



ESOP Participant and Shareholders Announcement

Independent Fair Market Valuation of AP&T Stock as of December 31, 2007.

May 6th, 2008

Pursuant to the ESOP Plan, an annual estimate of fair market valuation, prepared by an independent appraiser, is required to value the ESOP Plan assets. Willamette Management Associates (“WMA”) was chosen by the ESOP Plan sponsor to carry out this duty for the year ending December 31, 2007.

The Trustees of the Alaska Power & Telephone Company Employee Stock Ownership Plan and Trust (“ESOP”) and the AP&T Board of Directors have separately reviewed the independent valuation of AP&T Stock fair market value as prepared by Willamette Management Associates (“WMA”) at \$23.60 per share as of December 31, 2007.

Subsequent to the AP&T Board of Directors review and acceptance, the ESOP Trustees at their May 5th meeting voted unanimously to accept the appraised valuation by Willamette Management Associates (“WMA”) of AP&T stock at \$23.60 per share as of December 31, 2007.

The increase in value for 2007 during less than positive last quarter economic market conditions for the year is a credit to all employee owners and AP&T’s Board of Directors. Efforts in controlling costs, paying down debt, and endeavoring to streamline operations in a more efficient manner have helped contribute to our success. As all are aware of the current financial climate facing each of us in 2008, we have an even greater challenge ahead to ensure future gains for this year. It will take the effort of all employee owners working efficiently, being innovative, and remaining fiscally conscientious and prudent in providing quality service to our customers for continued success. Thanks for your efforts during the past year.

Signed ESOP Trustees,

Mickey Henton, Chairman

Greg Mickelson, Danny Gonce, Chad Haggar, & Tom Ervin

¹ *In reviewing and accepting the appraiser’s methodology and valuation as of December 31, 2007, the Board of Directors intends to sell company stock to the ESOP and other qualified investors at the appraisal price during 2008. However, the Board of Directors reserves the right to discontinue sales at this price if the Board of Directors determines such action would be in the best interests of the Company and its shareholders.*