

FOX PAINE SEVERES CONNECTION WITH ALASKA COMMUNICATIONS

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Private Equity **Fox Paine & Co. LLC** is cashing out of **Alaska Communications Systems Group Inc.** in a secondary offering that should deliver the firm about \$104 million. The firm will have nearly doubled its money in seven years.

The Anchorage-based telecom announced Thursday evening that affiliates of Fox Paine have started selling their remaining 9.5 million shares of the company's common stock through a secondary offering underwritten by **RBC Capital Markets**.

Alaska Communications, which trades on Nasdaq under the ticker ALSK, opened at \$11 on Friday. By midday the stock was trading down slightly at \$10.94.

The stock level is well above the \$8.50 per share pricing of Alaska Communications' initial public offering in January 2005, and a bit higher than the pricing of its last secondary offering.

In October 2004, the firm put in

place a high dividend stock program that has yielded Fox Paine somewhere between \$12 million and \$20 million, said Herald Chen, a managing direc-

tor at the Foster City, Calif., buyout firm.

In December, Fox Paine collected \$100 million by selling 10 million shares of the company at \$10 per share, reducing its interest to about 23%.

All told, Fox Paine expects to see a return of just under 2 times, Chen said.

The firm originally invested \$100 million in the company in May 1999, according to a 2003 filing with the Securities and Exchange Commission, paying \$5.13 a share for a 65% stake.

It did not sell any stock through the IPO, which shaved its ownership to about 47%.

Alaska Communications is the biggest local exchange carrier in Alaska, and the state's second-largest wireless and Internet services provider.

In 2005 it generated operating revenue of about \$327 million, an 8% increase over 2004, according to a 10-K filing. ■



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