benefits in the 2nd half of 2015

- Fostering upside potential
 - Network capabilities and service experience drive sales performance
 - Record breaking sales month in July points to opportunity

Our Core Business is Strong

- Market momentum continues to support strong top line growth
 - Broadband revenue grew of 9.4%
 - Business and wholesale service revenues grew 7.7%
 - Total Service and Other revenues normalized for 2014 revenue reserve release increased 2.5%

- North Slope fiber is operational
 - Network became live on July 24, providing foundation for future revenue growth

- Product launches support growth on our broadband network
 - Business voice solutions now offered through statewide Session Initiation Protocol (SIP) and hosted Voice over Internet Protocol (VoIP)

Superior Network Coverage Positions Us for Growth

NORTHWEST CONNECTION



- ☆ Network Operations Control Center & Remote Data Hosting Center
- Local Voice & Data Switch Site
- △ MPLS / Carrier Ethernet Locations
- Fiber Optic Cable
- Microwave Links

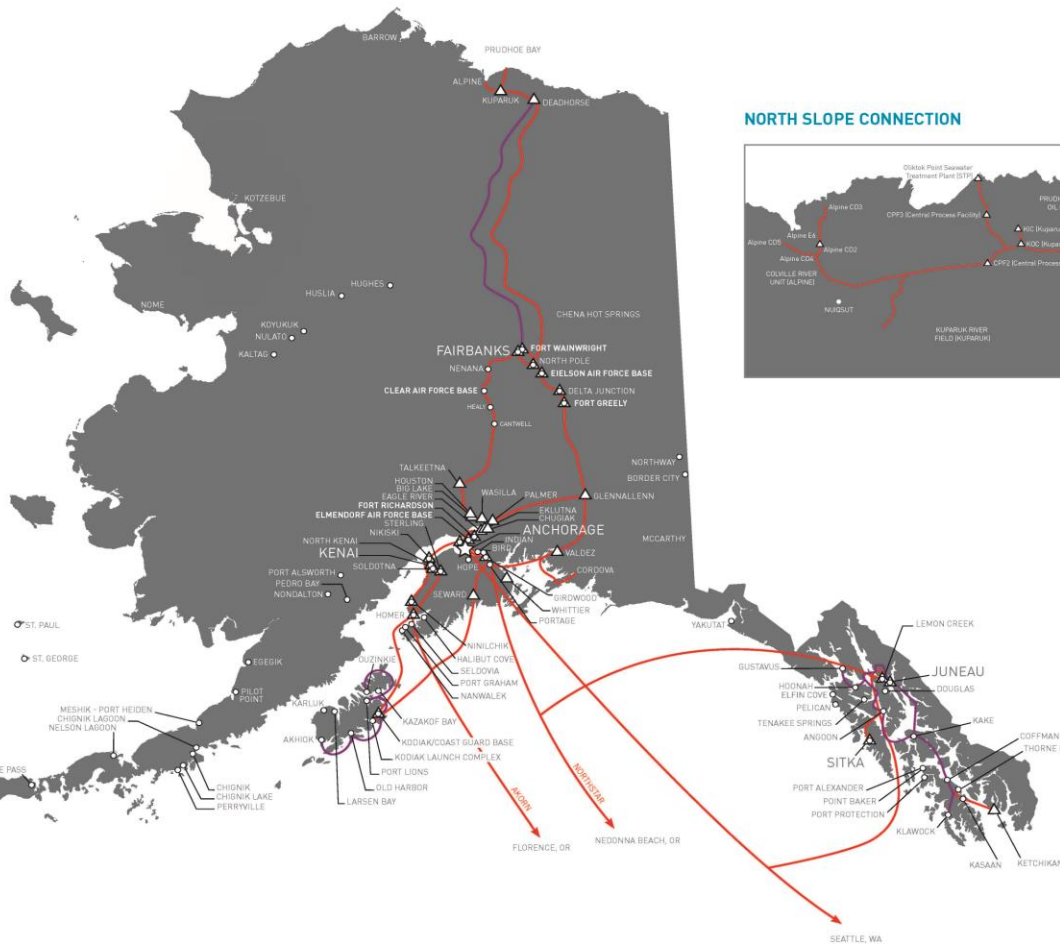
Updated on 6/9/2015. This map is a geographical representation and coverage shown is approximate. Depiction includes both owned and leased assets.



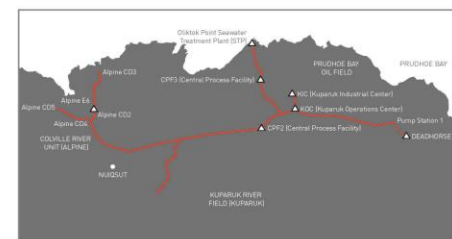
Alaska's first and only Alaska-based provider to meet Metro Ethernet Forum Carrier Ethernet 2.0 standards.



To learn more, visit alaskacomcommunications.com, email us at tellmemore@acsalaska.com or call 877-564-3393.



NORTH SLOPE CONNECTION



Superior Fiber Based Broadband Network

Extensive long haul fiber network:

- 6,000 miles submarine and 8,000 miles of terrestrial route miles
- 100G wavelengths in-state backbone with diverse routes
- Submarine end electronics upgradeable to 100G wavelengths

Strong metro access fiber & broadband network:

- 470 buildings, representing 85% of multi-story multi-tenant facilities, on fiber
- 45% of consumer locations at or above 10Mbps capability
- All military bases on fiber

State-of-art service IP capability on network:

- Juniper IP/VPLS core – provides statewide IP & MEF 2.0 Certified VPLS services
- 50% of business locations VPLS enabled
- Statewide Metaswitch soft-switch network

Record Breaking Sales Performance

CUSTOMER	PURPOSE	WON BASED ON
Large Carrier Customer	<i>Multi-site, high capacity bandwidth core</i>	<ul style="list-style-type: none"> • Long-term relationship • Flexibility to meet end user network performance requirements
Nationwide Wireless Carrier	<i>Wireless backhaul network</i>	<ul style="list-style-type: none"> • Long-term relationship • Past performance • Network certifications
Regional healthcare consortium	<i>Statewide VPLS Network supporting clinics</i>	<ul style="list-style-type: none"> • Consultative team approach with the customer • Crafted solution to meeting needs within funding guidelines
Regional medical center	<i>Statewide VPLS Network</i>	<ul style="list-style-type: none"> • Network quality and reputation • Service quality

July sales will result in new annual revenue of ~\$8 million reflecting upside potential.

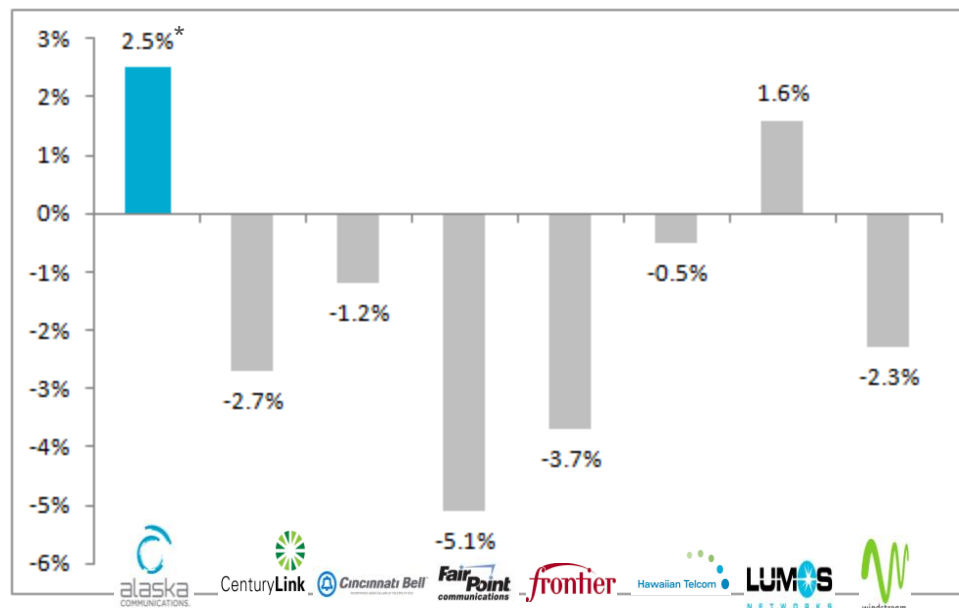
Review of Second Quarter 2015 Results & Balance Sheet Update

Wayne Graham, Chief Financial Officer

Q2 2015 Revenue Performance

TOTAL SERVICE AND OTHER REVENUE GROWTH Q2 2015

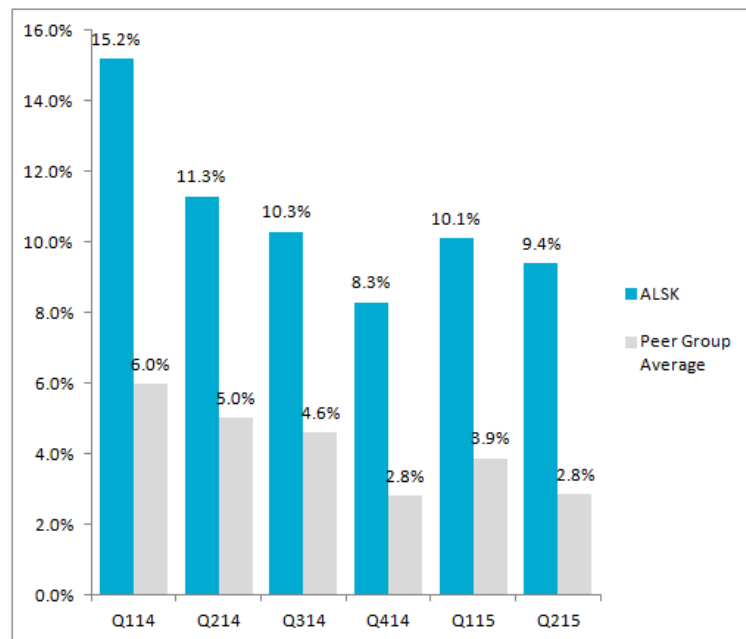
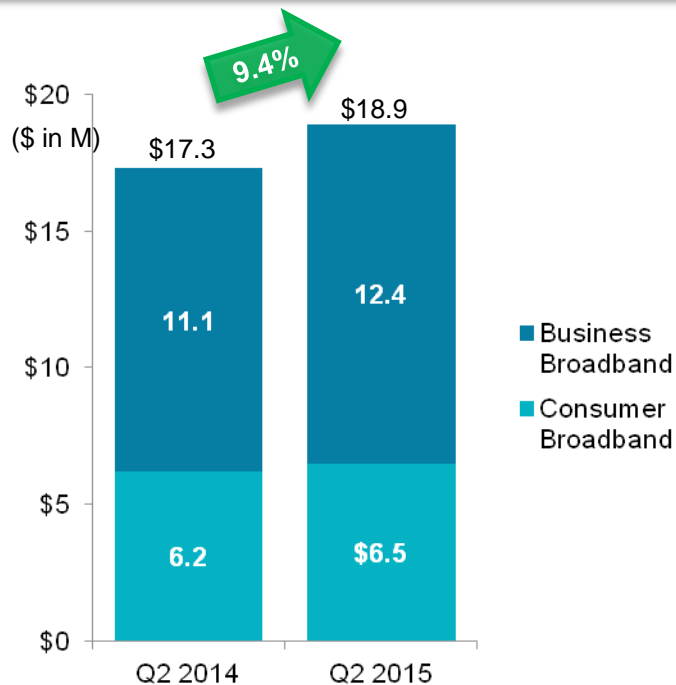
(\$ in M)	Q2 2015	Q2 2014	% Increase/Decrease
Business and Wholesale	\$29.9	\$27.7	7.7%
Consumer	\$10.1	\$10.4	(3.1%)
Other	\$14.7	\$15.2*	(3.3%)
Total Service and Other Revenue	\$54.7	\$53.3*	2.5%



* Other revenue was impacted by a revenue reserve release of \$2.1 million in Q2 2014. For comparison purposes, these figures exclude a revenue reserve release of \$2.1 million in Q2 2014. See reconciliation on slide 20.

Broadband Leads Industry, Again

BROADBAND REVENUE GROWTH Q2 2015

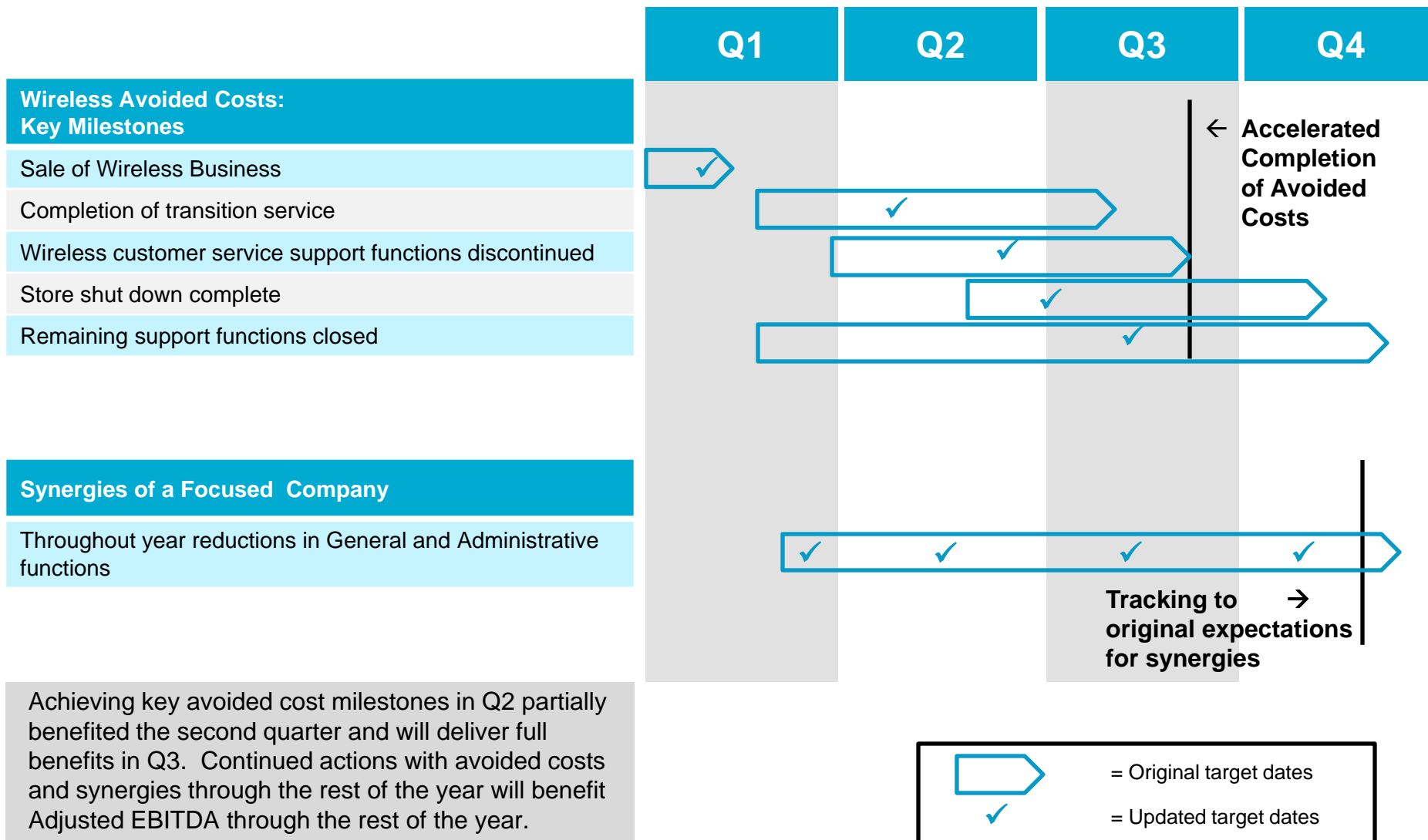


Total Broadband Revenue grew 9.4% for Q2 2015

The peer group average included CBB, CTL, FRP, FTR, HCOM and WIN for all periods and LMOS beginning in the fourth quarter of 2014.

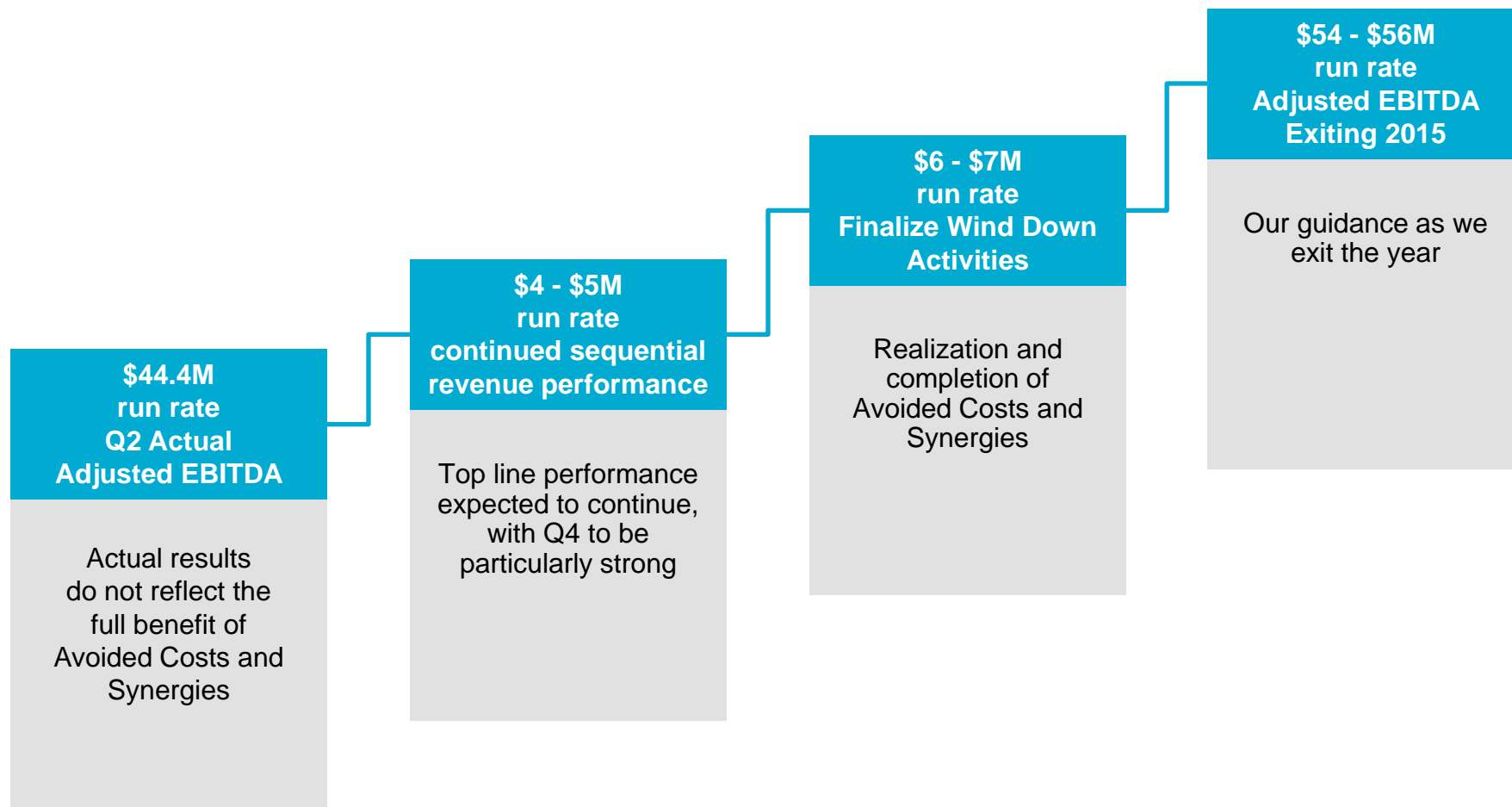
Sources: Respective company public filings

Wireless Wind Down Activities Ahead of Schedule



Achieving key avoided cost milestones in Q2 partially benefited the second quarter and will deliver full benefits in Q3. Continued actions with avoided costs and synergies through the rest of the year will benefit Adjusted EBITDA through the rest of the year.

Getting to Adjusted EBITDA Guidance



Leverage: Well Positioned

(\$ in M)	6/30/15	3/31/15
Senior Debt (due in 2016)	\$80.3	\$81.3
Convertible Notes (due in 2018)	114.0	114.0
Capital Leases	<u>5.2</u>	<u>5.3</u>
Gross Debt	\$199.5	\$200.6
Cash	<u>(36.8)</u>	<u>(57.8)</u>
Net Debt	\$162.7	\$142.8
Discounts	<u>(7.1)</u>	<u>(7.9)</u>
Net Debt After Discounts	<u>\$155.6</u>	<u>\$134.9</u>
Target Adjusted EBITDA Run Rate exiting 2015	\$54 - \$56	
Target Year End Leverage Ratio	2.8x	

- Cash balances are tracking with expectations. \$7 million release of restricted cash from AWN sale transaction escrow after quarter end will further improve cash balances.

Refinancing Update

- Focused on the replacement of current senior debt facility of \$80.3 million at 6/30/15

- Secured commitment letters
 - \$90 million senior term facility
 - \$10 million revolver

- Finalizing credit agreements and expect to close in Q3 2015

- New facility is expected to have lower amortization than previous facility with an extended maturity date

- The all in costs are expected to be comparable to current facility

Reaffirming Previous 2015 Guidance

(\$ in M)	2015
Total Service and Other Revenue	~\$220
Run Rate Adjusted EBITDA Exiting 2015	\$54-\$56
Net Capital Spending ¹	\$34-\$36
Net Debt at Year End	~\$159

¹ The purchase of the North Slope Network is not included in capital spending guidance. Schedule 5 presents the impact of this investment on overall capital spending results for the year.

Dedication to Shareholder Value Creation

Upside Potential

Growing market expands opportunity
Sales activity demonstrates team, network and proposition are capturing share

Top Notch Network and Service

Continuous investment in superior network
Dedication to customer satisfaction and service

Track Record of Success

Flawless execution of business plans and transactions
Outpacing peers in revenue performance every quarter

Appendix

Reconciliation to remove reserves from Q2 2014

ALASKA COMMUNICATIONS SYSTEMS GROUP, INC.

REVENUE GROWTH

(Unaudited, In Thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Service revenue:				
Business and wholesale customers				
Voice	\$ 5,552	\$ 5,671	\$ 10,982	\$ 11,282
Broadband	12,431	11,085	24,063	21,696
IT Services	810	945	1,539	1,533
Other	1,901	1,775	3,600	3,456
Wholesale	9,174	8,266	18,116	16,179
Business and wholesale service revenue	<u>29,868</u>	<u>27,742</u>	<u>58,300</u>	<u>54,146</u>
Consumer customers				
Voice	3,342	3,837	6,770	7,713
Broadband	6,523	6,244	13,022	12,105
Other	247	359	536	782
Consumer service revenue	<u>10,112</u>	<u>10,440</u>	<u>20,328</u>	<u>20,600</u>
Total service revenue	<u>39,980</u>	<u>38,182</u>	<u>78,628</u>	<u>74,746</u>
<i>Growth in service revenue</i>	4.7%		5.2%	
<i>Growth in broadband service revenue</i>	9.4%		9.7%	
Other revenue:				
Equipment sales	1,333	1,274	2,910	2,111
Access	8,471	8,968	17,057	17,961
High cost support	4,920	7,075	9,841	13,349
Total service and other revenue	<u>54,704</u>	<u>55,499</u>	<u>108,436</u>	<u>108,167</u>
<i>Growth in service and other revenue</i>	-1.4%		0.2%	
<i>Growth excluding equipment sales</i>	-1.6%		-0.5%	
Wireless and AWN related revenue:				
Service revenue, equipment sales and other	242	19,694	6,300	39,171
Transition services	719	-	4,769	-
CETC	-	4,516	1,654	9,861
Amortization of deferred AWN capacity revenue	-	849	292	1,690
Total wireless & AWN related revenue	<u>961</u>	<u>25,059</u>	<u>13,015</u>	<u>50,722</u>
Total revenue	<u>\$ 55,665</u>	<u>\$ 80,558</u>	<u>\$ 121,451</u>	<u>\$ 158,889</u>
Adjusted for prior year access reserve releases:				
Total service and other revenue	54,704	55,499	108,436	108,167
Prior year access reserve releases	-	(2,152)	-	(3,502)
Adjusted total service and other revenue	<u>54,704</u>	<u>53,347</u>	<u>108,436</u>	<u>104,665</u>
<i>Growth in service and other revenue</i>	2.5%		3.6%	