



Date: May 8, 2007

ESOP Members and Shareholders

Announcement

Results of the Independent Estimate of AP&T Share Fair Market Valuation as of December 31, 2006.

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, 2006.

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 \$21.30 per share as of December 31, 2006.

Subsequent to the AP&T Board of Directors review and acceptance, the ESOP Trustees at their May 4th meeting voted unanimously to accept the appraised valuation by Willamette Management Associates (“WMA”) of AP&T stock at \$21.30 per share as of December 31, 2006.¹

The increase in value from 2005 to 2006 is a true measure of the efforts expended by AP&T’s employee owners and the leadership of AP&T’s Board of Directors. Working together as one, we have come a long way in the last few years and have a vision of where we will be in the future. This increase is due mainly to the paying off of debt and an increase in efficiency. Each employee shareholder is to be commended for their efforts in AP&T’s financial success. This increase is consistent by percentage with the previous two years valuation as prepared by independent appraisers.

Signed ESOP Trustees,
Greg Mickelson, Danny Gonce, Mike Garrett, Tom Ervin, & Mickey Henton

¹ In reviewing and accepting the appraiser’s methodology and valuation as of December 31, 2006, the Board of Directors intends to sell company stock to the ESOP and other qualified investors at the appraisal price during 2007. 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.