As filed with the Securities and Exchange Commission on August 14, 2002.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2002

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from   to

Commission File No. 0-15279

GENERAL COMMUNICATION, INC.
(Exact name of registrant as specified in its charter)

STATE OF ALASKA (State or other jurisdiction of incorporation or organization)	92-0072737 (I.R.S. Employer Identification No.)
2550 Denali Street Suite 1000 Anchorage, Alaska (Address of principal executive offices)	99503 (Zip Code)

Registrant's telephone number, including area code: (907) 265-5600

Former name, former address and former fiscal year, if changed since last report

Indicate by check mark whether the registrant (l) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No .

The number of shares outstanding of the registrant's classes of common stock as of July 25, 2002 was:
51,521,337 shares of Class A common stock; and
3,877,134 shares of Class B common stock.

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GENERAL COMMUNICATION, INC.

FORM 10-Q

FOR THE QUARTER ENDED JUNE 30, 2002

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Cautionary Statement Regarding Forward-Looking Statements

You should carefully review the information contained in this Quarterly Report, but should particularly consider any risk factors that we set forth in this Quarterly Report and in other reports or documents that we file from time to time with the Securities and Exchange Commission ("SEC"). In this Quarterly Report, in addition to historical information, we state our future strategies, plans, objectives or goals and our beliefs of future events and of our future operating results, financial position and cash flows. In some cases, you can identify those so-called "forward-looking statements" by words such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "project," or "continue" or the negative of those words and other comparable words. All forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance, achievements, plans and objectives to differ materially from any future results, performance, achievements, plans and objectives expressed or implied by these forward-looking statements. In evaluating those statements, you should specifically consider various factors, including those outlined below. Those factors may cause our actual results to differ materially from any of our forward-looking statements. For these statements, we claim the protection of the safe harbor for forward-looking statements provided by the Securities Reform Act. Such risks, uncertainties and other factors include but are not limited to those identified below.

- Material adverse changes in the economic conditions in the markets we serve and in general economic conditions, including the continuing impact of the current depressed telecommunications industry due to high levels of competition in the long-distance market resulting in pressures to reduce prices, an oversupply of long-haul capacity, excessive debt loads; several high-profile company failures and potentially fraudulent accounting practices by some companies;
- The financial, credit and economic impacts of WorldCom's bankruptcy filing on the industry in general and on us in particular;
- The efficacy of the rules and regulations to be adopted by the Federal Communications Commission ("FCC") and state public regulatory agencies to implement the provisions of the 1996 Telecom Act; the outcome of litigation relative thereto; and the impact of regulatory changes relating to access reform;
- Our responses to competitive products, services and pricing, including pricing pressures, technological developments, alternative routing developments, and the ability to offer combined service packages that include local, cable and Internet services;
- The extent and pace at which different competitive environments develop for each segment of our business;
- The extent and duration for which competitors from each segment of the telecommunication industries are able to offer combined or full service packages prior to our being able to do so;
- The degree to which we experience material competitive impacts to our traditional service offerings prior to achieving adequate local service entry;
- Competitor responses to our products and services and overall market acceptance of such products and services;
- The outcome of our negotiations with incumbent local exchange carriers ("ILECs") and state regulatory arbitrations and approvals with respect to interconnection agreements;
- Our ability to purchase network elements or wholesale services from ILECs at a price sufficient to permit the profitable offering of local telephone service at competitive rates;

- - Success and market acceptance for new initiatives, many of which are untested;
- - The level and timing of the growth and profitability of new initiatives, particularly local telephone services expansion, Internet (consumer and business) services expansion and wireless services;
- - Start-up costs associated with entering new markets, including advertising and promotional efforts;
- - Risks relating to the operations of new systems and technologies and applications to support new initiatives;
- - Local conditions and obstacles;

- - The impact of oversupply of capacity resulting from excessive deployment of network capacity;
- - Uncertainties inherent in new business strategies, new product lau nches and development plans, including local telephone services, Internet services, wireless services, digital video services, cable modem services, digital subscriber line services, and transmission services and the offering of these services in geographic areas with which we are unfamiliar;
- - The risks associated with technological requirements, technology substitution and changes and other technological developments;
- - Development and financing of telecommunication, local telephone, wireless, Internet and cable networks and services;
- - Future financial performance, including the availability, terms and deployment of capital; the impact of regulatory and competitive developments on capital outlays, and the ability to achieve cost savings and realize productivity improvements and the consequences of increased leverage;
- - Availability of qualified personnel;
- - Changes in, or failure, or inability, to comply with, government regulations, including, without limitation, regulations of the FCC, the Regulatory Commission of Alaska, and adverse outcomes from regulatory proceedings;
- - Uncertainties in federal military spending levels and military base closures in markets in which we operate;
- - The ongoing global and domestic trend towards consolidation in the telecommunications industry, which trend may be the effect of making the competitors larger and better financed and afford these competitors with extensive resources and greater geographic reach, allowing them to compete more effectively;
- - The effect on us of pricing pressures, new program offerings and market consolidation in the markets served by our major customers, WorldCom and Sprint; and
- - Other risks detailed from time to time in our periodic reports filed with the SEC.

You should not place undue reliance on any such forward-looking statements. Further, any forward-looking statement, and such risks, uncertainties and other factors speak, only as of the date on which they were originally made and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement to reflect any change in our expectations with regard to those statements or any other change in events, conditions or circumstances on which any such statement is based, except as required by law. New factors emerge from time to time, and it is not possible for us to predict what factors will arise or when. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

<TABLE>
PART I. FINANCIAL INFORMATION
ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

<CAPTION>

ASSETS	(Unaudited) June 30, 2002	December 31, 2001
	(Amounts in thousands)	
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	$ 8,957	11,097
Receivables:		
Trade	66,184	58,895
Employee and other	2,754	2,036
	68,938	60,931
Less allowance for doubtful receivables	13,879	4,166

Net receivables	55,059	56,765
Deferred income taxes, net	5,137	4,690
Inventories	4,282	3,462
Prepaid and other current assets	2,711	3,061
Property held for sale	518	481
Notes receivable with related parties	171	182
Total current assets	76,835	79,738
Property and equipment in service, net of depreciation	399,418	395,887
Construction in progress	13,166	8,121
Net property and equipment	412,584	404,008
Cable certificates, net of amortization of $26,884,000 at June 30, 2002 and December 31, 2001	191,132	191,132
Goodwill, net of amortization of $7,200,000 at June 30, 2002 and December 31, 2001	41,191	40,940
Other intangible assets, net of amortization of $1,444,000 and $1,252,000 at June 30, 2002 and December 31, 2001, respectively	3,001	3,387
Deferred loan and senior notes costs, net of amortization of $6,696,000 and $5,568,000 at June 30, 2002 and December 31, 2001, respectively	6,533	7,630
Notes receivable with related parties	5,572	3,246
Other assets, at cost, net of amortization of $15,000 and $70,000 at June 30, 2002 and December 31, 2001, respectively	5,457	4,598
Total other assets	252,886	250,933
Total assets	$ 742,305	734,679

See accompanying notes to interim condensed consolidated financial statements.
</TABLE>

<TABLE>

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Continued)

<CAPTION>

LIABILITIES AND STOCKHOLDERS' EQUITY	(Unaudited) June 30, 2002	December 31, 2001
	(Amounts in thousands)	
<S>	<C>	<C>
Current liabilities:		
Current maturities of obligations under long-term debt and capital leases	$ 38,161	7,346
Accounts payable	35,340	36,464
Deferred revenue	11,967	11,129
Accrued payroll and payroll related obligations	10,506	15,289
Accrued interest	8,245	8,049
Accrued liabilities	6,196	4,938
Subscriber deposits	1,323	1,121
Total current liabilities	111,738	84,336
Long-term debt, excluding current maturities	324,125	346,000
Obligations under capital leases, excluding current maturities	44,588	44,933
Obligations under capital leases due to related party, excluding current maturities	713	703
Deferred income taxes, net of deferred income tax benefit	26,503	25,069
Other liabilities	5,009	4,339
Total liabilities	512,676	505,380
Redeemable preferred stocks	26,907	26,907
Stockholders' equity:		
Common stock (no par):		
Class A. Authorized 100,000,000 shares; issued 51,506,337 and 50,967,196 shares at June 30, 2002 and December 31, 2001, respectively	198,815	195,647
Class B. Authorized 10,000,000 shares; issued 3,877,134 and 3,882,843 shares at June 30, 2002 and December 31, 2001, respectively; convertible on a		

share-per-share basis into Class A common stock	3,279	3,281
Less cost of 316,554 and 296,554 Class A common shares held in treasury at June 30, 2002 and December 31, 2001, respectively	(1,836)	(1,659)
Paid-in capital	11,019	10,474
Notes receivable with related parties issued upon stock option exercise	(5,650)	(2,588)
Retained deficit	(2,681)	(2,771)
Accumulated other comprehensive income (loss)	(224)	8
Total stockholders' equity	202,722	202,392
Commitments and contingencies		
Total liabilities and stockholders' equity	$ 742,305	734,679

See accompanying notes to interim condensed consolidated financial statements.
</TABLE>

<TABLE>

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

<CAPTION>

	Three Months Ended June 30, 2002	Three Months Ended June 30, 2001	Six Months Ended June 30, 2002	Six Months Ended June 30, 2001
	(Amounts in thousands, except per share amounts)			
<S>	<C>	<C>	<C>	<C>
Revenues	$ 92,740	85,535	180,950	182,452
Cost of sales and services	30,861	33,831	62,098	75,917
Selling, general and administrative expenses	32,585	27,629	63,886	54,619
Bad debt expense	10,616	1,964	11,197	2,824
Depreciation and amortization expense	14,283	13,700	28,998	27,639
Operating income	4,395	8,411	14,771	21,453
Interest expense	6,236	8,074	12,827	16,957
Interest income	155	99	228	262
Interest expense, net	6,081	7,975	12,599	16,695
Net income (loss) before income taxes	(1,686)	436	2,172	4,758
Income tax (expense) benefit	583	(270)	(1,063)	(2,169)
Net income (loss)	$ (1,103)	166	1,109	2,589
Basic and diluted net income (loss) per common share	$ (.03)	(.01)	.00	.03

</TABLE>
See accompanying notes to interim condensed consolidated financial statements.

<TABLE>

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
SIX MONTHS ENDED JUNE 30, 2002 AND 2001

<CAPTION>

(Unaudited) (Amounts in thousands)	Class A Common Stock	Class B Common Stock	Class A Shares Held in Treasury	Paid-in Capital	Notes Receivable Issued to Related Parties	Retained Deficit	Accumulated Other Comprehensive Income

							(Loss)	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balances at December 31, 2000	$182,706	3,299	(1,659)	7,368	(2,976)	(5,258)	---	183,480
Net income	---	---	---	---	---	2,589	---	2,589
Tax effect of excess stock compensation expense for tax purposes over amounts recognized for financial reporting purposes	---	---	---	1,072	---	---	---	1,072
Class B shares converted to Class A	7	(7)	---	---	---	---	---	---
Shares issued under stock option plan	1,391	---	---	---	---	---	---	1,391
Amortization of the excess of GCI stock market value over stock option exercise cost on date of stock option grant	---	---	---	386	---	---	---	386
Shares issued to Employee Stock Purchase Plan	688	---	---	---	---	---	---	688
Acquisition of G.C. Cablevision, Inc. net assets and customer base	2,388	---	---	---	---	---	---	2,388
Payment received on note issued upon officer stock option exercise	---	---	---	---	688	---	---	688
Preferred stock dividends	---	---	---	---	---	(945)	---	(945)
Balances at June 30, 2001	$187,180	3,292	(1,659)	8,826	(2,288)	(3,614)	---	191,737
Balances at December 31, 2001	$195,647	3,281	(1,659)	10,474	(2,588)	(2,771)	8	202,392
Components of comprehensive income:								
Net income	---	---	---	---	---	1,109	---	1,109
Fair value of cash flow hedge, net of income tax liability of $151	---	---	---	---	---	---	(232)	(232)
Comprehensive income								877
Tax effect of excess stock compensation expense for tax purposes over amounts recognized for financial reporting purposes	---	---	---	307	---	---	---	307
Class B shares converted to Class A	2	(2)	---	---	---	---	---	---
Shares issued under stock option plan	3,166	---	---	---	(3,062)	---	---	104
Amortization of the excess of GCI stock market value over stock option exercise cost on date of stock option grant	---	---	---	238	---	---	---	238
Purchase of treasury stock	---	---	(177)	---	---	---	---	(177)
Preferred stock dividends	---	---	---	---	---	(1,019)	---	(1,019)
Balances at June 30, 2002	$198,815	3,279	(1,836)	11,019	(5,650)	(2,681)	(224)	202,722

</TABLE>

See accompanying notes to interim condensed consolidated financial statements.

<TABLE>

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

<CAPTION>

	(Unaudited) Six Months Ended June 30, 2002	2001
	(Amounts in thousands)	
<S>	<C>	<C>
Operating activities:		
Net income	$ 1,109	2,589
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	28,998	27,639
Amortization charged to selling, general and administrative	---	17
Non-cash cost of sale	---	10,877
Deferred income tax expense	1,158	2,028
Bad debt expense, net of write-offs	9,713	1,851
Deferred compensation and compensatory stock options	634	675
Write-off of capitalized interest	---	170
Other noncash income and expense items	18	54
Change in operating assets and liabilities	(11,705)	(227)
Net cash provided by operating activities	29,925	45,673
Investing activities:		
Purchases of property and equipment	(36,192)	(28,443)
Advances and billings to Kanas Telecom, Inc.	---	(5,632)
Payment of deposit	---	(1,200)
Notes receivable issued to related parties	(3,055)	(304)
Payments received on notes receivable with related parties	858	754
Purchases of other assets	(940)	(895)
Cash received upon acquisition of Kanas Telecom, Inc.	---	228
Net cash used by investing activities	(39,329)	(35,492)
Financing activities:		
Repayments of long-term borrowings and capital lease obligations	(395)	(12,595)
Long-term borrowings - bank debt	9,000	---
Payment received on note receivable with related party issued upon stock option exercise	---	688
Payment of debt issuance costs	(250)	(81)
Purchase of treasury stock	(177)	---
Payment of preferred stock dividend	(1,018)	(963)
Proceeds from common stock issuance	104	1,391
Net cash provided (used) by financing activities	7,264	(11,560)
Net decrease in cash and cash equivalents	(2,140)	(1,379)
Cash and cash equivalents at beginning of period	11,097	5,962
Cash and cash equivalents at end of period	$ 8,957	4,583

See accompanying notes to interim condensed consolidated financial statements.
</TABLE>

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
Notes to Interim Condensed Consolidated Financial Statements
(Unaudited)

The accompanying unaudited interim condensed consolidated financial statements include the accounts of General Communication, Inc. ("GCI") and its subsidiaries and have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. They should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2001, filed as part of our annual report on Form 10-K. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The results of operations for the interim periods ended June 30, 2002 and 2001, are not necessarily indicative of the results that may be expected for an entire year or any other period.

(1) General
In the following discussion, General Communication, Inc. and its direct

and indirect subsidiaries are referred to as "we," "us" and "our".

(a) Business

GCI, an Alaska corporation, was incorporated in 1979. We offer the following services:

- Long-distance telephone service between Anchorage, Fairbanks, Juneau, and other communities in Alaska and the remaining United States and foreign countries
- Cable television services throughout Alaska
- Facilities-based competitive local access services in Anchorage, Fairbanks and Juneau, Alaska
- Internet access services
- Termination of traffic in Alaska for certain common carriers
- Private line and private network services
- Managed services to certain commercial customers
- Broadband services, including our SchoolAccess(TM) offering to rural school districts and a similar offering to rural hospitals and health clinics
- Sales and service of dedicated communications systems and related equipment
- Lease and sales of capacity on two undersea fiber optic cables used in the transmission of interstate and intrastate private line, switched message long-distance and Internet services between Alaska and the remaining United States and foreign countries

(b) Principles of Consolidation

The interim condensed consolidated financial statements include the accounts of GCI, GCI's wholly-owned subsidiary GCI, Inc., GCI, Inc.'s wholly-owned subsidiary GCI Holdings, Inc., GCI Holdings, Inc.'s wholly-owned subsidiaries GCI Communication Corp., GCI Cable, Inc., and GCI Transport Co., Inc., GCI Holdings, Inc.'s 85% controlling interest in GCI Fiber Communication Co., Inc., GCI Communication Corp.'s wholly-owned subsidiary Potter View Development Co., Inc., GCI Cable, Inc.'s wholly-owned subsidiary GCI American Cablesystems, Inc., GCI American Cablesystems, Inc.'s wholly-owned subsidiary GCI Cablesystems of Alaska, Inc., GCI Transport Co., Inc.'s wholly-owned subsidiaries GCI Satellite Co., Inc., GCI Fiber Co., Inc. and Fiber Hold Co., Inc. and GCI Fiber Co., Inc.'s and Fiber Hold Co., Inc.'s wholly-owned partnership Alaska United Fiber System Partnership ("Alaska United"). All significant intercompany transactions have been eliminated.

(c) Net Income (Loss) Per Common Share

<TABLE>

Net income (loss) per common share ("EPS") and common shares used to calculate basic and diluted EPS consist of the following (amounts in thousands, except per share amounts):

<CAPTION>

	Three Months Ended June 30, 2002			Three Months Ended June 30, 2001		
	Loss (Numerator)	Shares (Denominator)	Per-share Amounts	Income (Numerator)	Shares (Denominator)	Per-share Amounts
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net income (loss)	$ (1,103)			$ 166		
Less Preferred Stock dividends:						
Series B	361			470		
Series C	150			---		
Basic EPS:						
Income (loss) available to common stockholders	(1,614)	55,040	$ (0.03)	(304)	52,699	$ (0.01)
Effect of Dilutive Securities:						
Unexercised stock options	---	---	---	---	---	---
Diluted EPS:						
Income (loss) available to common stockholders	$ (1,614)	55,040	$ (0.03)	$ (304)	52,699	$ (0.01)

</TABLE>
<TABLE>
<CAPTION>

Six Months Ended June 30,

	2002			2001		
	Income (Numerator)	Shares (Denominator)	Per-share Amounts	Income (Numerator)	Shares (Denominator)	Per-share Amounts
Net income	$ 1,109			$ 2,589		
Less Preferred Stock dividends:						
Series B	721			945		
Series C	298			---		
Basic EPS:						
Income available to common stockholders	90	54,956	$ 0.00	1,644	52,462	$ 0.03
Effect of Dilutive Securities:						
Unexercised stock options	---	1,058	---	---	1,196	---
Diluted EPS:						
Income available to common stockholders	$ 90	56,014	$ 0.00	$ 1,644	53,658	$ 0.03

Common equivalent shares outstanding which are anti-dilutive for purposes of calculating EPS for the three and six months ended June 30, 2002 and 2001, are not included in the diluted EPS calculations, and consist of the following (shares, in thousands):

	Three Months Ended June 30, 2002	Three Months Ended June 30, 2001	Six Months Ended June 30, 2002	Six Months Ended June 30, 2001
Series B redeemable preferred stock	3,062	4,067	3,062	4,067
Series C redeemable preferred stock	833	9	833	5
Anti-dilutive common equivalent shares outstanding	3,895	4,076	3,895	4,072

Weighted average shares associated with outstanding stock options for the three and six months ended June 30, 2002 and 2001 which have been excluded from the diluted EPS calculations because the options' exercise price was greater than the average market price of the common shares consist of the following (shares, in thousands):

	Three Months Ended June 30, 2002	Three Months Ended June 30, 2001	Six Months Ended June 30, 2002	Six Months Ended June 30, 2001
Weighted average shares associated with outstanding stock options	131	4	135	94

Effective March 31, 2001 we acquired the assets and customer base of G.C. Cablevision, Inc. The seller received 238,199 unregistered shares of GCI Class A common stock with a future payment in additional shares contingent upon the market price of our common stock on a future date. At June 30, 2002 the market price condition was not met and approximately 87,300 shares of GCI Class A common stock would be issuable if this date was the end of the contingency period.

(d) Common Stock

Following is the statement of common stock shares at June 30, 2002 and 2001 (in thousands):

	Class A	Class B

Balances at December 31, 2000	48,643	3,904
Class B shares converted to Class A	9	(9)
Shares issued under stock option plan	470	---
Shares issued upon acquisition of G.C. Cablevision, Inc. net assets and customer base	238	---
Balances at June 30, 2001	49,360	3,895
Balances at December 31, 2001	50,967	3,883
Class B shares converted to Class A	6	(6)
Shares issued under stock option plan	533	---
Balances at June 30, 2002	51,506	3,877

</TABLE>

(e) Redeemable Preferred Stocks

<TABLE>

Redeemable preferred stocks consist of (amounts in thousands):

<CAPTION>

	June 30, 2002	December 31, 2001
Series B	$ 16,907	16,907
Series C	10,000	10,000
	$ 26,907	26,907

</TABLE>

<TABLE>

We have 1,000,000 shares of preferred stock authorized with the following shares issued at June 30, 2002 and 2001 (shares, in thousands):

<CAPTION>

	Series B	Series C
Balances at December 31, 2000	20	---
Shares issued in lieu of cash dividend payment	3	---
Shares issued upon acquisition of Kanas Telecom, Inc.	---	10
Balances at June 30, 2001	23	10
Balances at December 31, 2001 and June 30, 2002	17	10

</TABLE>

Mandatory redemption of our Series C preferred stock is required at any time after the fourth anniversary date of June 30, 2005 at the option of holders of 80% of the outstanding shares of the Series C preferred stock. The combined aggregate amount of preferred stock mandatory redemption requirements follows (amounts in thousands):

Years ending June 30:	
2003	$ ---
2004	---
2005	---
2006	10,000
2007	---
	$ 10,000

Series B

The redemption amount of our convertible redeemable accreting Series B preferred stock at June 30, 2002 and December 31, 2001 is $17,148,000. The difference between the carrying and redemption amounts is due to accrued dividends which are included in Accrued Liabilities until either paid in cash or through the issuance of additional Series B preferred stock.

Series C
The redemption amount of our convertible redeemable accreting Series C preferred stock on June 30, 2002 and December 31, 2001 was $10,000,000.

(f) Sale of Fiber Optic Cable System Capacity
During the first quarter of 2001 we completed a $19.5 million sale of long-haul capacity in the Alaska United undersea fiber optic cable system ("fiber system capacity sale") in a cash transaction. The sale included both capacity within Alaska, and between Alaska and the 48

contiguous states south of or below Alaska ("Lower 48"). We used the proceeds from the fiber system capacity sale to repay $11.7 million of the Fiber Facility debt and to fund capital expenditures and working capital.

The fiber system capacity sale contract gave the purchaser an indefeasible right to use a certain amount of fiber system capacity and expires on February 4, 2024. The term may be extended if the actual useful life of the fiber system capacity extends beyond the estimated useful life of twenty-five years. The fiber system capacity sold is integral equipment because it is attached to real estate. Because all of the benefits and risks of ownership have been transferred to the purchaser upon full receipt of the purchase price and other terms of the contract meet the requirements of Statement of Financial Accounting Standard ("SFAS") No. 66, "Accounting for Sales of Real Estate" we accounted for the fiber system capacity sale as a sales-type lease. We recognized $19.5 million in revenue and $10.9 million in cost of sales from the fiber system capacity sale during the first quarter of 2001.

The accounting for the sale of fiber system capacity is currently evolving and accounting guidance may become available in the future which could require us to change our policy. If we are required to change our policy, it is likely the effect would be to recognize the gain from future sales of fiber system capacity, if any, over the term the capacity is provided.

(g) Concentrations of Credit Risk
Financial instruments that potentially subject us to concentrations of credit risk are primarily cash and cash equivalents and accounts receivable. Excess cash is invested in high quality short-term liquid money instruments issued by highly rated financial institutions. At June 30, 2002 and December 31, 2001, substantially all of our cash and cash equivalents were invested in short-term liquid money instruments.

We have two major customers, WorldCom, Inc. ("WorldCom") (see note 6) and Sprint Corporation. We may experience increased risk associated with these customers' accounts receivable balances. Our remaining customers are located primarily throughout Alaska. Because of this geographic concentration, our growth and operations depend upon economic conditions in Alaska. The economy of Alaska is dependent upon the natural resources industries, and in particular oil production, as well as tourism, government, and United States military spending. Though limited to one geographical area and except for WorldCom and Sprint Corporation, the concentration of credit risk with respect to our receivables is minimized due to the large number of customers, individually small balances, and short payment terms.

(h) New Accounting Pronouncements
In July 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141, "Business Combinations." SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. Use of the pooling-of-interests method will be prohibited on a prospective basis only. Adoption of SFAS No. 141 has not had a significant impact on our results of operations, financial position or cash flows.

In July 2001, the FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 provides accounting and reporting standards for intangible assets acquired individually, with a group of other assets, or as part of a business combination. This statement addresses how acquired goodwill and other intangible assets are recorded upon their acquisition as well as how they are to be accounted for after they have been initially recognized in

the financial statements. Under this statement, goodwill and other intangibles with indefinite useful lives, on a prospective

basis, will no longer be amortized, however will be tested for impairment at least annually, based on a fair value comparison. Intangibles that have finite useful lives will continue to be amortized over their respective useful lives. This statement also requires expanded disclosure for goodwill and other intangible assets.

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS No. 144 replaces SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of. However it retains the fundamental provisions of SFAS No. 121 for recognition and measurement of the impairment of long-lived assets to be held and used and for measurement of long-lived assets to be disposed of by sale. This statement applies to all long-lived assets, including discontinued operations, and replaces the provisions of APB Opinion No. 30, Reporting Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, for the disposal of segments of a business. This statement requires that those long-lived assets be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or in discontinued operations. Adoption of SFAS No. 144 has not had a significant impact on our results of operations, financial position or cash flows.

(i) Reclassifications
Reclassifications have been made to the 2001 financial statements to make them comparable with the 2002 presentation.

(2) Consolidated Statements of Cash Flows Supplemental Disclosures

<TABLE>

Changes in operating assets and liabilities consist of (amounts in thousands):

<CAPTION>

Six month periods ended June 30,	2002	2001
<S>	<C>	<C>
Increase in accounts receivables	$ (7,819)	(7,503)
(Increase) decrease in inventories	(820)	981
Decrease in prepaid and other current assets	455	200
Increase (decrease) in accounts payable	(1,124)	2,160
Increase (decrease) in deferred revenues	(162)	899
Increase (decrease) in accrued payroll and payroll related obligations	(4,783)	924
Increase in accrued interest	196	425
Increase in accrued liabilities	1,258	1,849
Increase (decrease) in subscriber deposits	202	(115)
Increase (decrease) in components of other long-term liabilities	892	(47)
	$ (11,705)	(227)

</TABLE>

We paid interest totaling approximately $12,631,000 and $16,532,000 during the six months ended June 30, 2002 and 2001, respectively.

We received an income tax refund of approximately $95,000 and $0 during the six months ended June 30, 2002 and 2001, respectively. We paid income taxes totaling approximately $0 and $61,000 during the six months ended June 30, 2002 and 2001, respectively.

(3) Intangible Assets
Effective with the adoption of SFAS No. 142, "Goodwill and Other Intangible Assets" on January 1, 2002, goodwill and cable certificates (certificates of convenience and public necessity) are no longer amortized. The following pro forma financial information reflects net income and basic and diluted EPS as if goodwill and cable certificates were not subject to amortization for the three and six months ended June 30, 2001 (amounts in thousands, except per share amounts):

<TABLE>
<CAPTION>

	Three Months Ended	Six Months Ended

	June 30, 2001		June 30, 2001	
	Net Income	Basic and Diluted EPS	Net Income	Basic and Diluted EPS(1)
Net income, as reported	$ 166	(0.01)	2,589	0.03
Add cable certificate amortization, net of income taxes	430	0.01	1,406	0.03
Add goodwill amortization, net of income taxes	124	---	348	0.01
Adjusted net income	$ 720	0.00	4,343	0.06

1 Due to rounding, the sum of basic and diluted EPS amounts does not agree to total year adjusted basic and diluted EPS amount.

Cable certificates are allocated to our cable services reportable segment. Goodwill is primarily allocated to the cable services segment and the remaining amount is not allocated to a reportable segment, but is included in the All Other category in note 5.

Amortization expense for amortizable intangible assets for the three and six months ended June 30, 2002 and 2001 follow:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Amortization expense for intangible assets	$ 181	1,805	387	3,554

Amortization expense for amortizable intangible assets for each of the five succeeding fiscal years is estimated to be (amounts in thousands):

Years ending December 31,	
2002	$ 760
2003	374
2004	229
2005	123
2006	119

No intangible assets have been impaired based upon impairment testing performed as of January 1, 2002.

(4) Long-term Debt

Efforts to refinance our Senior Holdings Loan and Fiber Facility are presently on hold due to the WorldCom bankruptcy and current financial market conditions. We plan to aggressively pursue a refinancing of these facilities when market conditions improve. Upon completion of such a refinancing we expect to recognize $2.7 million to $2.9 million as an infrequent loss attributed to remaining unamortized loan costs.

(5) Industry Segments Data

Our reportable segments are business units that offer different products. The reportable segments are each managed separately and offer distinct products with different production and delivery processes.

We have four reportable segments as follows:

Long-distance services. We offer a full range of common-carrier long-distance services to commercial, government, other telecommunications companies and residential customers, through our networks of fiber optic cables, digital microwave, and fixed and transportable satellite earth stations and our SchoolAccess(TM) offering to rural school districts and a similar offering to rural

hospitals and health clinics.

Cable services. We provide cable television services to residential, commercial and government users in the State of Alaska. Our cable systems serve 33 communities and areas in Alaska, including the state's three largest urban areas, Anchorage, Fairbanks and Juneau. We offer digital cable

television services in Anchorage, Fairbanks, Juneau and Kenai and retail cable modem service (through our Internet services segment) in Anchorage, Fairbanks, Juneau and several other communities in Alaska. We plan to expand our product offerings as plant upgrades are completed in other communities in Alaska.

Local access services. We offer facilities based competitive local exchange services in Anchorage, Fairbanks and Juneau and plan to provide similar competitive local exchange services in other locations pending regulatory approval.

Internet services. We offer wholesale and retail Internet services. We offer cable modem service in Anchorage, Fairbanks, Juneau and several other communities in Alaska and plan to provide cable modem service in other areas in 2002. Our undersea fiber optic cable allows us to offer enhanced services with high-bandwidth requirements.

Included in the "All Other" category in the tables that follow are our managed services, product sales, cellular telephone services, and, during the six months ended June 30, 2001, management services for Kanas Telecom, Inc. ("Kanas"), a related party. None of these business units has ever met the quantitative thresholds for determining reportable segments. Also included in the All Other category are corporate related expenses including management information systems, accounting, legal and regulatory, human resources and other general and administrative expenses. In 2001, the All Other category includes revenues and costs associated with the sale of undersea fiber optic cable system capacity (see note 1(f)).

We evaluate performance and allocate resources based on (1) earnings or loss from operations before depreciation, amortization, net interest expense and income taxes, and (2) operating income or loss. The accounting policies of the reportable segments are the same as those described in the summary of

significant accounting policies in note 1. Intersegment sales are recorded at cost plus an agreed upon intercompany profit.

We earn all revenues through sales of services and products within the United States of America. All of our long-lived assets are located within the United States of America.

<TABLE>

Summarized financial information for our reportable segments and for the All Other category for the six months ended June 30, 2002 and 2001 follows (amounts in thousands):

<CAPTION>

	Reportable Segments						
	Long-Distance Services	Cable Services	Local Access Services	Internet Services	Total Reportable Segments	All Other	Total
<S>	<C>	<C>		<C>	<C>	<C>	<C>
2002							
Revenues:							
Intersegment	$ 10,847	1,017	5,490	4,548	21,902	372	22,274
External	102,442	43,265	15,414	7,485	168,606	12,344	180,950
Total revenues	$ 113,289	44,282	20,904	12,033	190,508	12,716	203,224
Earnings (loss) from operations before depreciation, amortization, net interest expense and income taxes	$ 43,212	20,351	2,127	(5,658)	60,032	(15,806)	44,226

Operating income (loss)	$ 29,825	12,085	459	(7,432)	34,937	(19,709)	15,228
2001							
Revenues:							
Intersegment	$ 9,925	754	3,754	2,659	17,092	169	17,261
External	96,087	36,919	12,141	5,753	150,900	31,552	182,452
Total revenues	$ 106,012	37,673	15,895	8,412	167,992	31,721	199,713
Earnings (loss) from operations before depreciation, amortization, net interest expense and income taxes	$ 40,368	16,989	2,448	(5,878)	53,927	(4,367)	49,560
Operating income (loss)	$ 28,827	6,964	786	(7,203)	29,374	(7,453)	21,921

</TABLE>

<TABLE>

A reconciliation of reportable segment revenues to consolidated revenues follows (amounts in thousands):

<CAPTION>

Six months ended June 30,	2002	2001
<S>	<C>	<C>
Reportable segment revenues	$ 190,508	167,992
Plus All Other revenues	12,716	31,721
Less intersegment revenues eliminated in consolidation	(22,274)	(17,261)
Consolidated revenues	$ 180,950	182,452

</TABLE>
<TABLE>

A reconciliation of reportable segment earnings from operations before depreciation, amortization, net interest expense and income taxes to consolidated net income before income taxes follows (amounts in thousands):

<CAPTION>

Six months ended June 30,	2002	2001
<S>	<C>	<C>
Reportable segment earnings from operations before depreciation, amortization, net interest expense and income taxes	$ 60,032	53,927
Less All Other loss from operations before depreciation, amortization, net interest expense and income taxes	(15,806)	(4,367)
Less intersegment contribution eliminated in consolidation	(457)	(468)
Consolidated earnings from operations before depreciation, amortization, net interest expense and income taxes	43,769	49,092
Less depreciation and amortization expense	28,998	27,639
Consolidated operating income	14,771	21,453
Less interest expense, net	12,599	16,695
Consolidated net income before income taxes	$ 2,712	4,758

</TABLE>
<TABLE>

A reconciliation of reportable segment operating income to consolidated net income before income taxes follows (amounts in thousands):

<CAPTION>

Six months ended June 30,	2002	2001
<S>	<C>	<C>
Reportable segment operating income	$ 34,937	29,374
Less All Other operating loss	(19,709)	(7,453)
Less intersegment contribution eliminated in consolidation	(457)	(468)
Consolidated operating income	14,771	21,453
Less interest expense, net	12,599	16,695

Consolidated net income before income taxes	$ 2,172	4,758

</TABLE>

(6) WorldCom Chapter 11 Bankruptcy Filing

We provide long-distance and other services to WorldCom, a related party and a major customer. We earned revenues from WorldCom, net of discounts, totaling approximately $40.5 million for the six months ended June 30, 2002. As a percentage of total revenues, WorldCom revenues totaled 22.4% for the six months ended June 30, 2002. On July 21, 2002 WorldCom and substantially all of its active U.S. subsidiaries filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy

Code in the United States Bankruptcy Court. Chapter 11 allows a company to continue operating in the ordinary course of business in order to maximize recovery for the company's creditors and shareholders. The filings have enabled WorldCom to continue to conduct business while it develops a reorganization plan. During the three and six months ended June 30, 2002 we have recognized a $9.7 million bad debt reserve for uncollected balances due from WorldCom as of June 30, 2002. We expect to recognize during the third quarter of 2002 approximately $6.7 million in additional bad debts due from WorldCom for the period from July 1, 2002 to July 21, 2002. We currently cannot predict the timing or amount that WorldCom will pay on outstanding balances due us as of their bankruptcy filing date of July 21, 2002.

(7) Commitments and Contingencies

Bid to Purchase Fiber Optic Cable System Assets

The assets of WCI Cable, Inc. and its subsidiaries ("WCIC"), a competing fiber optic cable system connecting Alaska to the Lower 48 states, were offered for sale following its bankruptcy filing and reorganization. We were not the successful bidder and we expect to continue to pursue other opportunities to secure facilities to supplement our existing backup facilities.

Litigation and Disputes

We are routinely involved in various lawsuits, billing disputes, legal proceedings and regulatory matters that have arisen in the normal course of business. While the ultimate results of these items cannot be predicted with certainty, we do not expect at this time the resolution of them to have a material adverse effect on our financial position, results of operations or our liquidity.

Internal Revenue Service Examination

Our U.S. income tax return for 1999 was selected for examination by the Internal Revenue Service during 2001. The examination commenced during the third quarter of 2001 and was completed during the second quarter of 2002 with no material adjustments required.

PART I.
ITEM 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(Unaudited)

In the following discussion, General Communication, Inc. and its direct and indirect subsidiaries are referred to as "we," "us" and "our."

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, we evaluate our estimates and judgments, including those related to unbilled revenues, allowance for doubtful accounts, depreciation and amortization periods, intangible assets, income taxes, and contingencies and litigation. We base our estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. See also our Cautionary Statement Regarding Forward-Looking Statements.

General Overview

We have experienced significant growth in recent years through strategic acquisitions, deploying new business lines and expansion of our existing businesses. We have historically met our cash needs for operations, regular capital expenditures and maintenance capital expenditures through our cash flows from operating activities. Cash requirements for significant acquisitions and major capital expenditures have been provided largely through our financing activities.

Long-Distance Services Overview

During the second quarter of 2002 long-distance services revenue represented 56.5% of consolidated revenues. Our provision of interstate and intrastate long-distance services to residential, commercial and governmental customers and to other common carriers (principally WorldCom, a related party, (see note 6 to the Interim Condensed Consolidated Financial Statements for a discussion of WorldCom's Chapter 11 bankruptcy filing) and Sprint), provision of private line and leased dedicated capacity services and broadband services accounted for 97.5% of our total long-distance services revenues during the second quarter of 2002.

Factors that have the greatest impact on year-to-year changes in long-distance services revenues include the rate per minute charged to customers, usage volumes expressed as minutes of use, and the number of private line, leased dedicated service and broadband products in use.

Long-distance services face significant competition from AT&T Alascom, Inc., long-distance resellers, and from local telephone companies that have entered the long-distance market. We believe our approach to developing, pricing, and providing long-distance services and bundling different business segment services will continue to allow us to be competitive in providing those services.

Our contract to provide interstate and intrastate long-distance services to Sprint was replaced in March 2002 extending its term to March 2007 with two one-year automatic extensions to March 2009. Beginning in April

2002 the new contract reduced the rate to be charged by us for certain Sprint traffic over the extended term of the contract.

Other common carrier traffic routed to us for termination in Alaska is largely dependent on traffic routed to WorldCom and Sprint by their customers. Pricing pressures, general economic deterioration, new program offerings, business failures, and market consolidation continue to evolve in the markets served by WorldCom and Sprint. If, as a result, their traffic is reduced, or if their competitors' costs to terminate or originate traffic in Alaska are reduced, our traffic will also likely be reduced, and our pricing may be reduced to respond to competitive pressures. We are unable to predict the effect on us of such changes, however given the materiality of other common carrier revenues to us, a significant reduction in traffic or pricing could have a material adverse effect on our financial position, results of operations and liquidity.

Cable Services Overview

During the second quarter of 2002, cable television revenues represented 23.6% of consolidated revenues. The cable systems serve 33 communities and areas in Alaska, including the state's three largest population centers, Anchorage, Fairbanks and Juneau.

We generate cable services revenues from four primary sources: (1) digital and analog programming services, including monthly basic or premium subscriptions and pay-per-view movies or other one-time events, such as sporting events; (2) equipment rentals or installation; (3) cable modem services (shared with our Internet services segment); and (4) advertising sales. During the second quarter of 2002 programming services generated 77.1% of total cable services revenues, equipment rental and installation fees accounted for 9.6% of such revenues, cable services' allocable share of cable modem services accounted for 9.0% of such revenues, advertising sales accounted for 3.6% of such revenues, and other services accounted for the remaining 0.7% of total cable services revenues.

The primary factors that contribute to year-to-year changes in cable services revenues are average monthly subscription and pay-per-view rates, the mix among basic, premium and pay-per-view services and digital and analog services, the average number of cable television and cable modem subscribers during a given reporting period, and revenues generated from new product offerings.

Cable services face competition from alternative methods of receiving and distributing television signals and from other sources of news, information and entertainment. We believe our cable television services will continue to be competitive by providing, at reasonable prices, a greater variety of programming and other communication services than are available off-air or through other alternative delivery sources and upon superior technical performance and responsive local customer service.

Local Access Services Overview
We generate local access services revenues from three primary sources: (1) business and residential basic dial tone services; (2) business private line and special access services; and (3) business and residential features and other charges, including voice mail, caller ID, distinctive ring, inside wiring and subscriber line charges. During the second quarter of 2002 local exchange services revenues represented 8.8% of consolidated revenues.

The primary factors that contribute to year-to-year changes in local access services revenues are the average number of business and residential subscribers to our services during a given reporting period, the average monthly rates charged for non-traffic sensitive services and the number and type of additional premium features selected.

Our local access services segment faces significant competition in Anchorage, Fairbanks, and Juneau from the ILEC Alaska Communications Systems, Inc. ("ACS") and AT&T Alascom, Inc. We began marketing

efforts in the Juneau market in the fourth quarter of 2001 and began provisioning service in the first quarter of 2002. We believe our approach to developing, pricing, and providing local access services and bundling different business segment services will allow us to be competitive in providing those services.

Internet Services Overview
We generate Internet services revenues from three primary sources: (1) access product services, including commercial, Internet service provider, and retail dial-up access; (2) network management services; and (3) Internet services' allocable share of cable modem services (a portion of cable modem revenue is also recognized by our cable services segment). During the second quarter of 2002 Internet services segment revenues represented 4.2% of consolidated revenues.

The primary factors that contribute to year-to-year changes in Internet services revenues are the average number of subscribers to our services during a given reporting period, the average monthly subscription rates, and the number and type of additional premium features selected.

Marketing campaigns continue to be deployed targeting residential and commercial customers featuring bundled Internet products. Our Internet offerings are coupled with our long-distance and local access services offerings and provide free basic Internet services or discounted premium Internet services if certain long-distance or local access services plans are selected. Value-added premium Internet features are available for additional charges.

We compete with a number of Internet service providers in our markets. We believe our approach to developing, pricing, and providing Internet services allows us to be competitive in providing those services.

All Other Services Overview
Revenues reported in the All Other category as described in note 5 in the accompanying Notes to Interim Condensed Consolidated Financial Statements include our managed services, product sales, cellular telephone services, and, during the second quarter of 2001, management services for Kanas, a related party.

Revenues included in the All Other category represented 6.9% of total revenues in the second quarter of 2002 and include managed services revenues totaling $5.5 million and product sales and cellular telephone services revenues totaling $937,000.

RESULTS OF OPERATIONS

<TABLE>
The following table sets forth selected Statement of Operations data as a percentage of total revenues for the periods indicated (unaudited, underlying data rounded to the nearest thousands):
<CAPTION>

	Three Months Ended June 30,			Six Months Ended June 30,		
	2002	2001	Percentage Change(1) 2002 vs. 2001	2002	2001	Percentage Change(1) 2002 vs. 2001
<S>	<C>	<C>	<C>	<C>	<C>	<C>

Statement of Operations Data:						
Revenues						
Long-distance services	56.5%	58.3%	5.1%	56.6%	52.7%	6.6%
Cable services	23.6%	22.1%	16.1%	23.9%	20.2%	17.2%
Local access services	8.8%	7.2%	31.1%	8.5%	6.7%	27.0%
Internet services	4.2%	3.7%	24.8%	4.2%	3.1%	30.1%
All Other services	6.9%	8.7%	(14.2%)	6.8%	17.3%	(60.9%)
Total revenues	100.0%	100.0%	8.4%	100.0%	100.0%	(0.8%)
Cost of sales and services	33.3%	39.6%	(8.8%)	34.3%	41.6%	(18.2%)
Selling, general and administrative expenses	35.1%	32.3%	17.9%	35.3%	29.9%	17.0%
Bad debt expense	11.5%	2.3%	440.5%	6.2%	1.6%	296.5%
Depreciation and amortization	15.4%	16.0%	4.3%	16.0%	15.1%	4.9%
Operating income	4.7%	9.8%	(47.7%)	8.2%	11.8%	(31.1%)
Net income (loss) before income taxes	(1.8%)	0.5%	(486.7%)	1.2%	2.6%	(54.4%)
Net income (loss)	(1.2%)	0.2%	(764.5%)	0.6%	1.4%	(57.2%)
Other Operating Data:						
Long-distance services operating income (2)	22.9%	32.9%	(26.9%)	29.1%	30.3%	2.3%
Cable services operating income (3)	29.1%	22.7%	25.5%	27.9%	23.0%	42.3%
Local access services operating income (4)	5.2%	23.6%	(82.2%)	3.0%	22.5%	(83.2%)
Internet services operating loss (5)	(92.2%)	(94.6%)	(59.6%)	(99.3%)	(101.5%)	(27.3%)

<FN>
- -------------------------
1 Percentage change in underlying data.
2 Computed as a percentage of total external long-distance services revenues.
3 Computed as a percentage of total external cable services revenues.
4 Computed as a percentage of total external local access services revenues.
5 Computed as a percentage of total external Internet services revenues.
- -------------------------
</FN>
</TABLE>

Three Months Ended June 30, 2002 ("2002") Compared To Three Months Ended June 30, 2001 ("2001").

Revenues
Total revenues increased 8.4% from $85.5 million in 2001 to $92.7 million in 2002.

Long-distance services revenues from residential, commercial, governmental, and other common carrier customers increased 5.1% to $52.4 million in 2002. The increase was largely due to the following:

- An increase of 23.1% in message telephone service revenues from other common carriers (principally WorldCom and Sprint) to $23.6 million in 2002,
- An increase in 2002 of 20.6% to $4.6 million in revenues from our packaged telecommunications offering to rural hospitals and health clinics and our SchoolAccess(TM) offering to rural school districts. The increase is primarily due to an increase in circuits and services sold to rural hospitals and health clinics and the provision of SchoolAccess(TM) services to an additional nine school districts located in Arizona and New Mexico beginning in July 2001,
- Additional revenues resulting from an increase of 13.5% in total minutes of use to 296.6 million minutes primarily due to a 25.1% increase in wholesale minutes carried for other common carriers to 217.7 million minutes. After excluding certain low-margin wholesale minutes no longer carried for other common carriers, comparable total minutes over the prior year increased 18.1% and wholesale minutes carried for other common carriers increased 32.8% over the prior year,

and

- Additional revenues resulting from an increase of 2.4% in the number of active residential, small business and commercial customers billed to 90,000 at June 30, 2002.

Long-distance services revenue increases described above were partially offset by a 3.6% decrease in our total average rate per minute to $0.112 per minute in 2002 due to the following:

- A 1.7% decrease in the average rate per minute on minutes carried for other common carriers due to a reduced rate charged by us for certain Sprint traffic due to a new contract commencing April 2002. After excluding certain 2001 low-margin wholesale minutes not carried in 2002 for other common carriers, the comparable average rate per minute decreased 6.4% from the prior year, and
- Reduced revenues resulting from our promotion of and customers' enrollment in calling plans offering a certain number of minutes for a flat monthly fee.

Cable services revenues increased 16.1% to $21.9 million in 2001. Programming services revenues increased 11.8% to $16.9 million in 2002 and average gross revenue per average basic subscriber per month increased $3.51 or 6.7% in 2002 resulting from the following:

- Basic subscribers served increased approximately 12,100 to approximately 135,100 at June 30, 2002 as compared to June 30, 2001 (the 2002 increase includes approximately 7,000 basic subscribers acquired from Rogers American Cablesystems, Inc. ("Rogers") on November 19, 2001),
- New facility construction efforts in 2002 and the acquisition of Rogers subscribers resulted in approximately 15,700 additional homes passed, a 8.8% increase from 2001, and
- Digital subscriber counts increased 45.1% to approximately 26,400 at June 30, 2002 as compared to June 30, 2001.

The cable services segment's share of cable modem revenue (offered through our Internet services segment) increased $768,000 to $2.0 million in 2002 due to an increased number of cable modems deployed.

Local access services revenues increased 31.1% in 2002 to $8.1 million primarily due to growth in the average number of customers served. At June 30, 2002 approximately 95,800 lines were in service as

compared to approximately 69,000 lines in service at June 30, 2001. At June 30, 2002 approximately 1,850 additional lines were awaiting connection.

Internet services revenues increased 24.8% to $3.9 million in 2002 primarily due to growth in the average number of customers served and the number of cable modems deployed. We had approximately 71,400 active residential, commercial and small business retail dial-up Internet subscribers at June 30, 2002 as compared to approximately 65,500 at June 30, 2001. We had approximately 31,300 active residential, commercial and small business retail cable modem subscribers at June 30, 2002 as compared to approximately 19,600 at June 30, 2001. Approximately 850 cable modem subscribers were added with the Rogers acquisition on November 19, 2001.

The 14.2% decrease in All Other revenues to $6.4 million in 2002 is primarily due to a $764,000 decrease in product sales due to non-recurring purchases by a customer in 2001.

Cost of Sales and Service

Total cost of sales and services decreased 8.8% to $30.9 million in 2002. As a percentage of total revenues, total cost of sales and services decreased from 39.6% in 2001 to 33.3% in 2002.

Long-distance services cost of sales and services decreased 20.0% to $14.9 million in 2002. Long-distance services cost of sales as a percentage of long-distance services revenues decreased from 37.4% in 2001 to 28.5% in 2002 primarily due to the following:

- Reductions in access costs due to distribution and termination of our traffic on our own local services network instead of paying other carriers to distribute and terminate our traffic. The statewide average cost savings is approximately $.038 and $.078 per minute for interstate and intrastate traffic, respectively. We expect cost savings to continue to occur as long-distance traffic originated, carried, and terminated on our own facilities grows,
- The FCC Multi-Association Group reform order reducing access rates paid by interexchange carriers to local exchange carriers ("LECs"), and
- In the course of business we estimate unbilled long-distance cost of sales based upon minutes of use processed through our network and established rates. Such estimates are revised when subsequent billings are received, when tariffed billing periods lapse, or when disputed

charges are resolved. In 2002 we had favorable adjustments of $1.8 million.

Partially offsetting the 2002 decrease in long-distance services cost of sales as a percentage of long-distance services revenues is a decrease in the average rate per minute billed to customers as previously described.

Cable services cost of sales and services increased 19.1% to $6.0 million in 2002. Cable services cost of sales and services as a percentage of cable revenues, which is less as a percentage of revenues than are long-distance, local access and Internet services cost of sales and services, increased from 26.8% in 2001 to 27.5% in 2002. Cable services rate increases did not keep pace with programming cost increases in 2002. Programming costs increased for most of our cable services offerings, and we incurred additional costs on new programming introduced in 2001 and 2002.

Local access services cost of sales and services increased 40.8% to $4.9 million in 2002. Local access services cost of sales and services as a percentage of local access services revenues increased from 56.6% in 2001 to 60.8% in 2002, primarily due to the following:

- Decreased network access services revenues from other carriers as the number of customers purchasing both long-distance and local access services from us increases,
- An increase in the Anchorage loop lease rates paid to ACS as described below,

- The effect of offering one to two months of free service to significant numbers of new local access services customers acquired in 2002 while continuing to incur cost of sales for such new customers,
- The FCC Multi-Association Group reform order reducing the access rates paid by interexchange carriers to LECs, and
- The lease of wholesale circuits from the ILEC in Fairbanks and Juneau pending completion of our own facilities enabling service transition to unbundled network elements ("UNE") facilities and pricing.

The increases in local access services cost of sales as a percentage of local access services revenues described above are partially offset by further economies of scale and more efficient network utilization as the number of local access services subscribers and resulting revenues increase.

ACS requested and received permission for a 7.7% increase in the UNE loop rate to $14.92 and a 24% increase in their retail residential rates, both effective in November 2001. The wholesale service rate we pay is tied to the retail residential rate and increased approximately $2.25 per line. Additionally, the cost of residential features increased 24% to approximately $1.35 per line. We estimate that the increased rates will result in a 3.0% to 4.0% increase in our local access services cost of sales as a percentage of local access services revenue for the year ended December 31, 2002.

Internet services cost of sales and services decreased 8.5% to $1.2 million in 2002, and as a percentage of Internet services revenues, totaled 29.4% and 40.1% in 2002 and 2001, respectively. The decrease as a percentage of Internet services revenues is primarily due to a $1.4 million increase in Internet's portion of cable modem revenue that generally has higher margins than do other Internet services products. As Internet services revenues increase, economies of scale and more efficient network utilization continue to result in reduced cost of sales and services as a percentage of revenues.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 17.9% to $32.6 million in 2002 and, as a percentage of total revenues, increased to 35.1% in 2002 from 32.3% in 2001. The 2002 increase is primarily due to increased labor and health insurance costs, incremental new costs to operate GCI Fiber Communication Co., Inc. ("GFCC") and Rogers, and costs incurred for our unsuccessful bid to purchase certain of the assets of WCIC.

Marketing and advertising expenses as a percentage of total revenues decreased from 2.7% in 2001 to 2.6% in 2002.

Bad Debt Expense

Bad debt expense increased 440.5% to $10.6 million in 2002 and, as a percentage of total revenues, increased to 11.5% in 2002 from 2.3% in 2001. The 2002 increase is primarily due to the provision of a $9.7 million bad debt reserve for uncollected accounts from WorldCom ("WorldCom reserve") resulting from substantially all of its active U.S. subsidiaries filing voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York on July 21, 2002.

The WorldCom reserve consists of all unpaid billings for services rendered prior to June 30, 2002 that were due from WorldCom at June 30, 2002 which have not been subsequently paid through the date of this report. An additional estimated $6.7 million is expected to be added to the WorldCom reserve in the third

quarter of 2002 attributed to July 2002 pre-petition services and associated billings that are not expected to have been paid at the end of the third quarter. Any payments received on amounts included in the WorldCom reserve will reduce the reserve and bad debt expense in the period of receipt.

Depreciation and Amortization

Depreciation and amortization expense increased 4.3% to $14.3 million in 2002. The increase is primarily attributable to an increase in depreciation expense on our $68.0 million investment in equipment and facilities placed into service during 2001 for which a full year of depreciation will be recorded during the year ended December 31, 2002, and the $31.1 million investment in equipment and facilities placed into service during the six months ended June 30, 2002 for which a partial year of depreciation will be recorded during the year ended December 31, 2002.

Partially offsetting the depreciation expense increases described above is the discontinued amortization of Goodwill and Cable Certificates upon the adoption of SFAS 142, "Goodwill and Other Intangible Assets" resulting in a decrease in 2002 amortization expense of approximately $1.6 million as compared to 2001.

Interest Expense, Net

Interest expense, net of interest income, decreased 23.8% to $6.1 million in 2002. This decrease resulted primarily from decreased interest rates in 2002 on our variable rate debt and a $826,000 net interest benefit earned in 2002 from our interest rate swap agreements. Partially offsetting these decreases was additional interest expense in 2002 resulting from an increase in average outstanding indebtedness.

Income Tax (Expense) Benefit

Income tax (expense) benefit was $583,000 in 2002 and ($270,000) in 2001. The change was due to our net loss before income taxes in 2002 as compared to net income before income taxes in 2001, primarily due to the effect of the $9.7 million WorldCom reserve as previously described. Our effective income tax rate decreased from 61.9% in 2001 to 34.6% in 2002 due to the effect of items that are nondeductible for income tax purposes.

Six Months Ended June 30, 2002 ("2002") Compared To Six Months Ended June 30, 2001 ("2001").

Revenues

Total revenues decreased 0.8% from $182.5 million in 2001 to $181.0 million in 2002. Excluding the fiber optic cable system capacity sale of $19.5 million in 2001 as described in note 1(f) in the accompanying Notes to Interim Condensed Consolidated Financial Statements, total revenues increased 11.1% in 2002.

Long-distance services revenues from residential, commercial, governmental, and other common carrier customers increased 6.6% to $102.4 million in 2002. The increase resulted primarily from:

- An increase of 21.1% in private line and private network transmission services revenues to $18.0 million in 2002 due to an increased number of leased circuits in service,
- An increase of 19.6% in message telephone service revenues from other common carriers (principally WorldCom and Sprint) to $44.5 million in 2002,
- An increase in 2002 of 40.2% to $9.0 million in revenues from our packaged telecommunications offering to rural hospitals and health clinics and our SchoolAccess(TM) offering to rural school districts. The increase is primarily due to an increase in circuits and services sold to rural hospitals and health clinics and the provision of SchoolAccess(TM) services to an additional nine school districts located in Arizona and New Mexico beginning in July 2001, and
- Additional revenues resulting from an increase of 12.0% in total minutes of use to 565.0 million minutes primarily due to a 21.7% increase in wholesale minutes carried for other common carriers to 405.4 million minutes. After excluding certain low-margin wholesale minutes no longer carried for other common carriers, comparable total minutes over the prior year increased 16.3% and wholesale minutes carried for other common carriers increased 28.9% over the prior year.

Long-distance services revenue increases described above were partially offset by a 2.7% decrease in our total average rate per minute to $0.114 per minute in 2002 due to the following:

- A 1.8% decrease in the average rate per minute on minutes carried for other common carriers due to a reduced rate charged by us for certain WorldCom and Sprint traffic due to a WorldCom contract amendment commencing March 2001 and a new Sprint contract commencing April 2002. After excluding certain 2001 low-margin wholesale minutes not carried in 2002 for other common carriers, the comparable average rate per minute decreased 6.1% from the prior year, and

- Reduced revenues resulting from our promotion of and customers' enrollment in calling plans offering a certain number of minutes for a flat monthly fee.

Cable services revenues increased 17.2% to $43.3 million in 2002. Programming services revenues increased 12.7% to $33.5 million in 2002 and average gross revenue per average basic subscriber per month increased $3.03 or 5.8% in 2002 resulting from the following:

- Basic subscribers served increased approximately 12,100 to approximately 135,100 at June 30, 2002 as compared to June 30, 2001 (the 2002 increase includes approximately 7,000 basic subscribers acquired from Rogers on November 19, 2001),
- New facility construction efforts in 2002 and the acquisition of Rogers subscribers resulted in approximately 15,700 additional homes passed, a 8.8% increase from 2001, and
- Digital subscriber counts increased 45.1% to approximately 26,400 at June 30, 2002 as compared to June 30, 2001.

The cable services segment's share of cable modem revenue (offered through our Internet services segment) increased $1.5 million to $3.6 million in 2002 due to an increased number of cable modems deployed.

Local access services revenues increased 27.0% in 2002 to $15.4 million primarily due to growth in the average number of customers served. At June 30, 2002 approximately 95,800 lines were in service as compared to approximately 69,000 lines in service at June 30, 2001. At June 30, 2002 approximately 1,850 additional lines were awaiting connection.

Internet services revenues increased 30.1% to $7.5 million in 2002 primarily due to growth in the average number of customers served and the number of cable modems deployed. We had approximately 71,400 active residential, commercial and small business retail dial-up Internet subscribers at June 30, 2002 as compared to approximately 65,500 at June 30, 2001. We had approximately 31,300 active residential, commercial and small business retail cable modem subscribers at June 30, 2002 as compared to approximately 19,600 at June 30, 2001. Approximately 850 cable modem subscribers were added with the Rogers acquisition on November 19, 2001.

The 60.9% decrease in All Other revenues to $12.3 million in 2002 is primarily due to the $19.5 million fiber system capacity sale in 2001 as previously described, partially offset by an increase in managed services revenue of $673,000 to $10.2 million in 2002 primarily due to increased contract rates and services with one customer.

Cost of Sales and Service
Total cost of sales and services decreased 18.2% to $62.1 million in 2002. As a percentage of total revenues, total cost of sales and services decreased from 41.6% in 2001 to 34.3% in 2002. Excluding the 2001 fiber system capacity sale, total cost of sales and services as a percentage of total revenues decreased from 39.9% in 2001 to 34.3% in 2002.

Long-distance services cost of sales and services decreased 16.0% to $30.9 million in 2002. Long-distance services cost of sales as a percentage of long-distance services revenues decreased from 38.3% in 2001 to 30.2% in 2002 primarily due to the following:

- Reductions in access costs due to distribution and termination of our traffic on our own local services network instead of paying other carriers to distribute and terminate our traffic. The statewide average cost savings is approximately $.038 and $.078 per minute for interstate and intrastate traffic, respectively. We expect cost savings to continue to occur as long-distance traffic originated, carried, and terminated on our own facilities grows,
- The FCC Multi-Association Group reform order reducing the access rates paid by interexchange carriers to LECs, and
- In the course of business we estimate unbilled long-distance cost of sales based upon minutes of use processed through our network and established rates. Such estimates are revised when subsequent billings are received, when tariffed billing periods lapse, or when disputed charges are resolved. In 2002 we had favorable adjustments of $2.5 million.

Partially offsetting the 2002 decrease in long-distance services cost of sales as a percentage of long-distance services revenues is a decrease in the average rate per minute billed to customers as previously described.

Cable services cost of sales and services increased 19.9% to $12.0 million in 2002. Cable services cost of sales and services as a percentage of cable revenues, which is less as a percentage of revenues than are long-distance, local access and Internet services cost of sales and services, increased from 27.1% in 2001 to 27.7% in 2002. Cable services rate increases did not keep pace with programming cost increases in 2002. Programming costs increased for most of

our cable services offerings, and we incurred additional costs on new programming introduced in 2001 and 2002.

Local access services cost of sales and services increased 45.2% to $9.6 million in 2002. Local access services cost of sales and services as a percentage of local access services revenues increased from 54.7% in 2001 to 62.5% in 2002, primarily due to the following:

- Decreased network access services revenues from other carriers as the number of customers purchasing both long-distance and local access services from us increases,
- An increase in the Anchorage loop lease rates paid to ACS as described below,
- The effect of offering one to two months of free service to significant numbers of new local access services customers acquired in 2002 while continuing to incur cost of sales for such new customers,
- The FCC Multi-Association Group reform order reducing the access rates paid by interexchange carriers to LECs, and
- The lease of wholesale circuits from the ILEC in Fairbanks and Juneau pending completion of our facilities enabling service transition to UNE facilities and pricing.

The increases in local access services cost of sales as a percentage of local access services revenues described above are partially offset by further economies of scale and more efficient network utilization as the number of local access services subscribers and resulting revenues increase.

ACS requested and received permission for a 7.7% increase in the UNE loop rate to $14.92 and a 24% increase in their retail residential rates, both effective in November 2001. The wholesale service rate we pay is tied to the retail residential rate and increased approximately $2.25 per line. Additionally, the cost of residential features increased 24% to approximately $1.35 per line. We estimate that the increased rates will result in a 3.0% to 4.0% increase in our local access services cost of sales as a percentage of local access services revenue for the year ended December 31, 2002.

Internet services cost of sales and services decreased 3.1% to $2.3 million in 2002, and as a percentage of Internet services revenues, totaled 31.3% and 42.1% in 2002 and 2001, respectively. The decrease as a percentage of Internet services revenues is primarily due to a $2.7 million increase in Internet's portion of cable modem revenue that generally has higher margins than do other Internet services products. As Internet services revenues increase, economies of scale and more efficient network utilization continue to result in reduced Internet cost of sales and services as a percentage of revenues.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 17.0% to $63.9 million in 2002 and, as a percentage of total revenues, increased to 35.3% in 2002 from 29.9% in 2001. Excluding the fiber system capacity sale in 2001, selling, general and administrative expenses, as a percentage of total revenues, increased from 32.7% in 2001 to 35.3% in 2002. The 2002 increase in selling, general and administrative expenses is primarily due to increased labor and health insurance costs, incremental new costs to operate GFCC and Rogers, and costs incurred for our unsuccessful bid to purchase certain of the assets of WCIC, partially offset by a decreased accrual for company-wide success sharing bonus costs.

Marketing and advertising expenses as a percentage of total revenues increased from 3.1% in 2001 to 3.4% in 2002. Excluding revenues from the fiber system capacity sale in 2001, marketing and advertising expenses as a percentage of total revenues were 3.5% in 2001.

Bad Debt Expense

Bad debt expense increased 296.5% to $11.2 million in 2002 and, as a percentage of total revenues, increased to 6.2% in 2002 from 1.6% in 2001. Excluding revenues from the fiber system capacity sale in 2001, bad debt expense as a percentage of total revenues was 1.7% in 2001. The increase in bad debt expense in 2002 is primarily due to the $9.7 million WorldCom reserve as previously described.

The WorldCom reserve consists of all unpaid billings for services rendered prior to June 30, 2002 that were due from WorldCom at June 30, 2002 which have not been subsequently paid through the date of this report. An additional estimated $6.7 million is expected to be added to the WorldCom reserve in the third quarter of 2002 attributed to July 2002 pre-petition services and associated billings that are not expected to have been paid at the end of the third quarter. Any payments received on amounts included in the WorldCom reserve will reduce the reserve and bad debt expense in the period of receipt.

Depreciation and Amortization

Depreciation and amortization expense increased 4.9% to $29.0 million in 2002. The increase is primarily attributable to an increase in depreciation expense on our $68.0 million investment in equipment and facilities placed into service

during 2001 for which a full year of depreciation will be recorded during the year ended December 31, 2002, and the $31.1 million investment in equipment and facilities placed into service during 2002 for which a partial year of depreciation will be recorded during the year ended December 31, 2002.

Partially offsetting the depreciation expense increases described above is the discontinuation of amortization of Goodwill and Cable Certificates upon the adoption of SFAS 142, "Goodwill and Other Intangible Assets" resulting in a decrease in 2002 amortization expense of approximately $3.2 million as compared to 2001.

Interest Expense, Net

Interest expense, net of interest income, decreased 24.5% to $12.6 million in 2002. This decrease resulted primarily from decreased interest rates in 2002 on our variable rate debt and a $1.3 million net interest benefit earned in 2002 from our interest rate swap agreements. In 2001 we earned a $285,000 interest benefit from our interest rate swap agreement. Partially offsetting these decreases was additional interest expense in 2002 resulting from an increase in average outstanding indebtedness.

Income Tax Expense

Income tax expense was $1.1 million in 2002 and $2.2 million in 2001. The decrease was due to reduced net income before income taxes in 2002 as compared to 2001, primarily due to the effect of the $9.7 million WorldCom reserve as previously described. Our effective income tax rate increased from 45.6% in 2001 to 48.9% in 2002 due to the effect of items that are nondeductible for income tax purposes.

At June 30, 2002, we have (1) tax net operating loss carryforwards of approximately $174.1 million that will begin expiring in 2007 if not utilized, and (2) alternative minimum tax credit carryforwards of approximately $1.9 million available to offset regular income taxes payable in future years. Our utilization of remaining net operating loss carryforwards is subject to certain limitations pursuant to Internal Revenue Code section 382.

Tax benefits associated with recorded deferred tax assets are considered to be more likely than not realizable through future reversals of existing taxable temporary differences and future taxable income exclusive of reversing temporary differences and carryforwards. The amount of deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced. We estimate that our effective income tax rate for financial statement purposes will be 40% to 45% in 2002.

The Job Creation and Worker Assistance Act of 2002 was signed into law on March 9, 2002 and contains several provisions that are effective for tax years ending in 2001, one of which relates to net operating losses. The Act amends Internal Revenue Code ("IRC") Section 172(b)(1) to provide, generally, that a net operating loss for a tax year ending in 2001 or 2002 can be carried back five years, rather than the two-year carryback generally allowed by section 172(b)(1)(A). The Act also amends IRC Section 56(d)(1) to allow alternative minimum tax net operating losses carried forward into tax years ending in 2001 or 2002 to be used without regard to the 90 percent alternative minimum taxable income limitation that generally applies. In addition, alternative minimum tax net operating losses generated in 2001 or 2002 and carried back to an earlier year under IRC Section 172 are not subject to the 90 percent alternative minimum taxable income limitation. SFAS No. 109 states that a change in tax law or rates that affects deferred income taxes is recorded in the statement of operations in the year of enactment.

Our U.S. income tax return for 1999 was selected for examination by the Internal Revenue Service during 2001. The examination commenced during the third quarter of 2001 and was completed during the second quarter of 2002 with no material adjustments required.

FLUCTUATIONS IN QUARTERLY RESULTS OF OPERATIONS

<TABLE>

The following chart provides selected unaudited statement of operations data from our quarterly results of operations during 2002 and 2001:

<CAPTION>

	(Amounts in thousands, except per share amounts)				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
<S>	<C>	<C>	<C>	<C>	<C>
2002					
Revenues:					
Long-distance services	$ 50,068	52,375			102,443

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
Cable services	$ 21,346	21,919			43,265
Local access services	$ 7,308	8,106			15,414
Internet services	$ 3,573	3,912			7,485
All Other services	$ 5,915	6,428			12,343
Total revenues	$ 88,210	92,740			180,950
Operating income (1)	$ 10,376	4,395			14,771
Net income (loss) before income taxes (1)	$ 3,858	(1,686)			2,172
Net income (loss) (1)	$ 2,212	(1,103)			1,109
Basic and diluted net income (loss) per common share (1)	$ 0.03	(0.03)			0.00
2001					
Revenues:					
Long-distance services	$ 46,236	49,851	53,892	50,715	200,694
Cable services	$ 18,046	18,873	19,113	20,522	76,554
Local access services	$ 5,958	6,183	6,397	6,691	25,229
Internet services	$ 2,619	3,134	3,019	3,224	11,996
All Other services (2)	$ 24,058	7,494	5,598	5,635	42,785
Total revenues	$ 96,917	85,535	88,019	86,787	357,258
Operating income (2)	$ 13,042	8,411	10,192	7,928	39,573
Net income before income taxes	$ 4,322	436	2,717	1,184	8,659
Net income	$ 2,423	166	1,527	473	4,589
Basic net income (loss) per common share	$ 0.04	(0.01)	0.02	0.00	0.05
Diluted net income (loss) per common share (3)	$ 0.03	(0.01)	0.02	0.00	0.05

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1 The second quarter of 2002 includes provision of the $9.7 million WorldCom reserve as previously described.

2 The first quarter of 2001 includes $19.5 million of revenue and $7.3 million of operating income (after deducting direct operating costs) from the sale of long-haul capacity in the Alaska United undersea fiber optic cable system.

3 Due to rounding, the sum of quarterly net income (loss) per common share amounts does not agree to total year net income per common share amounts.

</FN>
</TABLE>

Revenues

Total revenues for the quarter ended June 30, 2002 ("second quarter") were $92.7 million, representing a 5.1% increase from $88.2 million for the quarter ended March 31, 2002 ("first quarter"). The second quarter increase resulted primarily from a 4.6% increase in long-distance services revenues to $52.4 million resulting from the following:

- Revenues from other common carriers increased 13.2% to $23.6 million, primarily due to a 16.1% increase in minutes carried to 217.7 million minutes, partially offset by a 2.5% decrease in the average rate per minute on minutes carried for other common carriers, and
- An increase of 3.3% in private line and private network transmission services revenues to $9.1 million in second quarter due to an increased number of leased circuits in service.

The increase in long-distance services revenue described above is partially offset by a decrease in the long-distance services average rate per minute from $0.115 in the first quarter to $0.112 in the second quarter.

Cost of Sales and Services

Cost of sales and services decreased from $31.2 million in the first quarter to $30.9 million in the second quarter. As a percentage of revenues, first and second quarter cost of sales and services totaled 35.4% and 33.3%, respectively. The second quarter decrease as a percentage of revenues primarily results from the following:

- Reductions in access costs due to distribution and termination of traffic on our own long-distance and local services networks instead of paying other carriers to distribute and terminate our traffic. We expect cost savings to continue as traffic carried on our own facilities grows, and
- In the course of business we estimate unbilled long-distance cost of sales based upon minutes of use processed through our network and established rates. Such estimates are revised when subsequent billings are received, when tariffed billing periods lapse, or when disputed charges are resolved. We had favorable adjustments of $663,000 and $1.8 million in first and second quarter, respectively.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 4.1% to $32.6 million in

the second quarter as compared to the first quarter. As a percentage of revenues, second quarter selling, general and administrative expenses were 35.1% as compared to 35.5% for the first quarter. The second quarter increase in selling, general and administrative expenses is primarily due to increased labor and health insurance costs and costs incurred for our unsuccessful bid to purchase certain of the assets of WCIC. The second quarter decrease in selling, general and administrative expenses as a percentage of revenues is due to increased revenues in the second quarter without a comparable increase in expenses.

Bad Debt Expense
Bad debt expense increased $10.0 million to $10.6 million in the second quarter as compared to the first quarter. As a percentage of revenues, second quarter bad debt expense was 11.5% as compared to 0.7% for the first quarter. The second quarter bad debt expense increase is primarily due to the $9.7 million WorldCom reserve as previously described.

Net Income (Loss)
We reported net loss of ($1.1) million for the second quarter as compared to net income of $2.2 million for the first quarter. The decrease is primarily due to the effect of the $9.7 million WorldCom reserve as previously described, partially offset by increased revenues and decreased cost of sales, net interest expense and income tax expense.

Liquidity and Capital Resources
Cash flows from operating activities totaled $29.2 million for the six months ended June 30, 2002 ("2002") as compared to $45.7 million for the six months ended June 30, 2001 ("2001"), net of changes in the components of working capital. The decrease in 2002 is primarily due to the effect of the 2001 fiber system capacity sale partially offset by increased cash flow in 2002 from substantially all segments. Uses of cash during 2002 include $36.2 million of expenditures for property and equipment, including construction in progress, and payment of $3.1 million in notes receivable issued to related parties. Other sources of cash in 2002 include $9.0 million in long-term borrowings and receipt of $858,000 in repayments of notes receivable issued to related parties.

Trade receivables increased $7.3 million from December 31, 2001 to June 30, 2002 primarily due to an increase in balances due from WorldCom preceding their filing for Chapter 11 bankruptcy reorganization.

Working capital deficit totaled $34.9 million at June 30, 2002, a $30.3 million increase in working capital deficit as compared to a deficit of $4.6 million as of December 31, 2001. The deficit increase is primarily attributed to classification of $38.2 million of our senior credit facilities scheduled principal reductions through June 30, 2003 to current maturities of long-term debt, as described further below.

We borrowed an additional $9.0 million on our Senior Holdings Loan credit facilities in 2002, and are scheduled to make $575,000, $10.0 million, $10.0 million, and $10.0 million principal payments on those facilities in the third quarter of 2002, fourth quarter of 2002, first quarter of 2003, and second quarter of 2003, respectively. Efforts to refinance the Senior Holdings Loan and the Fiber Facility are continuing. If we were to complete a refinancing and accept an early adoption of SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections" in 2002 we expect to recognize $2.7 million to $2.9 million as an infrequent loss attributed to remaining unamortized loan costs.

We are scheduled to make $3.0 million and $3.0 million principal payments on our Fiber Facility in the first and second quarters of 2003, respectively.

We were not the successful bidder for certain of the assets of WCIC, as described in note 7 to the Interim Condensed Consolidated Financial Statements, therefore the December 17, 2001 amendment to the Senior Holdings Loan will not become effective. Loan fees associated with this amendment were charged to expense.

We were in compliance with all loan covenants at June 30, 2002.

Our semi-annual Senior Notes interest payment of $8.8 million was due August 1, 2002 and was paid in full at that time out of existing cash balances.

Our expenditures for property and equipment, including construction in progress, totaled $36.2 million and $28.4 million during 2002 and 2001, respectively. We expect our 2002 expenditures for property and equipment, including construction in progress, for our core operations to total $60 million - $65 million. Planned capital expenditures over the next five years include those necessary for continued expansion of our long-distance, local exchange and Internet facilities, supplementation of our existing network backup facilities, continuing development of our Personal Communication Services, or PCS, network, cable telephony, and upgrades to our cable television plant.

The long-distance, local access, cable, Internet and wireless services

industries are experiencing increasing competition and continuing technological changes. Our future results of operations will be affected by our ability to react to changes in the competitive environment and by our ability to fund and implement new or

enhanced technologies. We are unable to determine how competition and technological changes will affect our ability to obtain financing.

The telecommunications industry in general is depressed due to high levels of competition in the long-distance market resulting in pressures to reduce prices, an oversupply of long-haul capacity, excessive debt loads, several high-profile company failures and potentially fraudulent accounting practices by some companies. Our ability to refinance existing debt in the near term and to obtain new debt under acceptable terms and conditions in the longer-term may be diminished as a result.

The financial, credit and economic impacts of WorldCom's bankruptcy filing on the industry in general and on us in particular are not yet fully understood and are not predictable. We currently cannot predict the timing or amount that WorldCom will pay on outstanding balances due us as of their bankruptcy filing date of July 21, 2002. We expect such unpaid balances to total approximately $16.4 million for services rendered prior to their filing date. We believe that services provided to WorldCom subsequent to their bankruptcy filing date will be paid currently, consistent with our status in WorldCom's filing as a key service provider or utility to WorldCom's global network.

A conversion of WorldCom's bankruptcy petition to Chapter 7, an unfavorable classification of our service provider status for post July 21, 2002 services, unfavorable reauthorization of our pre-filing contracts and agreements with WorldCom, or a migration of WorldCom's traffic off our network without it being replaced by other common carriers that interconnect with our network, could have a materially adverse impact on our financial position, results of operations and liquidity.

We believe that we will be able to meet our current and long-term liquidity and capital requirements, fixed charges and preferred stock dividends through our cash flows from operating activities, existing cash, cash equivalents, short-term investments, credit facilities, and other external financing and equity sources. Should cash flows be insufficient to support additional borrowings and principal payments scheduled under our existing credit facilities or should we be unable to refinance our existing debt in 2002, capital expenditures will likely be reduced. If we are unable to timely make our scheduled principal payments and our lenders then elect to accelerate the repayment terms, we would not have the liquidity to repay the debt.

New Accounting Standards

In July 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations". SFAS No. 143 provides accounting and reporting standards for costs associated with the retirement of long-lived assets. This statement requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the entity capitalizes a cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, an entity either settles the obligation for its recorded amount or incurs a gain or loss upon settlement. We will be required to adopt this statement no later than January 1, 2003 and do not expect this statement to have a material effect on our results of operations, financial position and cash flows.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections". The following summarizes the effects of SFAS No. 145:

- SFAS No. 4, "Reporting Gains and Losses from Extinguishment of Debt", which required all gains and losses from extinguishment of debt to be aggregated and, if material, classified as an extraordinary item, net of related income tax effect is rescinded. Upon adoption of SFAS No. 145, companies will be required to apply the criteria in Accounting Principles Board Opinion No. 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business,

  and Extraordinary, Unusual and Infrequently Occurring Events and Transactions" ("Opinion No. 30"), in determining the classification of gains and losses resulting from the extinguishment of debt,
- SFAS No. 64, "Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements", amended SFAS No. 4 and is no longer necessary since SFAS No. 4 has been rescinded,
- SFAS No. 44, "Accounting for Intangible Assets of Motor Carriers", was issued to establish accounting requirements for the effects of the transition to the provisions of the Motor Carrier Act of 1980. Those

transitions are completed and, therefore, SFAS No. 44 is no longer needed, and

- SFAS No. 13, "Accounting for Leases", is amended to require that certain lease modifications that have economic effects similar to sale-leaseback transactions be accounted for in the same manner as sale-leaseback transactions.

SFAS No. 145 will be effective for fiscal years beginning after May 15, 2002, with early adoption of the provisions related to the rescission of Statement No. 4 encouraged. Upon adoption, enterprises must reclassify prior period items that do not meet the extraordinary item classification criteria in Opinion No. 30. We are currently assessing the impact of this statement on our results of operations, financial position and cash flows.

In July 2002, the FASB issued SFAS No 146, "Accounting for Costs Associated with Exit or Disposal Activities". Upon adoption of SFAS 146, enterprises may only record exit or disposal costs when they are incurred and can be measured at fair value. The recorded liability will be subsequently adjusted for changes in estimated cash flows. SFAS 146 revises accounting for specified employee and contract terminations that are part of restructuring activities. We will be required to adopt this statement no later than January 1, 2003 and do not expect this statement to have a material effect on our results of operations, financial position and cash flows.

Critical Accounting Policies

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our interim condensed consolidated financial statements.

- We recognize unbilled revenues based upon minutes of use carried and established rates, net of credits and adjustments.
- We estimate unbilled long-distance cost of sales based upon minutes of use carried through our network and established rates. Such estimates are revised when subsequent billings are received, when tariffed billing periods lapse, or when disputed charges are resolved.
- We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. We base our estimates on the aging of our accounts receivable balances and our historical write-off experience, net of recoveries. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.
- When recording depreciation expense associated with our telephony and cable television distribution systems, we use estimated useful lives. Because of changes in technology and industry conditions, we periodically evaluate the useful lives of our telephony and cable television distribution systems. These evaluations could result in a change in useful lives in future periods.
- When recording amortization expense on intangible assets, we use estimated useful lives. We periodically evaluate the useful lives of our intangible assets. These evaluations could result in a change in useful lives in future periods. Additionally, we periodically review the valuation of our intangible assets. These reviews could result in write-down of the value of intangible assets.
- We record a valuation allowance to reduce our deferred tax assets to the amount that we believe is more likely than not to be realized. While we have considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for the valuation allowance, in the event we were to determine that we would not be able to realize all or part of our net deferred tax

assets in the future, an adjustment to the deferred tax assets would be charged to income in the period such determination was made.

- We have recorded revenues in the first quarter of 2001 associated with a cash sale of indefeasible rights to use certain amounts of our fiber system capacity. The fiber system capacity sold was treated as integral equipment because it is attached to real estate. Because all of the benefits and risks of ownership were transferred to the purchaser upon full receipt of the purchase price and other terms of the contract meet the requirements of SFAS No. 66, "Accounting for Sales of Real Estate," we accounted for the fiber system capacity sale as a sales-type lease. The accounting for the sale of fiber system capacity is currently evolving and accounting guidance may become available in the future which could require us to change our policy. If we are required to change our policy, it is likely the effect would be to recognize the gain from future sales of fiber system capacity, if any, over the term the capacity is provided.
- Potential refundable amounts attributed to ILEC excess earnings are accounted for as gain contingencies since we cannot estimate future refundable amounts nor do we know if or when we will receive such refunds in the future. Such refunds are not recorded until realization is a certainty upon receipt.

Geographic Concentration and the Alaska Economy
We offer voice and data telecommunication and video services to customers primarily throughout Alaska. Because of this geographic concentration, growth of our business and of our operations depends upon economic conditions in Alaska. The economy of Alaska is dependent upon the natural resource industries, and in particular oil production, as well as investment earnings, tourism, government, and United States military spending. Any deterioration in these markets could have an adverse impact on us. In fiscal 2001 Alaska's oil revenues and federal funding supplied 61% and 33%, respectively, of the state's total revenues. Investment losses negatively affected the state's total revenues in fiscal 2001 due to a decline in the value of its stock market investments. Investment losses of approximately $615.2 million reduced the state's total revenues to approximately $3.8 billion. All of the federal funding is dedicated for specific purposes, leaving oil revenues as the primary funding source of general operating expenditures. In fiscal 2002 state economists forecast that Alaska's federal funding, oil revenues, and investment earnings will supply 42%, 33% and 10%, respectively, of the state's total projected revenues.

The volume of oil transported by the TransAlaska Oil Pipeline System over the past 20 years has been as high as 2.0 million barrels per day in fiscal 1988. Production has been declining over the last several years with an average of 0.991 million barrels produced per day in fiscal 2001. The state forecasts the production of 1.011 million barrels per day in fiscal 2002, and a production rate slightly above 1.0 million barrels per day through fiscal 2009. The state attributes the production rate increase to future development of recent discoveries in the National Petroleum Reserve Alaska, further development of heavy oil in both the Kuparuk and Prudhoe Bay fields, and additional satellite field development.

Market prices for North Slope oil averaged $27.85 in fiscal 2001 and are forecasted to average $21.50 in fiscal 2002. State economists forecast the average price of North Slope oil to decline to $20.50 in fiscal 2003. The closing price per barrel was $25.49 on August 2, 2002. The production policy of the Organization of Petroleum Exporting Countries and its ability to continue to act in concert represents a key uncertainty in the state's revenue forecast.

The State of Alaska maintains the Constitutional Budget Reserve Fund that is intended to fund budgetary shortfalls. If the state's current projections are realized, the Constitutional Budget Reserve Fund will be depleted in 2004. If the fund is depleted, aggressive state action will be necessary to increase revenues and reduce spending in order to balance the budget. The governor of the State of Alaska and the Alaska legislature continue to pursue cost cutting and revenue enhancing measures.

In 2002 the Alaska Legislature passed and the Governor signed legislation that, among other things, increased certain alcohol beverage taxes, increased the state minimum wage to $7.15 per hour (adjusted for inflation in future years), and extended the termination date of the RCA one year to June 30, 2003.

Tourism, air cargo, and service sectors have helped offset the prevailing pattern of oil industry downsizing that has occurred during much of the last several years. Funds from federal sources totaling $2.1 billion are expected to be distributed to the State of Alaska for highways and other federally supported projects in fiscal 2002.

Should new oil discoveries or developments not materialize or the price of oil become depressed, the long term trend of continued decline in oil production from the Prudhoe Bay area is inevitable with a corresponding adverse impact on the economy of the state, in general, and on demand for telecommunications and cable television services, and, therefore, on us, in particular. In the past year, there has been a renewed effort to allow exploration and development in the Arctic National Wildlife Refuge ("ANWR"). The U.S. Department of Energy estimates it could take seven to twelve years to begin oil field production after approval of ANWR exploration.

Deployment of a natural gas pipeline from the State of Alaska's North Slope to the Lower 48 states has been proposed to supplement natural gas supplies. A competing natural gas pipeline through Canada has also been proposed. The economic viability of a natural gas pipeline depends upon the price of and demand for natural gas. Either project could have a positive impact on the State of Alaska's revenues and the Alaska economy. According to their public comments, neither Exxon Mobil, BP nor Phillips Petroleum, Alaska's large natural gas owners, believe either natural gas pipeline makes financial sense based upon their preliminary analysis, though Phillips Petroleum says it will move forward with permitting of the project if certain federal income tax incentives are included. The governor of the State of Alaska and certain natural gas transportation companies continue to support a natural gas pipeline from Alaska's North Slope by trying to reduce the project's costs and by advocating for federal tax incentives to further reduce the project's costs. In April 2002 the U.S. Senate passed an energy bill mandating the following:

- A North Slope natural gas pipeline will follow the Alaska Highway route,

- Gas producers will be allowed to take a credit on their federal income taxes if prices fall,
- Alaskans along the pipeline route will have access to the gas, and
- Future gas discoveries will be allowed to move through the pipeline.

We have, since our entry into the telecommunication marketplace, aggressively marketed our services to seek a larger share of the available market. The customer base in Alaska is limited, however, with a population of approximately 627,000 people. The State of Alaska's population is distributed as follows:

- 42% are located in the Municipality of Anchorage,
- 13% are located in the Fairbanks North Star Borough, and
- 5% are located in the City and Borough of Juneau.

The remaining population is spread out over the vast reaches of Alaska. No assurance can be given that the driving forces in the Alaska economy, and in particular, oil production, will continue at appropriate levels to provide an environment for expanded economic activity.

No assurance can be given that oil companies doing business in Alaska will be successful in discovering new fields or further developing existing fields which are economic to develop and produce oil with access to the pipeline or other means of transport to market, even with a reduced level of royalties. We are not able to predict the effect of changes in the price and production volumes of North Slope oil on Alaska's economy or on us.

Seasonality

Long-distance revenues (primarily those derived from our other common carrier customers) have historically been highest in the summer months because of temporary population increases attributable to tourism and increased seasonal economic activity such as construction, commercial fishing, and oil and gas activities. Cable television revenues, on the other hand, are higher in the winter months because consumers spend more time at home and tend to watch more television during these months. Local access and Internet services are not expected to exhibit significant seasonality. Our ability to implement construction projects is also hampered during the winter months because of cold temperatures, snow and short daylight hours.

PART I.
ITEM 3.

Quantitative and Qualitative Disclosures About Market Risk

We are exposed to various types of market risk in the normal course of business, including the impact of interest rate changes. We do not hold derivatives for trading purposes.

Our Senior Holdings Loan agreement carries interest rate risk. Amounts borrowed under this agreement bear interest at either Libor plus 1.0% to 2.5%, depending on the leverage ratio of Holdings and certain of its subsidiaries, or at the greater of the prime rate or the federal funds effective rate (as defined) plus 0.05%, in each case plus an additional 0.0% to 1.375%, depending on the leverage ratio of Holdings and certain of its subsidiaries. Should the Libor rate, the lenders' base rate or the leverage ratios change, our interest expense will increase or decrease accordingly. On September 21, 2001, we entered into an interest rate swap agreement to convert $25 million of this variable interest rate debt to 3.98% fixed rate debt plus applicable margin. As of June 30, 2002, we have borrowed $120.7 million of which $95.7 million is subject to interest rate risk. On this amount, a 1% increase in the interest rate would cost us $957,000 in additional gross interest cost on an annualized basis.

On January 3, 2001 we entered into an interest rate swap agreement to convert $50 million in 9.75% fixed rate debt to a variable interest rate equal to the 90 day Libor rate plus 334 basis points. The swap agreement carries interest rate risk. Should the Libor rate change, our interest expense will increase or decrease accordingly. A 1% change in the variable interest rate will change the annualized benefit of the swap by $500,000. As of June 30, 2002, the interest rate spread between the fixed and swapped variable rate is 4.50%, an annualized reduction in interest expense of approximately $2,250,000. This interest rate swap agreement was called at no cost and terminated on August 1, 2002.

Our Fiber Facility carries interest rate risk. Amounts borrowed under this Agreement bear interest at either Libor plus 2.5%-2.75%, or at our choice, the lender's prime rate plus 1.25%-1.5%. Should the Libor rate, the lenders' base rate or the leverage ratios change, our interest expense will increase or decrease accordingly. As of June 30, 2002, we have borrowed $60.0 million subject to interest rate risk. On this amount, a 1% increase in the interest rate would cost us $600,000 in additional gross interest cost on an annualized basis.

Our Satellite Transponder Capital Lease carries interest rate risk. Amounts borrowed under this Agreement bear interest at Libor plus 3.25%. Should the Libor rate change, our interest expense will increase or decrease accordingly.

As of June 30, 2002, we have borrowed $45.9 million subject to interest rate risk. On this amount, a 1% increase in the interest rate would cost us $459,000 in additional gross interest cost on an annualized basis.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information regarding pending legal proceedings to which we are a party is included in note 7 to the Interim Condensed Consolidated Financial Statements and is incorporated herein by reference.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit 10.100 - Contract for Alaska Access Services between Sprint Communications Company L.P. and General Communication, Inc. and its wholly owned subsidiary GCI Communication Corp. dated March 12, 2002 (certain information has been redacted from this document which we desire to keep undisclosed)

Exhibit 99.36 - Certifications Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K filed during the quarter ended June 30, 2002 - None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GENERAL COMMUNICATION, INC.

<TABLE>
<CAPTION>

Signature	Title	Date
<S>	<C>	<C>
/s/ Ronald A. Duncan Ronald A. Duncan	President and Director (Principal Executive Officer)	August 9, 2002
/s/ John M. Lowber John M. Lowber	Senior Vice President, Chief Financial Officer, Secretary and Treasurer (Principal Financial Officer)	August 9, 2002
/s/ Alfred J. Walker Alfred J. Walker	Vice President, Chief Accounting Officer (Principal Accounting Officer)	August 9, 2002

</TABLE>

CONTRACT FOR ALASKA ACCESS SERVICES

This Agreement is entered into this 12th day of March, 2002 between Sprint Communications Company L.P., a Delaware Limited Partnership, (hereinafter referred to as "Sprint") and General Communication, Inc. and its wholly owned subsidiary GCI Communication Corp., Alaska corporations (together "GCI"). This Agreement will be effective beginning with the April 2002 usage period.

Background

1. GCI currently carries Sprint interstate measured telephone service ("MTS") traffic to and from the State of Alaska.

2. GCI currently carries Sprint private lines to, from, and within the State of Alaska.

3. Upon this Agreement becoming effective with the April 2002 usage period, previous agreements between the parties for the Sprint Traffic will be terminated and superseded by this Agreement.

Agreement

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, GCI and Sprint agree as follows:

1. DEFINITIONS

(A) Alaska Average Terminating and Originating Access Costs: Blended per minute rates calculated by computing GCI's average interstate terminating and originating access rates for each of the companies listed below, and then averaging those rates weighted by the percentage of total GCI terminating and originating access to each company. For each company the average terminating and originating interstate rate will be calculated using a ******** mile transport element. For the ******** year of this Agreement, the access rates for each company shall be weighted as indicated below to produce the final blended rates that are the Alaska Average Terminating and Originating Access Costs, respectively.

ACS-Anchorage	********%
ACS-Northland	********%
Matanuska Telephone Assoc.	********%
GCI Comm	********%
ACS-Fairbanks	********%
ACS-Alaska	********%
AT&T Wireless Services	********%
Alaska Telephone Co.	********%
Ketchikan Public Utilities	********%
United Utilities Inc	********%
Mactel Cellular	********%
OTZ Coop	********%
Copper Valley Telephone	********%
Mukluk Telephone Co.	********%
AT&T Alascom	********%
Pacificom-Alasaka LLS	********%
Cordova Telephone	********%
Interior Telephone Co.	********%
Arctic Slope Telephone	********%
Rest of State-NECA	********%

[CERTAIN INFORMATION HAS BEEN REDACTED FROM THIS DOCUMENT WHICH THE COMPANY DESIRES TO KEEP UNDISCLOSED AND A COPY OF THE UNDREDACTED DOCUMENT WILL BE FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.]

Annually if the option contained in either Section 2.B.(2) or 2.B.(3) or both is elected by GCI, GCI shall update the percentages, using ******** terminating and originating minutes, used in calculating the Alaska Average Terminating and Originating Access Costs based upon the percentage of GCI's total billed terminating and originating access minutes for each Alaska exchange company.

(B) Sprint Alaska Originated Traffic: All Sprint MTS traffic, other than 800 and 900 traffic, which originates where GCI has facilities in Alaska and is delivered to Sprint in Seattle for termination outside Alaska.

(C) ********: All Sprint 800 and 900 traffic which originates in Alaska and terminates outside of Alaska.

(D) ********: All Sprint MTS traffic which originates outside of Alaska and terminates in Alaska.

(E) Sprint Alaska ******** Service: All Sprint private line requirements where one or more termination points reside within the State of Alaska.

(F) Sprint Traffic: ********, ********, and Sprint Alaska ******** Service.

(G) POP: Point of Presence.

(H) Effective ******** Rate: This rate per minute is derived by ******** the "Alaska ******** Contract Credit" from the monthly billed amount on the ******** invoice, and ******** the ******** by the ******** minutes.

(I) Effective ******** Rate: This rate per minute is derived by ******** the "Alaska ******** Contract Credit" from the monthly billed amount on the ******** invoice, and ******** the ******** by the ******** minutes.

[CERTAIN INFORMATION HAS BEEN REDACTED FROM THIS DOCUMENT WHICH THE COMPANY DESIRES TO KEEP UNDISCLOSED AND A COPY OF THE UNDREDACTED DOCUMENT WILL BE FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.]

2. TRAFFIC SERVICES, CHARGES AND STANDARDS

(A) Traffic Services. Sprint will utilize the transmission services of GCI for all Sprint Traffic and GCI will transmit Sprint Traffic as follows:

1. Sprint Alaska Originated Traffic. GCI will receive Sprint Alaska Originated Traffic and deliver it to Sprint in Seattle, Washington.

2. ********. GCI will receive ******** and deliver it to Sprint in Seattle, Washington.

3. ********. Sprint will deliver ******** to the GCI POP in Seattle, Washington. GCI shall route all ******** received at the POP to the appropriate destination in Alaska.

4. Sprint Alaska ******** Service. GCI shall interconnect with Sprint at the GCI POP in Seattle, Washington. GCI shall provide the required bandwidth to the Alaska destination and coordinate the connection to the customer location.

5. Sprint Alaska Directory Assistance. Sprint will deliver Sprint Alaska Directory Assistance traffic to GCI POP in Seattle, Washington. GCI shall route Sprint Alaska Directory Assistance traffic to the appropriate Alaska directory assistance provider.

(B) Charges. GCI shall charge and Sprint shall pay for services provided by GCI under this section as follows:

1. Sprint Alaska Originated Traffic. GCI and Sprint agree to work toward a mutually satisfactory arrangement if Sprint requires Alaska MTS origination.

2. ********. ******** (except for Sprint Alaska Originated Traffic) shall be charged at the following rates per minute in the appropriate periods:

Date	Rate in Dollars
********	********
********	********
********	********
********	********
********	********
********	********

There shall be no ********. ******** shall pay the ******** and all ******** charges for ********. Any query charges associated with the routing of ********, due to FCC Docket #86-10, will be passed on to ********.

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In accordance with FCC rules regarding per-call compensation for coinless payphone calls (Second Order on Reconsideration in FCC Docket #96-128), as first-switch interexchange carrier, GCI may be obligated to pay per-call compensation for payphone-originated, coinless calls. Where it is so obligated by law, GCI may assess a $******** surcharge on ******** for each compensable payphone call.

In no event will the payphone surcharge be higher than $******** above the applicable per-call compensation for payphone-originated coinless calls, as set by the FCC.

The surcharge shall not apply to calls for which Sprint certifies that it or a reseller or customer of Sprint has direct or indirect arrangements for payphone compensation with the payphone owner or its designated agent ("PSP") and for which Sprint provides GCI with adequate identification of covered telephone numbers.

For calls routed to platform numbers, whether those of Sprint or a reseller or customer of Sprint, answer supervision received by GCI may not accurately indicate whether a dial-around payphone call is completed to the called party and therefore compensable to the PSP. For such platform calls, at Sprint's option, GCI shall assess surcharges only on calls Sprint identifies to GCI as completed to the called party. Sprint, in a mutually agreed computer readable format, shall provide GCI with adequate identification of such platform telephone numbers and appropriate reporting to document completion of those dial-around calls, for timely reporting by GCI to the PSPs

If GCI or Sprint determines they have both paid payphone compensation for the same calls, or that payphone compensation has been paid for noncompensable calls, GCI and Sprint agree to cooperate to resolve the discrepancy and process appropriate refund requests. GCI agrees to credit Sprint for amounts surcharged in error.

GCI and Sprint shall cooperate with each other, and agree to make records available (subject to reasonable confidentiality guarantees, where appropriate) to verify proper and timely reporting, payment, and billing for payphone originated dial-around calls and to help manage questions or disputes raised by payphone owners or their agents. The parties acknowledge that FCC requirements and industry practices for per-call compensation for coinless payphone calls may change during the term of the Agreement. Either party may reopen this provision of the Agreement, upon thirty days written notice, to renegotiate in light of changes in applicable FCC rules or common industry practices thereunder.

GCI Option. If the Effective Sprint Southbound Rate becomes less than the ******** $********, GCI may, at its option, increase the rates contained in this subsection to a level where the Effective Sprint Southbound Rate is ******** to the ******** $******** . GCI will provide 30 days written notification to Sprint prior to the implementation of this option.

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3. ********. ********shall be charged at the following rates per minute in the appropriate period:

Date	Rate in Dollars
********	********
********	********
********	********
********	********
********	********

There shall be no ********. ********shall pay the ********and all ******** charges for the ********of ********.

GCI Option. If the Effective Sprint Northbound Rate becomes

less than the ******** $********, GCI may, at its option, increase the rates contained in this subsection to a level where the Effective Sprint Southbound Rate is ******** to the ******** $********. GCI will provide 30 days written notification to Sprint prior to the implementation of this option.

4. Sprint Alaska ******** Service. GCI shall charge Sprint it's best available ******** term rate for the ******** requested from all points in Alaska. Each month GCI will calculate the total ******** Sprint Alaska ******** Service charges for all ******** requirements of ******** and below. A ********% credit will be calculated. ******** of the credit will be applied to the following month's ******** invoice, and identified as, "Alaska ******** Contract Credit". This credit amount will be used to establish an Effective Sprint Northbound Rate. ******** of the credit will be applied to the following month's ******** invoice, and identified as, "Alaska ******** Contract Credit". This credit amount will be used to establish an Effective Sprint Southbound.

5. Sprint Alaska Directory Assistance. GCI shall charge $******** for each Sprint Alaska Directory Assistance call.

(C) Billing. GCI will bill Sprint for the services outlined in this Agreement monthly, in a format acceptable to Sprint and containing sufficient detail for Sprint to properly validate the bill. Sprint will pay all non-disputed amounts within ******** of the receipt of the invoice(s).

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(D) Timing of Calls. Unless an applicable tariff otherwise provides, the time of the message billing begins with trunk seizure in the case of subsections B (1) and B (2) and answer in the case of B (3) and ends with disconnect.

(E) Most Favored Customer. The overall pricing, for all combined services, that GCI charges Sprint will be as low as any other overall combined pricing offered to another customer for similar services and similar volumes during the term of this Agreement.

(F) Network Performance Standards. Each party will ensure that the industry standards pertaining to the transmission and delivery of traffic are maintained at all times. GCI shall guarantee the performance of ******** bps modems for facilities under its control. Voice compression will be engineered to provide freeze-out ratio less than ********%. GCI will provide its best efforts to route Sprint Traffic on terrestrial facilities when they are available. Sprint Traffic will be subject to the same capacity constraints, satellite routing, and compression standards as GCI, or any of GCI's other inter-exchange carrier customers. GCI will restore Sprint Traffic within the same time as GCI uses to restore its own traffic. Satellite transmission will be used to provide restoral services during extended outages.

(G) Annual Meetings and Price Adjustments. Both parties agree to meet and review the Alaska competitive access market on an annual basis beginning in January 2003. The meeting time and place will be mutually agreed upon.

If a GCI ******** a ******** or ******** to Sprint for comparable service and for all ********, it will be disclosed to GCI. If GCI does not ******** to ******** or ******** the ********, then Sprint may terminate its commitment in Section 2 to ******** for ******** by ********. If Sprint exercises this right, ******** described in Section 4 will be forfeited.

3. TERM

Term. All services provided in this Agreement shall be for a term of five (5) years beginning on April 1, 2002 and ending March 31, 2007. The term shall be automatically extended for two (2) one (1) year periods through and including March 31, 2009 unless either party elects to cancel the renewal by providing written notice of non-renewal at least 180 days prior to the commencement of any renewal period.

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SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.]

4. ********

********. Sprint will receive an ******** $******** to execute this Agreement under the above terms and conditions if this Agreement is ********. The ******** will be ******** $******** in each of the first ******** years and appear as a credit on ******** invoices presented to Sprint in ********. The ******** year ******** $******** will be paid upon ******** of ********, and appear as a credit on Sprint's ******** invoice. The ******** installments of the ******** are ******** minutes ********. The 2001 4th Quarter ******** minutes annualized is ******** minutes. The ******** year ******** $******** will appear as a ******** on the ******** invoice if the ******** minutes for ******** are ******** minutes. The ******** year ******** $******** will appear as a ******** on the ******** invoice if the ******** minutes for ******** are ******** minutes.

5. DEFAULT AND REMEDY

(A) Events of Default. A party shall be in default upon the occurrence of any of the following:

1. The party shall have failed to make any payment when due, coupled with its failure to remedy nonpayment within thirty days after receipt of written notice thereof from the other party.

2. The party shall have failed to perform its obligations under section 2 coupled with failure to remedy nonperformance within thirty days after receipt of written notice thereof from the other party.

3. The party shall not have paid, or shall have admitted in writing its inability to pay, its debts as it matures or shall have applied for, consented to or acquiesced in the appointment of a trustee or receiver for any part of its property, or shall have authorized any such action; or in the absence of any such application, consent or acquiescence a trustee or receiver shall have been appointed for a party or for the substantial part of its property and shall not have been discharged within sixty (60) day; or any bankruptcy or insolvency law or any dissolution or liquidation proceeding shall have been instituted by the party or, if instituted against the party, shall not have been dismissed within a period of sixty (60) days.

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(B) Consequences of Default and Remedies. In the event of default, the non defaulting party shall have the right, immediately upon written notice to the defaulting party, to terminate this Agreement without further liability, including monetary early termination charges, except for obligations incurred prior to the termination date. In addition, the non defaulting party shall have the option and may exercise the dispute resolution outlined in Section 5 (C), below.

(C) Dispute Resolution. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. One arbitrator shall be named by GCI and one arbitrator shall be named by Sprint. A third arbitrator shall be named by the two arbitrators so chosen, or if they cannot agree, the third arbitrator shall be an expert in the field of telecommunications named by the American Arbitration Association. Both parties shall be required to name arbitrators within twenty (20) days after the one party has given notice of intent to arbitrate. Awards shall be made by the majority decision of the arbitrators provided, however, that if a majority decision cannot be reached, the independent arbitrator chosen by the party-designated arbitrators or the American Arbitration Association shall decide the case.

6. MISCELLANEOUS

(A) Force majeure, Change in Law or Regulation

1. Neither party shall be liable for failure to perform hereunder due to any contingency beyond its reasonable control, including acts of God, fires, floods, earthquakes, volcanic eruptions, wars, sabotage, accidents, labor disputes or shortages, government laws, ordinances, rules and regulations whether valid or invalid, inability to obtain material, equipment or transportation, defective equipment and any other similar or different contingency. The party whose performance is prevented by any such contingency shall have the right to omit during the period of such contingency all or any portion of the service deliverable during such period.

2. If substantial change in law or regulation occurs materially affecting the services, charges or other requirements and conditions of this Agreement to the degree that one or both of the parties are materially and adversely affected, the parties shall negotiate amendments to the Agreement to restore the parties to substantially the same position as if the law or regulatory change had not occurred. In the event that this Agreement cannot be changed to restore the parties substantially to the status quo ante, either party may terminate this Agreement.

(B) Modifications, Consents, and Waivers. No failure or delay on the part of either party in exercising any power or right hereunder or under another document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power preclude any other or future exercise thereof or the exercise of any other right or power. No amendment, modification or waiver of any provision of this Agreement or the other documents, nor consent to any departure by the party therefrom shall be effective only in the specific instance and for the purpose for which given. Except as otherwise provided in any document, no notice to or demand on a party in any case shall entitle that party to any other or future notice or demand in similar or other circumstances.

(C) Notices. Unless otherwise provided herein, all notices concerning this Agreement shall be deemed given on the day telecopied with hard copy mailed follows:

If to Sprint:
Sprint Communications Company
Attn: ********
7171 W. 95th Street
Overland Park, KS 66212

With a copy to Attn.: ********
Facsimilie:

If to GCI:
General Communication, Incorporated
2550 Denali Street, Suite 1000
Anchorage, AK 99503
Attn: General Manager

With a copy to Attn.: General Manager and Vice President, Wholesale and Long Distance
Facsimilie: (907) 777-6292

A party may change the address, person, and facsimilie number by written notice to the other party.

[CERTAIN INFORMATION HAS BEEN REDACTED FROM THIS DOCUMENT WHICH THE COMPANY DESIRES TO KEEP UNDISCLOSED AND A COPY OF THE UNDREDACTED DOCUMENT WILL BE FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.]

(D) Confidentiality. Neither party shall disclose to any third party during the service term and any renewal period, or during the three (3) year period immediately following receipt of service under this Agreement, any of the terms and conditions set forth in this Agreement without the prior written consent of the other party, unless such disclosure is required to be disclosed by law or is necessary in any legal proceeding establishing the rights and obligations under this Agreement.

(E) Rule of Construction. All parties to this Agreement have been represented by separate counsel, or have been afforded the opportunity thereof, and all terms and conditions herein have been negotiated at arms' length. Given the above and the

consideration provided within this document, the rule of strict construction, which constues the document against the drafter, is waived in its entirety by all parties and shall not apply.

(F) Binding Effect and Assignment. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns, except that the parties may not assign or transfer any part of this Agreement hereunder without the other party's prior written consent except to a parent subsidiary or affiliate under control of the party.

(G) Entire Agreement. This Agreement and the other documents described herein set forth the entire Agreement between the parties supersedes all prior communications and understandings of any nature and may not be supplemented or altered orally. In the event if a conflict between the provisions of this Agreement and any of the other documents, the provisions of this Agreement shall control

(H) Governing Law. This Agreement and other documents shall be deemed to be contracts under the laws of the State of Kansas and for all purposes shall be construed in accordance with and governed by the laws of said State.

(I) Headings. Articles and section headings used in this Agreement are for convenience only and shall not affect the construction of this Agreement.

(J) Execution in Counterparts. This Agreement may be executed by the parties hereto individually or in separate counterparts, each of which shall be an original and all of which taken together constitutes one and the same document.

This Agreement executed as of the date set forth above.

SPRINT COMMUNICATIONS COMPANY L.P.

By: /s/

Printed Name: James D. Patterson

Title: Vice President, Access Management

GCI COMMUNICATION CORPORATION

By: /s/

Printed Name: Richard Westlund

Title: V.P./G.M. Long Distance/Wholesale

Exhibit 99.36

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of General Communication, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ronald A. Duncan, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 14, 2002

/s/ Ronald A. Duncan
Ronald A. Duncan
Chief Executive Officer
General Communication, Inc.

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of General Communication, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John M. Lowber, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 14, 2002

/s/ John M. Lowber
John M. Lowber
Chief Financial Officer
General Communication, Inc.