30 September 2009

First Communications, Inc. Announces Unaudited Interim Results for the Six Months Ended June 30, 2009

AKRON, OH, September 30, 2009 – Today First Communications, Inc. (AIM: FCOM) ("First Communications" or the "Company"), a leading Midwest competitive local exchange carrier providing data and voice services, announces its unaudited interim results for the six months ended June 30, 2009.

Discussion of Six Months Ended June 30, 2009 Results

Items of note in the six months ended June 30, 2009 results:

- Revenue for the first six months of 2009 of $88.0 million (compared to $69.3 million reported for the same period in 2008);

- Increase in gross margin from 31.2% to 36.5% from the six months ended June 30, 2008 to the same period in 2009;

- EBITDA (as defined below) of $5.1 million for the first six months of 2009 compared to $2.4 million for the same period last year;

- A net loss improvement from ($5.9) million to ($5.7) million primarily resulting from higher EBITDA as discussed above, and a reduction in depreciation and amortization as discussed in more detail below in the section labeled "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Note: The results for the six months ended June 30, 2008 include a full six month's contributions from First Communications, LLC ("FC LLC"), and Xtension Services, Inc. ("Xtensions"), and just over three month's contribution from First Telecom Services, LLC ("FTS"). First Global Telecom, Inc. ("Globalcom") is not included in the six months ended June 30, 2008 numbers as it was not acquired until September 30, 2008. All entities are included for all six months in 2009.

EBITDA is defined herein as net income (loss) before depreciation and amortization, impairment of goodwill and other intangibles, interest expense, and provision for (benefit from) income taxes.

Selected Financial Information

FIRST COMMUNICATIONS, INC.
SELECTED FINANCIAL INFORMATION
For the Six Months Ended June 30, 2009 and 2008
(unaudited, in 000's)

	Six Months Ended June 30,		
	2009	2008	Variance
Revenues, net	$ 88,041	$ 69,302	$ 18,739
Gross Margin	32,106	21,637	10,469
Gross Margin %	36.5%	31.2%	
SG&A Expenses	27,281	19,022	8,259
SG&A as % of Revenues	31.0%	27.4%	
EBITDA	5,050	2,431	2,619
Depreciation and Amortization	6,785	10,818	4,033
Net (Loss)	$ (5,730)	$ (5,867)	$ 137

Operational Highlights and Current Outlook:

Ray Hexamer, CEO of First Communications commented:

"We have continued to progress in the first half of 2009 with the integration of our two 2008 acquisitions, Globalcom and FTS. Additionally, we continue to operate, manage and grow our core businesses, which combined with these acquisitions, help position us well to achieve our goal of becoming the dominant Midwest provider of data and voice services. Additionally, while the sale of the non-core Tower Assets announced on August 21, 2009 was a substantial step forward in improving our balance sheet (the financial implications of which are discussed in the section, "Tower Asset Contribution"), we will continue to pursue other opportunities to improve our balance sheet, while, of course, balancing the opportunities for investment in our network and growing the customer base.

We believe these actions, and others already in motion, such as specifically focusing on higher margin customers, such as those on dedicated T1 integrated voice and data On-Net services, and, to a lesser degree, reduction of personnel and other general and administrative cost reductions in early 2009, position the Company well for achieving financial success in 2009 and into future years."

Management's Discussion and Analysis of Financial Condition and Results of Operations

Revenues
First Communications, Inc. reported revenues of $88.0 million for the six months ended June 30, 2009, compared to $69.3 million reported for the six months ended June 30, 2008. The growth in revenue has resulted from the inclusion of financial results from FTS and Globalcom for a full six months offset to some degree by declines in legacy residential and voice services compared to the previous year. The Company's strategy has been to focus increasingly on the small and medium sized commercial market in key geographical areas, and the supply of higher margin services including dedicated T1 integrated voice and data On-Net services, while de-emphasizing some of its legacy voice services.

Gross Margin
The Company's gross margins increased from 31.2% in 2008 to 36.5% in 2009 primarily due to higher margins from Globalcom and FTS offset to a degree by declines in margins in legacy residential and voice services

Sales, General and Administrative Expenses
As a percentage of revenues, the Company's selling, general and administrative expenses for the six months ended June 30, 2009 increased to 31.0% compared to 27.4% for the six months ended June 30, 2008. The increase in expenses came from the expansion of the Company's sales force, opening of new sales offices, and costs associated with integrating two new subsidiaries.

Depreciation and Amortization of Other Intangibles
Depreciation and amortization charges decreased from $10.8 million for the six months ended June 30, 2008 to $6.8 million for the six months ended June 30, 2009. The decrease is primarily related to impairment, as of December 31, 2008, of certain intangible assets (as discussed in the Company's 2008 financial results previously filed with the AIM), thus lowering the asset base, and the required annual amortization thereof on an ongoing basis.

EBITDA, Income from Operations, and Net Income
The Company's EBITDA increased from $2.4 million for the six months ended June 30, 2008 to $5.1 million for the six months ended June 30, 2009. The Company's loss from operations improved from $(8.2) million for the six months ended June 30, 2008 to $(2.0) for the six months ended June 30, 2009. The Company reported a $(5.7) million net loss for the six months ended June 30, 2009 compared to a loss of $(5.9) million for the same period in 2008. The increase in EBITDA related primarily to the Company's emphasis on higher margin On-Net customers as discussed above, thus resulting in higher gross margins, offset to a degree by general and administrative expenses related to the acquisition and integration of the two businesses acquired in 2008. The improvement in operating loss results from those same factors, in addition to the reduction in depreciation and amortization expense, as discussed above. Finally, the improvement in net loss encompasses all the above, with some offset from increased interest expense, resulting from higher debt.

Cash

Cash balances amounted to $2.6 million as at June 30, 2009 compared to $1.4 million at June 30, 2008. The increase in the Company's cash position resulted from higher cash flow provided by operations, offset by capital expenditure investment as discussed below and the repayment of our debt and related interest obligations.

Capital Expenditures

Capital expenditures for the six months ended June 30, 2009 were $6.4 million related primarily to the expansion of the Company's network, network and system upgrades, installation costs and capitalized labor.

Post Balance Sheet Events

Tower Asset Contribution

On August 20, 2009, the Company entered into a transaction in which the Company contributed to Diamond Communications, LLC ("Diamond") all of the assets of FTS (the "Contributed Assets") relating to the business (the "Tower Business") of wireless antenna and equipment collocation operations, capabilities and applications, which includes all wireless antenna collocation contracts and associated revenue and liabilities, FTS owned towers (collectively, the "Towers") and the rights and obligations under certain agreements with various operating affiliates of FirstEnergy Corp (the "Affiliate Agreements") to service existing contracts and develop new contracts to provide wireless collocation applications and capabilities, DAS, Wi-Fi systems, and new tower site development. In exchange for the contribution of the Contributed Assets, Diamond agreed that the Contributed Assets would remain subject to the lien of the Company's lender group to the extent the lien related to $50 million of the Company's debt which had been incurred in connection with the acquisition of and/or the conduct of the Tower Business. Diamond also agreed to provide a limited guarantee of this portion of the Company's debt. The Company also was issued Class A and Class B membership Units in Diamond with a negotiated value of $20 million resulting in an interest of 13.6% in Diamond. As of December 31, 2008, the net book value of the Contributed Assets was $44.3 million. Subsequent to the acquisition of FTS on March 7, 2008, the Company recorded $7.8 million in revenues and $5.05 million in profit before tax derived from the Contributed Assets in the year ended December 31, 2008.

As part of the transaction, the Company has the opportunity to receive additional units of Class A and B Membership Units in Diamond under an earn-out formula (the "Earn-Out Units"). The number of Earn-Out Units to which the Company may be entitled is based on the net annualized recurring revenue from certain qualifying leases earned during the period beginning on April 17, 2009 and ending on March 31, 2011. The maximum value of the Earn-Out Units is $18.57 million.

The agreement contains representation, warranties and covenants that are typical of transactions of this size and type including, without limitation, mutual indemnification obligations for breaches of those representations, warranties and covenants that are subject to baskets and caps depending on the source of the indemnification claim. Any indemnification obligation the Company might have (although none is anticipated) will be first satisfied through a return of the units of membership interest the Company has received.

Amendment to Facility

Effective as of August 20, 2009, the Company entered into 'Amendment No. 2' to its Facility (the "Amendment"). Diamond subsequently repaid the portion of the debt guaranteed by it as described above, resulting in the term debt of the Company being reduced by $40.0 million, and the amounts outstanding under the revolver being reduced by $10.0 million, although the revolver is available for future drawdown. Overall the Facility has been reduced to $87.5 million, and as at August 20, 2009 the net debt of the Company was $77.5 million.

As part of the Amendment, the Company's lenders agreed to waive all identifiable, existing defaults under the Facility, and amended certain future covenants. The following is a summary of some of the key terms of the Amendment:

<u>Capital contribution</u>

- The Company is required to receive at least $10 million of cash capital contributions by January 31, 2010. At least $10 million of such contributions must be used to repay revolving loans that are part of the Facility, and the commitment to make revolving loans is permanently reduced by 50% of the

aggregate of such repayment. One-half of the amounts then remaining are used to prepay the term loans that are part of the Facility (in inverse order of maturity), with the other one-half being available to the Company for working capital and/or capital expenditure purposes.

Maturity Date

- The maturity date of the loans under the Facility has been amended so that the scheduled maturity date will occur earlier than under the terms of the previous facility (March 6, 2013). The scheduled maturity date will occur based on how much capital is contributed by the end of January 2010.

Amount of Capital Contributed (in thousands)	**Scheduled Maturity Date**
<$10,000	December 7, 2010
>$10,000 and <$17,500	September 7, 2011
>$17,500 and <$25,000	December 7, 2011
>$25,000	June 7, 2012

Conversion of Certain Accounts Payable to Subordinated Debt

On August 20, 2009, the Company and FirstEnergy Corp. ("FE") agreed to convert $6 million in payables owed by the Company to FE for past services provided by FE to the Company to a subordinated note (the "FE Note"). The terms of the FE Note provide for the principal balance of the FE Note to be amortized over a 120 month period at an annual interest rate of 11%, provided, however, that no monthly payments of principal or interest are to be made on the FE Note until December 31, 2010 at which time any accrued and unpaid interest installments shall be due. Monthly payments of principal and interest will begin on January 31, 2011 and shall be due and payable on the last day of each succeeding month until the earlier of the date that is (a) thirty (30) days after the maturity date of the Facility (as described above) or (b) January 31, 2021, on which date the entire unpaid principal and interest accrued and unpaid on the FE Note shall be due and payable in full. The FE Note is subordinated to the Company's lenders and is unsecured. The FE Note may be prepaid by the Company at any time without penalty.

About First Communications

First Communications is a leading competitive local exchange carrier in the Midwestern United States. Founded in 1998, First Communications has built a highly scalable telecommunications platform, infrastructure and support system, which represents a combination of world-class technology, and cutting-edge product offerings. First Communications is led by a strong management team that has operated telecom companies throughout all cycles of the telecommunications market.

Forward-looking Statements

This press release contains statements relating to future results of First Communications and statements which may be identified by the use of the words "may", "intend", "expect" and like words that are "forward-looking statements". Actual results may differ materially from those projected as a result of certain risks and uncertainties.

For Further Information:

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JUNE 30, 2009 and 2008 CONDENSED FINANCIAL STATEMENTS

FIRST COMMUNICATIONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
As of June 30, 2009 and 2008
(in thousands)

ASSETS	As of June 30, 2009 (unaudited)	Previously Restated As of June 30, 2008 (unaudited)
CURRENT ASSETS		
Cash and cash equivalents	$ 2,645	$ 1,437
Accounts receivable - trade, less allowance for doubtful accounts of $2,770 and $1,110, respectively	18,822	13,164
Income tax receivable	2,052	4,798
Inventory	3,173	2,955
Other current assets	4,705	3,327
TOTAL CURRENT ASSETS	31,397	25,681
PROPERTY AND EQUIPMENT, net	43,390	23,206
OTHER ASSETS		
Goodwill	105,202	90,820
Other intangible assets, net	66,878	98,482
Deferred tax asset	-	-
Deposits and other assets	6,018	6,337
TOTAL OTHER ASSETS	178,098	195,639
TOTAL ASSETS	$ 252,885	$ 244,526

FIRST COMMUNICATIONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
As of June 30, 2009 and 2008
(in thousands, except for per share data)

	As of June 30, 2009 (unaudited)	Previously Restated As of June 30, 2008 (unaudited)
LIABILITIES, REDEEMABLE PREFERRED STOCK AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long-term debt	$ 7,000	$ 7,000
Revolver	10,000	3,750
Accounts payable – trade	28,608	12,906
Income tax payable	(94)	1,926
Accrued expenses	18,003	1,051
Deferred tax liability	221	212
Deferred revenue	9,898	6,482
TOTAL CURRENT LIABILITIES	73,636	33,327
NON-CURRENT LIABILITIES		
Long-term debt, net of current maturities	100,500	61,250
Revolver	9,484	-
Deferred tax liability	538	5,105
Deferred revenue	14,010	15,273
Other long-term liabilities	1,204	-
TOTAL NON-CURRENT LIABILITIES	125,736	81,628
TOTAL LIABILITIES	199,372	114,955
REDEEMABLE PREFERRED STOCK, $0.001 par value; 10,000,000 shares authorized, 15,000 shares issued and outstanding (liquidation preference $1,000 per share)	16,388	15,000
SHAREHOLDERS' EQUITY		
Series A Common Stock, $0.001 par value; 59,165,000 shares authorized, 26,067,000 shares issued and outstanding	26	26
Series B Non-Voting Common Stock, $0.001 par value; 835,000 shares authorized, issued and outstanding	1	1
Additional paid in capital	119,482	119,482
Retained (deficit)	(82,384)	(4,938)
TOTAL SHAREHOLDERS' EQUITY	37,125	114,571
TOTAL LIABILITIES, REDEEMABLE PREFERRED STOCK AND SHAREHOLDERS' EQUITY	$ 252,885	$ 244,526

FIRST COMMUNICATIONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
For the Six Months Ended June 30, 2009 and 2008
(in thousands)

	Six Months Ended June 30, 2009	Previously Restated Six Months Ended June 30, 2008
	(unaudited)	(unaudited)
REVENUES, NET	$ 88,041	$ 69,302
COST OF FACILITIES, exclusive of depreciation and amortization stated below	55,935	47,665
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	27,281	19,022
DEPRECIATION AND AMORTIZATION	6,785	10,818
OPERATING (LOSS)	(1,960)	(8,203)
OTHER INCOME (EXPENSE), NET		
Interest expense	(3,995)	(795)
Other	225	(184)
OTHER INCOME (EXPENSE), NET	(3,770)	(979)
(LOSS) BEFORE INCOME TAXES	(5,730)	(9,182)
(BENEFIT) FOR INCOME TAXES	-	(3,315)
NET (LOSS)	$ (5,730)	$ (5,867)

FIRST COMMUNICATIONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2009 and 2008
(in thousands)

	Six Months Ended June 30, 2009	Previously Restated Six Months Ended June 30, 2008
	(unaudited)	(unaudited)
CASH FLOW FROM OPERATING ACTIVITIES		
Net (loss)	$ (5,730)	$ (5,867)
Depreciation & amortization	6,785	10,818
Deferred taxes	-	1,041
Changes in Operating Assets & Liabilities		
Account receivable – net,	2,112	2,909
Inventory	(371)	(249)
Prepaid expenses	(2,442)	(1,837)
Deposits and other assets	219	(1,273)
Accounts payable – trade	8,287	(424)
Income tax receivable and payable	324	(3,234)
Accrued expenses	1,460	(1,549)
Other long-term liabilities	(1,109)	-
Deferred revenue	4,454	(2,588)
CASH FLOW PROVIDED BY (USED IN) OPERATING ACTIVITIES	13,989	(2,253)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property and equipment, net	(6,401)	(1,539)
Acquisition of assets and assumption of liabilities, net of cash acquired	-	(46,625)
CASH FLOW USED IN INVESTING ACTIVITIES	(6,401)	(48,164)
CASH FLOW FROM FINANCING ACTIVITIES		
Net borrowings of and payments on long term loans	(6,000)	68,250
Reduction in redeemable preferred stock	-	(25,000)
Payment of deferred financing costs	-	(3,821)
Net borrowings of and payments on revolver	729	3,125
CASH FLOW PROVIDED BY (USED IN) FINANCING ACTIVITIES	(5,271)	42,554
NET INCREASE (DECREASE) IN CASH	2,317	(7,863)
CASH, BEGINNING OF PERIOD	328	9,300
CASH, END OF PERIOD	$ 2,645	$ 1,437