4th Quarter and Year End 2017 Earnings Results

March 2018

Participants

Anand Vadapalli: President and Chief Executive Officer

Laurie Butcher: Senior Vice President of Finance

Leonard Steinberg: General Counsel

Tiffany Smith: Manager, Investor and Board Relations

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. Such statements include all statements regarding our review of our current long-term business plan against a broad range of alternatives that have the potential to enhance shareholder value, the timing of such review, the possible outcomes of such review, our exploration of strategic options to address scale and geographic diversification, our current and projected financial and operating performance and all guidance related thereto, and any plans and initiatives to enhance shareholder value. 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."

Non-GAAP Measures

In an effort to provide investors with additional information regarding our financial results, in particular with regards to our liquidity and capital resources, we have disclosed certain non-GAAP financial information such as Adjusted EBITDA, Adjusted Free Cash Flow and Net Debt, which management utilizes to assess performance and believes provides useful information to investors. The definition of these non-GAAP measures are on Schedules 4, 6, and 9 of our earnings press release. Adjusted EBITDA, and Adjusted Free Cash Flow are non-GAAP measures and should not be considered a substitute for Net Income, Net Cash Provided (Used) By Operating Activities and other measures of financial performance recorded in accordance with GAAP. Reconciliations of our non-GAAP measures to our nearest GAAP measures can be found at the end of this presentation or on our website at http://www.alsk.com in the investment data section. Other companies may not calculate non-GAAP measures in the same manner as Alaska Communications. We do not provide guidance for Net Income and Net Cash Provided (Used) By Operating Activities.

2017 Highlights and Business Overview

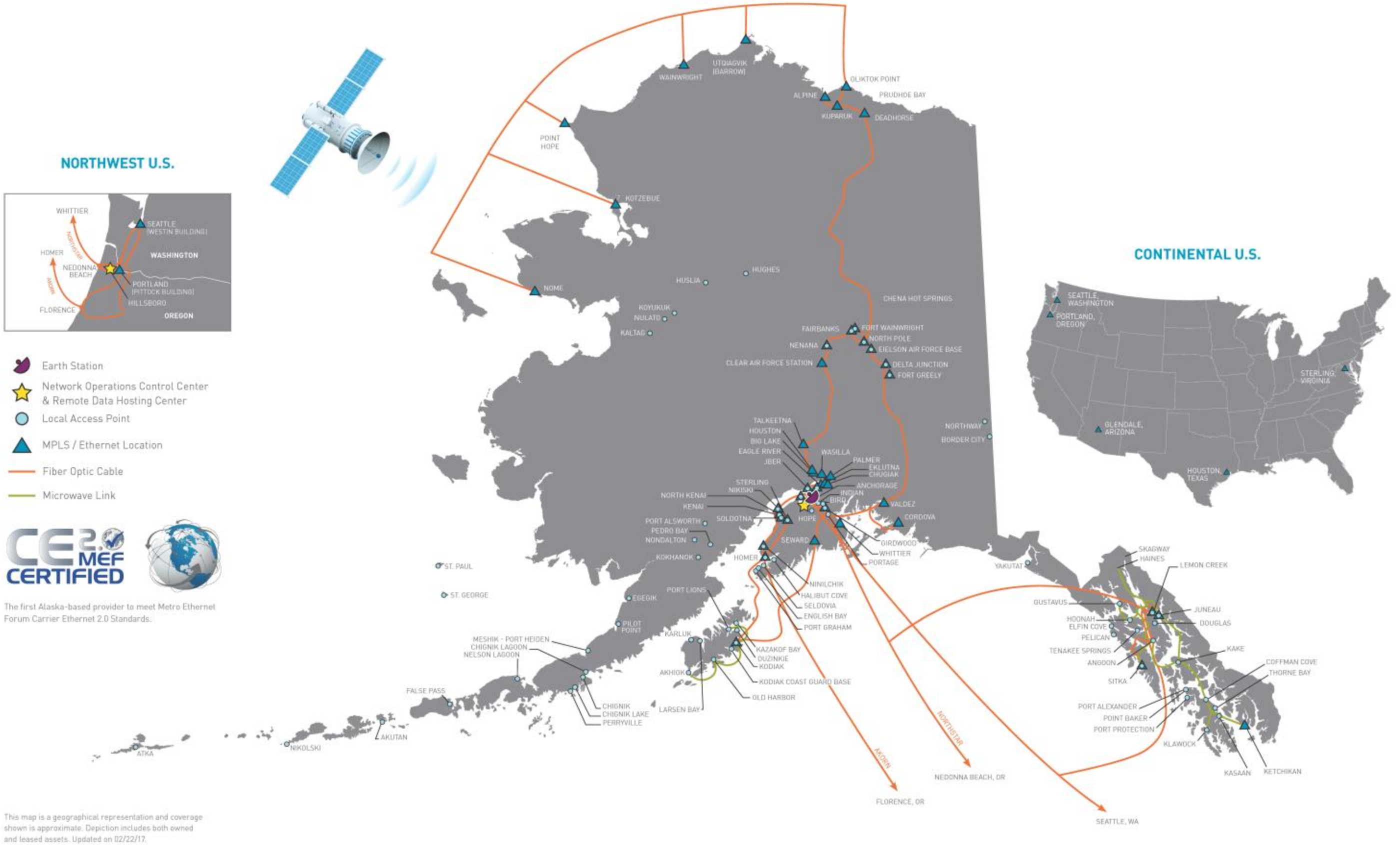
Anand Vadapalli: President and Chief Executive Officer

2017 Highlights

- **Total revenues at $226.9 million**
  - Flat YoY and slightly behind guidance
  - Business & Wholesale: Wireless carrier backhaul and federal end-user opportunities on the positive side, lower than anticipated growth in health care and decline in one-time equipment sales
  - 4th quarter revenues reflect cumulative impact of price compression for the Rural Health Care 2017-2018 funding year for the period July 1 through Dec. 31, 2017
- **Adjusted EBITDA at $56.7 million**
  - Includes $2.6 million bad debt expense for Rural Health Care
  - Within guidance
- **Capital Spending of $32.9 million**
  - 59% of capital expenditures directed towards success-based growth initiatives
  - Within guidance
- **Solid Adjusted Free Cash Flow of $8.1 million**
  - Tight management of capital and operating expenses
  - Ahead of guidance

Revenue stability and tight capital and operating expense management leads to solid free cash flow performance

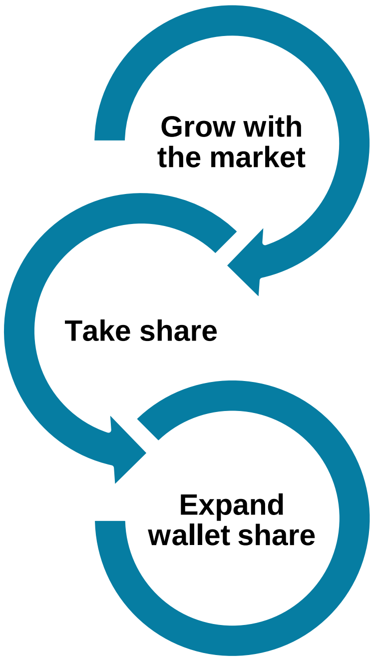
Network Capabilities: Foundation for Growth



- Extensive fiber network covering over 800 lit buildings and most major cell sites
- Addition of Arctic capacity from Quintillion Networks
- Successful trials and deployment of Fixed Wireless and fiber-fed WiFi
- Satellite capabilities using Eutelsat 115 West B complements terrestrial network

Differentiated Value Proposition Drives Market Performance

Growth Drivers



Enterprise and Carrier Value Proposition

Technology Leadership → Customer Service → Solution Orientation

Mass Market Value Proposition

Speed and Reliability → Convenience and Instancy → Best Value

Underlying broadband demand drivers are strong:
Streaming Video, Gaming, Cloud Migration, Augmented & Virtual Reality, Mobile Broadband, Caching and Storage moving to the edge

2018 Outlook

- **Enterprise and Carrier will continue to drive growth**
  - Federal and Carrier: Expected to be strongest performer
    - Federal end-user opportunities are significant
    - Wireless backhaul will continue to be a major growth platform
  - Arctic markets: New growth driver in 2018 and years to come
    - Network partner, Quintillion, has turned up capacity in 5 Arctic markets
    - Several contracted opportunities reflecting new customer relationships
  - Stable to improved performance in other verticals, including oil and gas, state and local government and large commercial.
  - Health care vertical will continue to be pressured
- **Mass Market, residential and small business, strengthens with new operating model**
  - Fiber-fed WiFi and Fixed Wireless provides 100Mbps+ capability
  - Increasingly online operating model drives operational efficiencies
  - Meeting CAF II obligations and Multi Dwelling / Tenant Units our focus

Targeting stable operating and financial performance, while reviewing in parallel a broad range of opportunities to enhance shareholder value

Review of Fourth Quarter and Year End 2017 Results

Laurie Butcher, SVP Finance

Revenue: Q4 and YE 2017

- Total Revenues: Q4 $54.9 million, down 4.9%; 2017 $226.9 million flat and slightly below guidance

- Business & Wholesale (B&W): 61.3% of 2017 total revenue, up from 60.3% in 2016
  - Q4: $33.1 million, down 6.5% reflecting rural health care price compression
  - 2017: $139.1 million, up 1.7%, with B&W broadband up 7.5% driven by wireless carrier backhaul and federal end-user demand offset by lower than expected growth from health care vertical and lower one-time equipment sales

- Consumer: 16.4% of 2017 total revenue down from 16.7% in 2016
  - Q4: $9.2 million, down 1.5%; 2017: $37.1 million down 1.7%
  - 2017 consumer broadband up 1.8%, reflecting ARPU increase to $61.24 from $60.73, offset by about 700 decline in connections

- Regulatory: 22.3% of 2017 total revenue down from 23.0% in 2016
  - Q4: $12.6 million, down 3.1%
  - 2017: $50.7 million, down 3.1%: $19.7 million in high cost support/CAF II funding; $19.5 million of surcharges, which includes $6.6 million of pass through funding; COLR/Access charges of $11.5 million

Financial Results: Q4 and YE 2017

- Adjusted EBITDA[1]:
  - Q4: $14.9 million; 2017: $56.7 million, within guidance
  - SG&A down 4.2% driven by reductions in labor costs
  - Six year Collective Bargaining Agreement gives cost certainty for labor
  - Q4 actions will drive further cost reductions going into 2018

- Capital Spending:
  - Q4: $8.9 million; 2017: $32.9 million, within guidance
  - 59% going toward success-based growth capital with an average IRR of about 26%
  - Planned growth capital for 2018 includes network expansion and wireless backhaul

- Adjusted FCF[1]:
  - Q4: $2.2 million; 2017: $8.1 million ahead of guidance

1 Reconciliations of non-GAAP measures to the nearest GAAP measures can be found at the end of this presentation or on the website at http://www.alsk.com in the investment data section. The company does not provide guidance for Net Income and Net Cash Provided By Operating Activities.

2017 Financial Performance Summary

($ in M)	2017 Actuals	2017 Guidance
Total Revenue	$226.9	$229 - $235
Adjusted EBITDA	$56.7	$56 - $59
Capital Spending	$32.9	$32 - $35
Adjusted Free Cash Flow	$8.1	$4 - $7
Net Debt	$177.2	NA
Cash as of 12/31/2017	$16.2	NA

2018 Outlook: Targeting stable performance across all key financial metrics. Guidance will be provided with the Q1 2018 results.

Business Plan Drives Shareholder Value

Operating Performance

Enterprise & Carrier and Mass Market segmentation focus drives top-line growth and Adj. EBITDA/FCF performance

Technology Innovation

Investments in advanced hybrid fiber/fixed-wireless network combined with IT systems drives scalable operating model

Strategic Options

Explore strategic options to address scale and geographic diversification

Use of Non-GAAP Measures

The Company provides certain non-GAAP financial information, including Adjusted EBITDA, Adjusted Free Cash Flow and Net Debt. Adjusted EBITDA eliminates the effects of period to period changes in costs that are not directly attributable to the underlying performance of the Company's business operations and is used by Management and the Company's Board of Directors to evaluate current operating financial performance, analyze and evaluate strategic and operational decisions and better evaluate comparability between periods. Adjusted Free Cash Flow is used to assess the Company's ability to generate cash and plan for future operating and capital actions. Adjusted EBITDA and Adjusted Free Cash Flow are common measures utilized by our peers (other telecommunications companies) and we believe they provide useful information to investors and analysts about the Company's operating results, financial condition and cash flows. Net Debt provides Management and the Board of Directors with a measure of the Company's current leverage position.

Adjusted EBITDA is defined as net income (loss) before interest, loss on extinguishment of debt, depreciation and amortization, gain or loss on asset purchases or disposals, income taxes, stock-based compensation, net loss attributable to non-controlling interest and expenses under the Company's long term cash incentive plan ("LTCI"). LTCI expenses are considered part of an interim compensation structure, which ended in 2016, to mitigate the dilutive impact of additional share issuances for executive compensation.

Adjusted Free cash flow is a non-GAAP liquidity measure and is defined as Adjusted EBITDA, less recurring operating cash requirements which include capital expenditures, less cash income taxes refunded or paid, cash interest paid, amortization of GCI capacity revenue, and cash receipts and payments associated with the purchase of the North Slope fiber network and establishment of our joint venture with Quintillion Holdings Limited. Amortization of deferred revenue associated with our interconnection agreement with GCI is excluded from Adjusted Free Cash Flow because no cash was received by the Company in connection with this agreement. Amortization of all other deferred revenue, including that associated with other IRU capacity arrangements, is included in Adjusted Free Cash Flow because cash was received by the Company, typically at contract inception, and it being amortized to revenue over the term of the relevant agreement.

The Company does not provide reconciliations of guidance for Adjusted EBITDA to Net Income, and Adjusted Free Cash Flow to Net Cash Provided by Operating Activities, in reliance on the unreasonable efforts exception provided under Item 10(e)(1)(i)(B) of Regulation S-K. The Company does not forecast certain items required to develop the comparable GAAP financial measures. These items are charges and benefits for uncollectible accounts, certain other non-cash expenses, unusual items typically excluded from Adjusted EBITDA and Free Cash Flow, and changes in operating assets and liabilities (generally the most significant of these items, representing cash outflows of $15.3 million for 2017 and $6.1 million for 2016).

Adjusted EBITDA and Adjusted Free Cash Flow are not GAAP measures and should not be considered a substitute for net income, net cash provided by operating activities, or net cash provided or used. Adjusted EBITDA as computed below is not consistent with the definition of Consolidated EBITDA referenced in our 2017 Senior Credit Facility, and other companies may not calculate Non-GAAP measures in the same manner we do.

The following tables provide the computation of Adjusted EBITDA and reconciliation to Net Income, and the computation of Adjusted Free Cash Flow and reconciliation to Net Cash Provided by Operating Activities for the three and twelve months ended December 31, 2017 and 2016.

Reconciliation of Non-GAAP Measures
Adjusted EBITDA

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2017	2016	2017	2016
Net (loss) income	$ (2,976)	$ 1,597	$ (6,230)	$ 2,253
Add (subtract):				
Interest expense	3,525	3,857	14,860	15,447
Loss on extinguishment of debt	-	-	7,527	336
Interest income	(7)	(8)	(34)	(26)
Depreciation and amortization	9,193	8,782	36,317	34,690
(Gain) loss on the disposal of assets, net	(23)	37	50	321
Income tax expense	4,470	1,282	2,584	1,499
Stock-based compensation	667	683	1,509	2,830
Long-term cash incentives	-	179	-	764
Net loss attributable to noncontrolling interest	29	32	129	133
Adjusted EBITDA	$ 14,878	$ 16,441	$ 56,712	$ 58,247

Reconciliation of Non-GAAP Measures
Cash from Operating Activities to Adjusted Free Cash Flow

	Three Months Ended December 31, 2017	Three Months Ended December 31, 2016	Twelve Months Ended December 31, 2017	Twelve Months Ended December 31, 2016
Net cash provided by operating activities	$ 4,718	$ 8,842	$ 30,406	$ 37,206
Adjustments to reconcile net cash provided by operating activities to adjusted free cash flow:				
Capital expenditures	(8,891)	(8,569)	(32,945)	(30,920)
Payment for North Slope fiber network	-	-	-	(5,500)
Proceeds on sale of fiber to joint venture partner	-	-	-	2,650
Amortization of deferred capacity revenue	911	872	3,512	3,436
Amortization of GCI capacity revenue	(523)	(535)	(2,072)	(2,082)
Amortization of debt issuance costs and debt discount	(412)	(1,011)	(2,363)	(4,046)
Interest expense	3,525	3,857	14,860	15,447
Interest paid	(3,630)	(4,596)	(14,504)	(12,608)
Interest income	(7)	(8)	(34)	(26)
Income tax expense	4,470	1,282	2,584	1,499
Income taxes (payable) receivable	8,629	(338)	8,052	514
Income taxes refunded (paid), net	322	372	946	(205)
Deferred income tax	(13,422)	(1,312)	(11,582)	(1,855)
Tax deficiencies from share-based payments	-	(4)	-	47
Charge for uncollectible accounts	(1,015)	(212)	(3,577)	(378)
Long-term cash incentives	-	179	-	764
Net loss attributable to noncontrolling interest	29	32	129	133
Other non-cash expense, net	(145)	(155)	(575)	(621)
Changes in operating assets and liabilities	7,597	4,417	15,300	6,127
Adjusted free cash flow	$ 2,156	$ 3,113	$ 8,137	$ 9,582

Reconciliation of Non-GAAP Measures
Adjusted Free Cash Flow

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2017	2016	2017	2016
Adjusted EBITDA	$ 14,878	$ 16,441	$ 56,712	$ 58,247
Less:				
Capital expenditures	(8,891)	(8,569)	(32,945)	(30,920)
Payment for North Slope fiber network	-	-	-	(5,500)
Proceeds on sale of fiber to joint venture partner	-	-	-	2,650
Amortization of GCI capacity revenue	(523)	(535)	(2,072)	(2,082)
Income taxes refunded (paid), net	322	372	946	(205)
Interest paid	(3,630)	(4,596)	(14,504)	(12,608)
Adjusted free cash flow*	$ 2,156	$ 3,113	$ 8,137	$ 9,582

* Quarterly Adjusted Free Cash Flow fluctuates and should not be viewed as an indicator of annual performance. Onetime events, seasonality of capital spend and the timing of interest payments may result in negative Adjusted Free Cash Flow in one or more quarters.