

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2004

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) 868-5600

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

Indicate by check mark whether the registrant (1) 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 .

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes X No .

The number of shares outstanding of the registrant's classes of common stock as of April 30, 2004 was:

53,468,060 shares of Class A common stock; and
3,866,003 shares of Class B common stock.

1

<TABLE>

GENERAL COMMUNICATION, INC.

FORM 10-Q

FOR THE QUARTER ENDED MARCH 31, 2004

TABLE OF CONTENTS

<CAPTION>

Page No.

<S>

<C>

Cautionary Statement Regarding Forward-Looking Statements.....3

PART I. FINANCIAL INFORMATION

Item 1. Consolidated Balance Sheets as of March 31, 2004
(unaudited) and December 31, 2003.....6

Consolidated Statements of Income for the
three months ended March 31, 2004
(unaudited) and 2003 (unaudited).....8

Consolidated Statements of Stockholders' Equity
for the three months ended March 31, 2004
(unaudited) and 2003 (unaudited).....9

Consolidated Statements of Cash Flows for the three months ended March 31, 2004 (unaudited) and 2003 (unaudited).....	11
---	----

Notes to Interim Condensed Consolidated Financial Statements.....	12
---	----

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.....	27
--	----

Item 3. Quantitative and Qualitative Disclosures About Market Risk.....	48
---	----

Item 4. Controls and Procedures.....	49
--------------------------------------	----

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.....	49
--------------------------------	----

Item 6. Exhibits and Reports on Form 8-K.....	50
---	----

Other items are omitted, as they are not applicable.

SIGNATURES.....	51
-----------------	----

</TABLE>

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 and those further described in Part I, Item 1. Factors That May Affect Our Business and Future Results of our December 31, 2003 Form 10-K.

- o Material adverse changes in the economic conditions in the markets we serve and in general economic conditions, including the continuing impact of the following on the communications industry: high levels of competition in the long-distance market resulting in pressures to reduce prices; an oversupply of long-haul capacity; excessive debt loads; and several high-profile company failures and potentially fraudulent accounting practices by some companies;
- o The efficacy of laws enacted by Congress and the State of Alaska legislature; 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;
- o 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 long-distance, local, cable and Internet services;
- o The extent and pace at which different competitive environments develop for each segment of our business;
- o The extent and duration for which competitors from each segment of the communications industries are able to offer combined or full service packages prior to our being able to do so;
- o The degree to which we experience material competitive impacts to our traditional service offerings prior to achieving adequate local service entry;
- o Competitor responses to our products and services and overall market acceptance of such products and services;
- o The outcome of our negotiations with Incumbent Local Exchange Carriers ("ILECs") and state regulatory arbitrations and approvals with respect to interconnection agreements;

- o 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;
- o Success and market acceptance for new initiatives, many of which are untested;
- o The level and timing of the growth and profitability of existing and new initiatives, particularly yellow page directories, local telephone services expansion including deploying digital local phone service ("DLPS") and wireless services;
- o Start-up costs associated with entering new markets, including advertising and promotional efforts;
- o Risks relating to the operations of new systems and technologies and applications to support new initiatives;
- o Local conditions and obstacles;
- o The impact on our industry and indirectly on us of oversupply of capacity resulting from excessive deployment of network capacity in certain markets we do not serve;
- o Uncertainties inherent in new business strategies, new product launches and development plans, including local telephone services, wireless services, and yellow page directories, and the offering of these services in geographic areas with which we are unfamiliar;
- o The risks associated with technological requirements, technology substitution and changes and other technological developments;
- o Prolonged service interruptions which could affect our business;
- o Development and financing of communications, local telephone, wireless, Internet and cable networks and services;
- o 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;
- o Availability of qualified personnel;
- o Changes in, or failure, or inability, to comply with, government regulations, including, without limitation, regulations of the FCC, the Regulatory Commission of Alaska ("RCA"), and adverse outcomes from regulatory proceedings;
- o Changes in regulations governing unbundled network elements ("UNEs");
- o Uncertainties in federal military spending levels and military base closures in markets in which we operate;
- o The ongoing global and domestic trend towards consolidation in the communications industry, which may result in our competitors being larger and better financed, and provide these competitors with extensive resources and greater geographic reach, allowing them to compete more effectively;
- o Any continuing financial, credit and economic impacts of the MCI, Inc. ("MCI") bankruptcy filing on the industry in general and on us in particular;
- o The success of MCI's emergence from bankruptcy protection,
- o A migration of MCI's or Sprint's traffic off our network without it being replaced by other common carriers that interconnect with our network;
- o The effect on us of pricing pressures, new program offerings and market consolidation in the markets served by our significant customers, MCI and Sprint Corporation ("Sprint");
- o The effect on us of industry consolidation including the potential acquisition of one or more of our large wholesale customers by a company with commercial relationships with other providers;

- o Under Statement of Financial Accounting Standard ("SFAS") 142, we must test our intangibles for impairment at least annually, which may result in a material, non-cash write-down of our cable certificates or goodwill and could have a material adverse impact on our financial position, results of operations or liquidity; and
- o 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.

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

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS

<CAPTION> (Amounts in thousands)		(Unaudited) March 31,
December 31,	ASSETS	2004
2003		

<S>		<C>
<C>		
Current assets:		
Cash and cash equivalents		\$ 10,841
10,435		

Receivables		64,089
70,235		
Less allowance for doubtful receivables		2,018
1,954		

Net receivables		62,071
68,281		
Deferred income taxes, net		6,726
7,195		
Prepaid and other current assets		6,257
12,159		
Notes receivable from related parties		1,673
1,885		
Property held for sale		1,176
2,173		
Inventories		984
1,513		

Total current assets		89,728
103,641		

Property and equipment in service, net of depreciation		360,361
369,039		
Construction in progress		51,802
33,618		

Net property and equipment		412,163
402,657		

Cable certificates		191,241
191,241		
Goodwill		41,972
41,972		
Other intangible assets, net of amortization of \$1,815 and \$1,656 at March 31, 2004 and December 31, 2003, respectively		4,136
3,895		
Deferred loan and senior notes costs, net of amortization of \$1,438 and \$5,308 at March 31, 2004 and December 31, 2003, respectively		9,559
5,757		
Notes receivable from related parties		3,903
4,281		
Other assets		9,147
9,576		

Total other assets		259,958
256,722		

Total assets		\$ 761,849
763,020		
=====		

See accompanying notes to interim condensed consolidated financial statements.

</TABLE>

<TABLE>

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

<CAPTION>

	(Unaudited) March 31,	December
(Amounts in thousands)		
31,		
LIABILITIES, REDEEMABLE PREFERRED STOCK, AND STOCKHOLDERS' EQUITY	2004	2003
-----	-----	-----
<S>	<C>	<C>
Current liabilities:		
Current maturities of obligations under capital leases	\$ 6,293	5,139
Accounts payable	23,571	
34,133		
Deferred revenue	14,736	
21,275		
Accrued payroll and payroll related obligations	14,311	17,545
Accrued liabilities	7,369	
8,156		
Accrued interest	2,920	
8,645		
Subscriber deposits	577	
651		
-----	-----	-----
Total current liabilities	69,777	
95,544		
Long-term debt	366,912	
345,000		
Obligations under capital leases, excluding current maturities	37,378	38,959
Obligation under capital lease due to related party, excluding current maturity	695	677
Deferred income taxes, net of deferred income tax benefit	24,805	24,168
Other liabilities	6,507	
6,366		
-----	-----	-----
Total liabilities	506,074	
510,714		
-----	-----	-----
Redeemable preferred stock	22,572	
25,664		
-----	-----	-----
Stockholders' equity:		
Common stock (no par):		
Class A. Authorized 100,000 shares; issued 53,343 and 52,589 shares at March 31, 2004 and December 31, 2003, respectively	206,451	202,362
Class B. Authorized 10,000 shares; issued 3,866 and 3,868 shares at March 31, 2004 and December 31, 2003, respectively; convertible on a share-per-share basis into Class A common stock	3,267	3,269
Less cost of 338 Class A common shares held in treasury at March 31, 2004 and December 31, 2003	(1,917)	
(1,917)		
Paid-in capital	13,173	
12,836		
Notes receivable with related parties issued upon stock option exercise	(4,370)	(4,971)
Retained earnings	16,812	
15,371		
Accumulated other comprehensive loss	(213)	
(308)		
-----	-----	-----
Total stockholders' equity	233,203	226,642
-----	-----	-----
Commitments and contingencies		
Total liabilities, redeemable preferred stock, and stockholders' equity	\$ 761,849	763,020
=====	=====	=====

See accompanying notes to interim condensed consolidated financial statements.

</TABLE>

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

(Amounts in thousands, except per share amounts)	Three Months Ended March 31,	
	2004	2003

<S>	<C>	<C>
Revenues	\$ 108,916	
92,777		
Cost of sales and services	38,745	
30,248		
Selling, general and administrative expenses	35,404	
32,993		
Bad debt expense (recovery)	(397)	
597		
Depreciation, amortization and accretion expense	15,758	
13,501		

Operating income	19,406	
15,438		

Other income (expense):		
Interest expense	(7,517)	
(9,154)		
Loss on early extinguishment of debt	(6,136)	--
-		
Amortization and write-off of loan and senior notes fees	(2,627)	
(1,073)		
Interest income	108	
166		

Other expense, net	(16,172)	
(10,061)		

Net income before income taxes and cumulative effect of a change in accounting principle	3,234	
5,377		
Income tax expense	1,309	
2,282		

Net income before cumulative effect of a change in accounting principle	1,925	
3,095		
Cumulative effect of a change in accounting principle, net of income tax benefit of \$367	---	
(544)		

Net income	\$ 1,925	
2,551		
=====		
Basic net income per common share:		
Net income before cumulative effect of a change in accounting principle	\$ 0.03	
0.05		
Cumulative effect of a change in accounting principle, net of income tax benefit of \$367	---	
(0.01)		

Net income	\$ 0.03	
0.04		
=====		
Diluted net income per common share:		
Net income before cumulative effect of a change in accounting principle	\$ 0.02	
0.05		
Cumulative effect of a change in accounting principle, net of income tax		

benefit of \$367
(0.01)

Net income
0.04

\$ 0.02
=====

See accompanying notes to interim condensed consolidated financial statements.

</TABLE>

8

<TABLE>

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
THREE MONTHS ENDED MARCH 31, 2004 AND 2003
(Unaudited)

<CAPTION>

Accumulated Other Comprehensive (Amounts in thousands) Total	Class A				Notes Receivable		Loss
	Class A Common Stock	Class B Common Stock	Shares Held in Treasury	Paid-in Capital	Issued to Related Parties	Retained Earnings	
	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balances at December 31, 2002 208,220	\$199,903	3,274	(1,836)	11,222	(5,650)	1,847	(540)
Components of comprehensive income:							
Net income	---	---	---	---	---	2,551	--
- 2,551							
Change in fair value of cash flow hedge, net of change in income tax liability of \$70	---	---	---	---	---	---	---
(38)	(38)						
----- Comprehensive income 2,513							
Tax effect of excess stock compensation expense for tax purposes over amounts recognized for financial reporting purposes	---	---	---	2	---	---	--
- 2							
Shares issued under stock option plan	1	---	---	---	---	---	--
- 1							
Amortization of the excess of GCI stock market value over stock option exercise cost on date of stock option grant	---	---	---	114	---	---	--
- 114							
Shares issued per G.C. Cablevision, Inc. acquisition agreement	1,312	---	---	---	---	---	--
- 1,312							
Purchase of treasury stock	---	---	(81)	---	---	---	--
- (81)							
Preferred stock dividends	---	---	---	---	---	(509)	--
- (509)							
----- Balances at March 31, 2003 (578) 211,572	\$201,216	3,274	(1,917)	11,338	(5,650)	3,889	

See accompanying notes to interim condensed consolidated financial statements.

</TABLE>

9

(Continued)

<TABLE>

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
THREE MONTHS ENDED MARCH 31, 2004 AND 2003
(Unaudited)
(Continued)

<CAPTION>

Accumulated	Class A				Notes Receivable	
-------------	---------	--	--	--	---------------------	--

Other	Class A	Class B	Shares	Issued to			
	Common	Common	Held in	Paid-in	Related	Retained	
Comprehensive (Amounts in thousands) Total	Stock	Stock	Treasury	Capital	Parties	Earnings	Loss

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balances at December 31, 2003	\$202,362	3,269	(1,917)	12,836	(4,971)	15,371	(308)
226,642							
Components of comprehensive income:							
Net income	---	---	---	---	---	1,925	--
- 1,925							
Change in fair value of cash flow hedge, net of change in income tax benefit of \$58	---	---	---	---	---	---	---
95 95							

Comprehensive income							
2,020							
Tax effect of excess stock compensation expense for tax purposes over amounts recognized for financial reporting purposes	---	---	---	260	---	---	--
- 260							
Class B shares converted to Class A	2	(2)	---	---	---	---	--
- ---							
Shares issued under stock option plan	995	---	---	---	---	---	--
- 995							
Amortization of the excess of GCI stock market value over stock option exercise cost on date of stock option grant	---	---	---	77	---	---	--
- 77							
Conversion of Series B preferred stock to Class A common stock	3,092	---	---	---	---	---	--
- 3,092							
Payments received on notes receivable issued to related parties upon stock option exercise	---	---	---	---	601	---	--
- 601							
Preferred stock dividends	---	---	---	---	---	(484)	--
- (484)							

Balances at March 31, 2004	\$206,451	3,267	(1,917)	13,173	(4,370)	16,812	
(213) 233,203							

See accompanying notes to interim condensed consolidated financial statements.

</TABLE>

10

<TABLE>

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2004 AND 2003
(Unaudited)

<CAPTION>

(Amounts in thousands)

	2004	2003
	-----	-----
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	\$ 1,925	2,551
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion expense	15,758	13,501
Loss on early extinguishment of debt	6,136	---
Deferred income tax expense	1,309	2,282
Amortization of loan and senior notes fees	2,627	1,073
Compensatory stock options	77	114
Bad debt expense (recovery), net of write-offs	64	(81)
Deferred compensation	127	133
Cumulative effect of a change in accounting principle, net	---	544
Other noncash income and expense items	311	(118)
Change in operating assets and liabilities	(14,554)	(5,651)
	-----	-----
Net cash provided by operating activities	13,780	14,348
	-----	-----

Cash flows from investing activities:		
Purchases of property and equipment, including construction period interest	(25,201)	(6,474)
Proceeds from sales of assets	859	---
Purchases of other assets and intangible assets	(672)	(922)
Refund of deposit	699	---
Payments received on notes receivable from related parties	662	22
Additions to property held for sale	(81)	---
Notes receivable issued to related parties	---	(22)
---	-----	-----
Net cash used in investing activities	(23,734)	(7,396)
---	-----	-----
Cash flows from financing activities:		
Issuance of new Senior Notes	245,720	---
Repayment of old Senior Notes	(180,000)	---
Borrowing on new Senior Credit Facility	10,000	---
Repayment of new Senior Credit Facility	(53,832)	---
Repayments of capital lease obligations	(409)	(478)
Payment of debt issuance costs	(6,429)	(12)
Payment of bond call premiums	(6,136)	---
Payment of preferred stock dividends	(150)	(148)
Proceeds from common stock issuance	995	---
Payment received on note receivable from related parties issued upon stock option exercise	601	---
Purchase of treasury stock	---	(81)
---	-----	-----
Net cash provided by (used in) financing activities	10,360	(719)
---	-----	-----
Net increase in cash and cash equivalents	406	6,233
Cash and cash equivalents at beginning of period	10,435	11,940
---	-----	-----
Cash and cash equivalents at end of period	\$ 10,841	18,173
=====	=====	=====

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

11

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 of America for complete financial statements. They should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2003, 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 interim periods are not necessarily indicative of the results that may be expected for an entire year or any other period.

(1) Business and Summary of Significant Accounting Principles

In the following discussion, GCI 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:

- o Long-distance telephone service between Alaska and the remaining United States and foreign countries,
- o Cable television services throughout Alaska,
- o Facilities-based competitive local access services in Anchorage, Fairbanks and Juneau, Alaska,
- o Internet access services,
- o Termination of traffic in Alaska for certain common carriers,
- o Private Line and private network services,
- o Managed services to certain commercial customers,
- o Broadband services, including our SchoolAccess(TM) offering to rural school districts and a similar offering to rural hospitals and health clinics,
- o Sales and service of dedicated communications systems and

- o related equipment,
- o Lease and sales of capacity on an undersea fiber optic cable system 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, and
- o Distribution of a white and yellow pages directory to residential and business customers in Anchorage and an on-line directory product

(b) Principles of Consolidation

The consolidated financial statements include the consolidated accounts of GCI and its wholly owned subsidiaries with all significant intercompany transactions eliminated.

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

(c) Earnings per Common Share

Earnings 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):

<TABLE>
<CAPTION>

	Three Months Ended March 31,					
	2004			2003		
share Amounts	Income (Num- erator)	Shares (Denom- inator)	Per-share Amounts	Income (Num- erator)	Shares (Denom- inator)	Per-
	<C>	<C>	<C>	<C>	<C>	<C>
Net income before cumulative effect of a change in accounting principle, net of deferred tax benefit of \$367 in 2003	\$ 1,925			\$ 3,095		
Less preferred stock dividends:						
Series B	334			361		
Series C	150			148		
	484			509		
Basic EPS:						
Net income before cumulative effect of a change in accounting principle, net of deferred tax benefit of \$367 in 2003, available to common stockholders	1,441	56,752	\$ 0.03	2,586	55,367	\$
Effect of Dilutive Securities:						
Unexercised stock options	---	1,285	---	---	293	
Diluted EPS:						
Net income before cumulative effect of a change in accounting principle, net of deferred tax benefit of \$367 in 2003, available to common stockholders	\$ 1,441	58,037	\$ 0.02	\$ 2,586	55,660	\$

</TABLE>

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

Common equivalent shares outstanding which are anti-dilutive for purposes of calculating EPS for the three months ended March 31, 2004 and 2003 are not included in the diluted EPS calculations and consist of the following (shares, in thousands):

<TABLE>
<CAPTION>

Three Months Ended
March 31,

	2004	2003
<S>	<C>	<C>
Series B redeemable preferred stock	2,277	3,062
Series C redeemable preferred stock	833	833
Anti-dilutive common equivalent shares outstanding	3,110	3,895

</TABLE>

Weighted average shares associated with outstanding stock options for the three months ended March 31, 2004 and 2003 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):

<TABLE>
<CAPTION>

	Three Months Ended March 31,	
	2004	2003
<S>	<C>	<C>
Weighted average shares associated with outstanding stock options	156	4,510

</TABLE>

(d) Common Stock

Following are the changes in common stock for the three months ended March 31, 2004 and 2003 (shares, in thousands):

<TABLE>
<CAPTION>

	Class A	Class B
<S>	<C>	<C>
Balances at December 31, 2002	51,795	3,875
Class B shares converted to Class A	1	(1)
Shares issued under stock option plan	13	---
Shares issued per G.C. Cablevision, Inc. acquisition agreement	223	---
Balances at March 31, 2003	52,032	3,874
Balances at December 31, 2003	52,589	3,868
Class B shares converted to Class A	2	(2)
Shares issued under stock option plan	192	---
Conversion of preferred stock Series B to Class A common stock	560	---
Balances at March 31, 2004	53,343	3,866

</TABLE>

14

(Continued)

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

(e) Redeemable Preferred Stocks

Redeemable preferred stocks consist of the following (amounts in thousands):

<TABLE>
<CAPTION>

	March 31, 2004	December 31, 2003
<S>	<C>	<C>
Series B	\$ 12,572	15,664
Series C	10,000	10,000
	\$ 22,572	25,664

</TABLE>

We have 1,000,000 shares of preferred stock authorized with the following shares issued (in thousands):

<TABLE>
<CAPTION>

	Series B	Series C
<S>	<C>	<C>
Shares at December 31, 2002 and March 31, 2003	17	10
Shares at December 31, 2003	16	10
Shares converted to GCI Class A common stock	(3)	---

</TABLE>

As of March 31, 2004, the combined aggregate amount of preferred stock mandatory redemption requirements, including dividends, follow (amounts in thousands):

Years Ending March 31:	

2004	\$ ---
2005	---
2006	10,150
2007	---
2008	---

	\$ 10,150
	=====

Series B

The redemption amount of our Series B preferred stock at March 31, 2004 and December 31, 2003 was \$13,129,000 and \$15,887,000, respectively. The difference between the carrying and redemption amounts is due to accrued dividends which are included in Accrued Liabilities.

Series C

The redemption amount of our convertible redeemable accreting Series C preferred stock on March 31, 2004 and December 31, 2003 was \$10,000,000.

15

(Continued)

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

(f) Asset Retirement Obligations

Upon adoption of SFAS No. 143, "Accounting for Asset Retirement Obligations," we recorded the cumulative effect of accretion and depreciation expense as a cumulative effect of a change in accounting principle of approximately \$544,000, net of income tax benefit of \$367,000, during the three months ended March 31, 2003.

Following is a reconciliation of the beginning and ending aggregate carrying amount of our asset retirement obligations at March 31, 2004 and 2003 (amounts in thousands):

Balance at December 31, 2002	\$ ---
Liability recognized upon adoption of SFAS No. 143	1,565
Accretion expense for the three months ended March 31, 2003	128

Balance at March 31, 2003	\$ 1,693
	=====
Balance at December 31, 2003	\$ 2,005
Accretion expense for the three months ended March 31, 2004	43
Other	(11)

Balance at March 31, 2004	\$ 2,037
	=====

(g) Stock Option Plan

At March 31, 2004, we had one stock-based employee compensation plan. We account for this plan under the recognition and measurement principles of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. We use the intrinsic-value method and compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeds the exercise price. We have adopted SFAS No. 123, "Accounting for Stock-Based Compensation," and SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure." We have elected to continue to apply the provisions of APB Opinion No. 25 and provide the pro forma disclosure as required by SFAS No. 148.

16

(Continued)

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

Stock-based employee compensation cost is reflected over the options' vesting period of generally five years and compensation

cost for options granted prior to January 1, 1996 is not considered. The following table illustrates the effect on net income and EPS for the three months ended March 31, 2004 and 2003, if we had applied the fair-value recognition provisions of SFAS No. 123 to stock-based employee compensation (amounts in thousands, except per share amounts):

<TABLE>
<CAPTION>

	Three Months Ended March 31,	
	2004	2003
<S>	<C>	<C>
Net income, as reported	\$ 1,925	2,551
Total stock-based employee compensation expense included in reported net income, net of related tax effects	45	23
Total stock-based employee compensation expense under the fair-value based method for all awards, net of related tax effects	(523)	(474)
Pro forma net income	\$ 1,447	2,100
Basic net income per common share after cumulative effect of a change in accounting principle, as reported	\$ 0.03	0.04
Diluted net income per common share after cumulative effect of a change in accounting principle, as reported	\$ 0.02	0.04
Basic and diluted net income per common share after cumulative effect of a change in accounting principle, pro forma	\$ 0.02	0.03

</TABLE>

The calculation of total stock-based employee compensation expense under the fair-value based method includes weighted-average assumptions of a risk-free interest rate, volatility and an expected life.

(h) Variable Interest Entities

In December 2003, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. ("FIN") 46 (revised December 2003), "Consolidation of Variable Interest Entities," which addresses how a business enterprise should evaluate whether it has a controlling financial interest in an entity through means other than voting rights and accordingly should consolidate the entity. FIN 46R, which was issued in January 2003, replaces FIN 46. We will be required to apply FIN 46R to variable interests in Variable Interest Entities ("VIEs") created after December 31, 2003. For variable interests in VIEs created before January 1, 2004, the Interpretation will be applied beginning on January 1, 2005. For any VIEs that must be consolidated under FIN 46R that were created before January 1, 2004, the assets, liabilities and non-controlling interests of the VIE initially would be measured at their carrying amounts with any difference between the net amount added to the balance sheet and any previously recognized interest being recognized as the cumulative effect of an accounting change. If determining the carrying amounts is not practicable, fair value at the date FIN 46R first applies may be used to measure the assets, liabilities and non-controlling interest of the VIE. At December 31, 2003, we did not have

17

(Continued)

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

VIEs. Adoption of this statement on January 1, 2004 did not have a material effect on our results of operations, financial position and cash flows.

(i) Reclassifications

Reclassifications have been made to the 2003 financial statements to make them comparable with the 2004 presentation.

(2) Consolidated Statements of Cash Flows Supplemental Disclosures
Changes in operating assets and liabilities consist of (amounts in thousands):

<TABLE>
<CAPTION>

	Three month periods ended March 31,	
	2004	2003
<S>	<C>	<C>
Decrease in accounts receivable	\$ 6,146	5,066
(Increase) decrease in inventories	529	(688)

Decrease in prepaid and other current assets	5,902	630
Decrease in accounts payable	(10,562)	(6,075)
Decrease in deferred revenues	(6,539)	(1,662)
Increase (decrease) in accrued payroll and payroll related obligations	(3,234)	1,002
Decrease in accrued interest	(5,725)	(3,119)
Decrease in accrued liabilities	(634)	(391)
Decrease in subscriber deposits	(74)	(64)
Decrease in components of other long-term liabilities	(363)	(350)
	-----	-----
	\$ (14,554)	(5,651)
	=====	=====

</TABLE>

We paid interest totaling approximately \$13,658,000 and \$12,273,000 during the three months ended March 31, 2004 and 2003, respectively.

(3) Intangible Assets

Cable certificates are allocated to our cable services 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 as described in note 6.

Amortization expense for amortizable intangible assets was \$159,000 and \$173,000 during the three months ended March 31, 2004 and 2003, respectively.

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, -----	
2004	\$ 712
2005	595
2006	590
2007	529
2008	279

18

(Continued)

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

No indicators of impairment have occurred since the impairment testing was performed as of December 31, 2003.

(4) MCI Settlement and Release Agreement

On July 21, 2002 MCI and substantially all of its active United States subsidiaries filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court. On July 22, 2003, the United States Bankruptcy Court approved a settlement agreement for pre-petition amounts owed to us by MCI and affirmed all of our existing contracts with MCI. The remaining pre-petition accounts receivable balance owed by MCI to us after this settlement was \$11.1 million ("MCI credit") which we have used and will continue to use as a credit against amounts payable for services purchased from MCI.

After settlement, we began reducing the MCI credit as we utilized it for services otherwise payable to MCI. The use of the credit is recorded as a reduction of bad debt expense. During the three months ended March 31, 2004 and 2003 we realized approximately \$1.2 million and \$0, respectively, of the MCI credit against amounts payable for services received from MCI.

The remaining unused MCI credit totaled \$6.7 million and \$7.9 million at March 31, 2004 and December 31, 2003, respectively. The credit balance is not recorded on the Consolidated Balance Sheet as we are recognizing recovery of bad debt expense as the credit is realized. We have accounted for our use of the MCI credit as a gain contingency, and, accordingly, will recognize a reduction of bad debt expense as services are provided by MCI and the credit is realized. MCI emerged from bankruptcy protection in April 2004; see note 8.

(5) Long-term Debt

Draw on New Senior Credit Facility

In January 2004 we drew \$10.0 million under the revolving credit portion of our new Senior Credit Facility. The draw was re-paid in February 2004 from proceeds of our new Senior Notes offering discussed below.

Senior Notes Refinancing

In February 2004 GCI's wholly owned subsidiary GCI, Inc. sold \$250 million in aggregate principal amount of senior debt securities due in 2014 ("new Senior Notes"). The new Senior Notes are an unsecured senior obligation. We pay interest of 7.25% on the new Senior Notes. The new

Senior Notes were sold at a discount of \$4.3 million. The Senior Notes are carried on our Consolidated Balance Sheet net of the unamortized portion of the discount, which is being amortized to Interest Expense over the life of the new Senior Notes.

The net proceeds of the offering were primarily used to repay our existing \$180.0 million 9.75% Senior Notes ("old Senior Notes") and to repay approximately \$43.8 million of the term portion and \$10.0 million of the revolving portion of our new Senior Credit Facility. Semi-annual interest payments of approximately \$9.1 million will be due beginning August 15, 2004. In connection with the issuance, we paid fees and other expenses of approximately \$6.3 million which are being amortized over the life of the new Senior Notes.

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

The new Senior Notes were offered only to qualified institutional buyers pursuant to exemptions from registration under the Securities Act. The new Senior Notes have not been registered under the Securities Act and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. We plan to register our new Senior Notes during the second quarter of 2004.

The new Senior Notes are not redeemable prior to February 15, 2009. At any time on or after February 15, 2009, the new Senior Notes are redeemable at our option, in whole or in part, on not less than thirty days nor more than sixty days notice, at the following redemption prices, plus accrued and unpaid interest (if any) to the date of redemption:

If redeemed during the twelve month period commencing February 1 of the year indicated:	Redemption Price
2009	103.625%
2010	102.417%
2011	101.208%
2012 and thereafter	100.000%

We may, on or prior to February 17, 2007, at our option, use the net cash proceeds of one or more underwritten public offerings of our qualified stock to redeem up to a maximum of 35% of the initially outstanding aggregate principal amount of our new Senior Notes at a redemption price equal to 107.25% of the principal amount of the new Senior Notes, together with accrued and unpaid interest, if any, thereon to the date of redemption, provided that not less than 65% of the principal amount of the new Senior Notes originally issued remain outstanding following such a redemption.

The new Senior Notes restrict GCI, Inc. and certain of its subsidiaries from incurring debt in most circumstances unless the result of incurring debt does not cause our leverage ratio to exceed 6.0 to one. The new Senior Notes do not allow debt under the new Senior Credit Facility to exceed the greater of (and reduced by certain stated items):

- o \$250 million, reduced by the amount of any prepayments, or
- o 3.0 times earnings before interest, taxes, depreciation and amortization for the last four full fiscal quarters of GCI, Inc. and certain of its subsidiaries.

The new Senior Notes limit our ability to make cash dividend payments.

We conducted a Consent Solicitation and Tender Offer for the old Senior Notes. Through February 13, 2004 we accepted for payment \$114.6 million principal amount of notes which were validly tendered. Such notes accepted for payment received additional consideration as follows:

- o \$4.0 million based upon a payment of \$1,035 per \$1,000 principal amount, consisting of the purchase price of \$1,025 per \$1,000 principal amount and the consent payment of \$10 per \$1,000 principal amount, and
- o \$497,000 in accrued and unpaid interest through February 16, 2004.

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

The remaining principal amount of \$65.4 million was redeemed on March 18, 2004 for additional consideration as follows:

- o \$2.1 million based upon a payment of \$1,032.50 per \$1,000

- principal amount, and
- o \$833,000 in accrued and unpaid interest through March 18, 2004.

The total redemption cost was \$186.1 million. The premium to redeem our old Senior Notes was \$6.1 million (excluding interest cost of \$1.3 million) and was recognized as a loss on early extinguishment of debt, a component of Other Income (Expense), during the three months ended March 31, 2004.

Compliance with the redemption notice requirements in the Indenture resulted in a delay before final payment of some of the old Senior Notes. As a result of such delay, our total debt increased during the overlap period between the redemption of the old Senior Notes and the issuance of the new Senior Notes making us out of compliance with Section 6.11 of our Credit, Guaranty, Security and Pledge Agreement, dated as of October 30, 2003. We received a waiver from compliance with Section 6.11 until April 30, 2004. After the final redemption payment on March 18, 2004 we were in compliance with Section 6.11.

(6) 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 35 communities and areas in Alaska, including the state's four largest urban areas, Anchorage, Fairbanks, the Matanuska-Susitna Valley, and Juneau. We offer digital cable television services in Anchorage, the Matanuska-Susitna Valley, Fairbanks, Juneau, Ketchikan, Kenai and Soldotna and retail cable modem service (through our Internet services segment) in all of our locations in Alaska except Kotzebue.

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 and subject to availability of capital. Revenue, costs of sales and service and operating expenses for our new phone directory are included in the local access services segment.

Internet services. We offer wholesale and retail Internet services to both consumer and commercial customers. We offer cable modem service as further described in Cable services above. Our undersea fiber optic cable system 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 and cellular telephone services. 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 information technology, accounting, legal and regulatory, human resources and other general and administrative expenses.

We evaluate performance and allocate resources based on (1) earnings or loss from operations before depreciation, amortization and accretion expense, net other 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. All of our long-lived assets are located within the United States of America, except approximately 84% of our undersea fiber optic cable system which transits international waters.

Summarized financial information for our reportable segments for the three months ended March 31, 2004 and 2003 follows (amounts in thousands):

<TABLE>
<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>	<C>
	2004							

	Revenues:							
	Intersegment	\$ 3,434	617	2,340	926	7,317	186	7,503
	External	51,896	24,852	11,792	6,406	94,946	13,970	108,916

--	Total revenues	\$ 55,330	25,469	14,132	7,332	102,263	14,156	116,419
	=====							
	Earnings (loss) from operations before depreciation, amortization, accretion, net interest expense and income taxes	\$ 26,733	11,645	2,314	1,723	42,415	(12,609)	29,806
	=====							
	Operating income (loss)	\$ 19,811	6,966	1,422	799	28,998	(8,814)	20,184
	=====							

</TABLE>

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

<TABLE>
<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>	<C>
	2003							
	Revenues:							
	Intersegment	\$ 3,603	636	2,623	3,074	9,936	186	10,122
	External	48,486	23,438	8,426	4,590	84,940	7,837	92,777

--	Total revenues	\$ 52,089	24,074	11,049	7,664	94,876	8,023	102,899
	=====							
	Earnings (loss) from operations before depreciation, amortization, accretion, net interest expense and income taxes	\$ 25,600	11,219	841	454	38,114	(8,550)	29,564
	=====							
	Operating income (loss)	\$ 21,161	6,453	374	(1,395)	26,593	(10,530)	16,063
	=====							

</TABLE>

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

<TABLE>
<CAPTION>

		2004		2003	
	Three months ended March 31,				
<S>		<C>		<C>	
	Reportable segment revenues	\$ 102,263		94,876	
	Plus All Other revenues	14,156		8,023	
	Less intersegment revenues eliminated in consolidation	7,503		10,122	
	Consolidated revenues	\$ 108,916		92,777	
		=====		=====	

</TABLE>

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

A reconciliation of reportable segment earnings from operations before

depreciation, amortization and accretion expense, net other expense and income taxes to consolidated net income before income taxes and cumulative effect of a change in accounting principle follows (amounts in thousands):

Three months ended March 31,	2004	2003
<S>	<C>	<C>
Reportable segment earnings from operations before depreciation, amortization and accretion expense, net other expense and income taxes	\$ 42,415	38,114
Less All Other loss from operations before depreciation, amortization and accretion expense, net other expense and income taxes	12,609	8,550
Less intersegment contribution eliminated in consolidation	778	625
Consolidated earnings from operations before depreciation, amortization and accretion expense, net other expense and income taxes	29,028	28,939
Less depreciation, amortization and accretion expense	15,758	13,501
Add loss on early extinguishment of debt	6,136	---
Consolidated operating income	19,406	15,438
Less other expense, net	16,172	10,061
Consolidated net income before income taxes and cumulative effect of a change in accounting principle	\$ 3,234	5,377

</TABLE>

A reconciliation of reportable segment operating income to consolidated net income before income taxes and cumulative effect of a change in accounting principle follows (amounts in thousands):

Three months ended March 31,	2004	2003
<S>	<C>	<C>
Reportable segment operating income	\$ 28,998	26,593
Less All Other operating loss	8,814	10,530
Less intersegment contribution eliminated in consolidation	778	625
Consolidated operating income	19,406	15,438
Less other expense, net	16,172	10,061
Consolidated net income before income taxes and cumulative effect of a change in accounting principle	\$ 3,234	5,377

</TABLE>

(7) Commitments and Contingencies

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 liquidity.

Fiber Optic Cable System Construction Commitment

In June 2003 we began work on the construction of a fiber optic cable system connecting Seward, Alaska and Warrenton, Oregon, with leased backhaul facilities to connect it to our switching and distribution centers in Anchorage, Alaska and Seattle, Washington ("AU West"). A consortium of companies was selected to design, engineer, manufacture and install the undersea fiber optic cable system and a contract has been signed at a total cost to us of \$35.2 million. From inception through March 31, 2004 our capital expenditures for this project have totaled approximately \$28.4 million, most of which have been funded through our operating cash flows and are classified as Construction in Progress in our Consolidated Balance Sheets. We expect to fund the remaining construction costs of the fiber optic cable system through our operating cash flows and, to the extent necessary, with draws on our new Senior Credit Facility. We expect to place AULP West into service during the second quarter of 2004.

Fiber Optic Cable System Repair

Our undersea fiber optic cable system connecting Whittier, Valdez and Juneau, Alaska and Seattle, Washington ("AULP East") began experiencing

powering irregularities during the first quarter of 2004. We expect to repair AU East after AULP West is placed into service without any significant service disruption. Depending on the nature of the malfunction and the necessary corrective action, repair costs are expected to range between \$225,000 and \$950,000 excluding salvage value, if any. If AULP East must be repaired before AULP West is placed into service, we expect to lease additional temporary transmission capacity the cost of which is not expected to have a material effect on our results of operations.

Internal Revenue Service Examination

Our United States income tax return for 2000 was selected for examination by the Internal Revenue Service during 2003. The examination began during the fourth quarter of 2003. We believe this examination will not have a material adverse effect on our financial position, results of operations or our liquidity.

Anchorage Unbundled Network Elements Arbitration

We are currently involved in arbitration to revise the rates, terms, and conditions that govern our access to unbundled network elements in Anchorage, and a RCA decision is pending. The RCA's decisions in these proceedings could result in a change in our costs of serving new and existing markets via the facilities of the ILEC or via wholesale offerings.

(8) Subsequent Events

MCI's Emergence from Bankruptcy Protection

MCI emerged from bankruptcy protection on April 20, 2004. Uncertainties exist with respect to the potential realization and the timing of our utilization of the MCI credit. We have accounted for our use of the MCI credit as a gain contingency, and, accordingly, will recognize a reduction of bad debt expense as services are provided by MCI and the credit is realized.

25

(Continued)

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

Rural Exemption

Alaska Communications Systems Group, Inc. ("ACS"), through subsidiary companies, provides local services in Fairbanks and Juneau, Alaska. These ACS subsidiaries are classified as Rural Telephone Companies under the 1996 Telecom Act, which entitles them to an exemption of certain material interconnection terms of the 1996 Telecom Act, until and unless such "rural exemption" is examined and discontinued by the RCA. An April 2004 proceeding to decide the matter of rural exemption was canceled upon GCI's and ACS' joint settlement. The settlement agreement includes the following terms, among others:

- o ACS relinquishes all claims to exemptions from full local telephone competition in Fairbanks and Juneau,
- o New rates for unbundled loops in Fairbanks and Juneau will begin January 1, 2005. We estimate the agreed upon rates will increase our local services segment cost of sales and service approximately \$600,000 to \$700,000 during the year ended December 31, 2005,
- o Extension of existing interconnection agreements between ACS and GCI for Fairbanks and Juneau until January 1, 2008, and
- o Resolution of unbundled network element leasing issues for the Fairbanks and Juneau markets.

26

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 of America. 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, cost of sales and services accruals, allowance for doubtful accounts, depreciation, amortization and accretion 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

Through our focus on long-term results, acquisitions, and strategic capital investments, we strive to consistently grow our revenues and expand our margins. We have historically met our cash needs for operations, regular capital expenditures and maintenance capital expenditures through our cash flows from operating activities. Historically, cash requirements for significant acquisitions and major capital expenditures have been provided largely through our financing activities. We are funding the construction of a new fiber optic cable system through our operating cash flows and, to the extent necessary, with draws on our new Senior Credit Facility, as further discussed in Liquidity and Capital Resources in this report.

27

Results of Operations

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

<TABLE>
<CAPTION>

(Unaudited)	Three Months Ended March 31,		Percentage Change (1)
	2004 ----	2003 ----	2004 vs. 2003 ----
<S>	<C>	<C>	<C>
Statement of Operations Data:			
Revenues:			
Long-distance services	47.7%	52.2%	7.0%
Cable services	22.8%	25.3%	6.0%
Local access services	10.8%	9.1%	39.9%
Internet services	5.9%	4.9%	39.6%
All other services	12.8%	8.5%	78.3%

Total revenues	100.0%	100.0%	17.4%
Cost of sales and services	35.6%	32.6%	28.1%
Selling, general and administrative expenses	32.5%	35.6%	7.3%
Bad debt expense (recovery)	(0.4%)	0.6%	(166.5%)
Depreciation, amortization and accretion expense	14.5%	14.6%	16.7%

Operating income	17.8%	16.6%	25.7%
Net income before income taxes and cumulative effect of a change in accounting principle in 2003	3.0%	5.8%	(39.9%)
Net income before cumulative effect of a change in accounting principle in 2003	1.8%	3.3%	(37.8%)
Net income	1.8%	2.7%	(24.5%)

</TABLE>

28

<TABLE>
<CAPTION>

(Unaudited)	Three Months Ended March 31,		Percentage Change (1)
	2004 ----	2003 ----	2004 vs. 2003 ----
<S>	<C>	<C>	<C>
Other Operating Data:			
Long-distance services operating income (2)	41.3%	46.6%	(5.3%)
Cable services operating income (3)	25.5%	24.8%	9.1%
Local access services operating income (4)	(3.2%)	(20.5%)	78.0%
Internet services operating income (loss) (5)	14.3%	(18.8%)	205.8%

<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 March 31, 2004 ("2004") Compared To Three Months Ended March 31, 2003 ("2003")

Overview of Revenues and Cost of Sales and Services

Total revenues increased 17.4% from \$92.8 million in 2003 to \$108.9 million in 2004. All of our segments and All Other Services contributed to the increase in total revenues. See the discussion below for more information by segment.

Total cost of sales and services increased 28.1% from \$30.2 million in 2003 to \$38.7 million in 2004. As a percentage of total revenues, total cost of sales and services increased from 32.6% in 2003 to 35.6% in 2004. All of our segments and All Other Services contributed to the increase in total cost of sales and services. See the discussion below for more information by segment.

Long-Distance Services Overview

Long-distance services revenue in 2004 represented 47.7% of consolidated revenues. Our provision of interstate and intrastate long-distance services, Private Line and leased dedicated capacity services, and broadband services accounted for 94.0% of our total long-distance services revenues during 2004.

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.

Due in large part to the favorable synergistic effects of our bundling strategy, the long-distance services segment continues to be a significant contributor to our overall performance, although the migration of traffic from voice to data and from fixed to mobile wireless continues.

29

Our long-distance services segment faces significant competition from AT&T Alascom, long-distance resellers, and 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. Contractual rate reductions occur annually through the end of the initial term of the contract.

On July 21, 2002 MCI and substantially all of its active United States subsidiaries filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court. On July 22, 2003, the United States Bankruptcy Court approved a settlement agreement for pre-petition amounts owed to us by MCI and affirmed all of our existing contracts with MCI. The remaining pre-petition accounts receivable balance owed by MCI to us after this settlement was \$11.1 million ("MCI credit") which we have used and will continue to use as a credit against amounts payable for services purchased from MCI.

After settlement, we began reducing the MCI credit as we utilized it for services otherwise payable to MCI. The use of the credit is recorded as a reduction of bad debt expense. During the three months ended March 31, 2004 and 2003 we realized approximately \$1.2 million and \$0, respectively, of the MCI credit against amounts payable for services received from MCI.

The remaining unused MCI credit totaled \$6.7 million and \$7.9 million at March 31, 2004 and December 31, 2003, respectively. The credit balance is not recorded on the Consolidated Balance Sheet as we are recognizing recovery of bad debt expense as the credit is realized.

MCI emerged from bankruptcy protection on April 20, 2004. We have accounted for our use of the MCI credit as a gain contingency, and, accordingly, will recognize a reduction of bad debt expense as services are provided by MCI and the credit is realized.

Other common carrier traffic routed to us for termination in Alaska is largely dependent on traffic routed to MCI and Sprint by their customers. Pricing pressures, general economic deterioration, new program offerings, business failures, and market and business consolidations continue to evolve in the markets served by MCI 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. Additionally, a protracted economic malaise in the 48 contiguous states south of or below Alaska ("Lower 48 States") or a further disruption in the economy resulting from terrorist attacks and other attacks or acts of war could affect our carrier customers. 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.

Long-distance Services Segment Revenues

Total long-distance services segment revenues increased 7.0% to \$51.9 million in 2004. The components of long-distance services segment revenues are as follows (amounts in thousands):

Change	2004	2003	Percentage
<S>	<C>	<C>	<C>
Common carrier message telephone services	\$ 21,171	21,062	0.5%
Residential, commercial and governmental message telephone services	9,893	10,211	(3.1%)
Private line and private network services	10,366	8,838	17.3%
Broadband services	7,369	5,747	28.2%
Lease of fiber optic cable system capacity	3,097	2,628	17.8%
Total long-distance services segment revenue	\$ 51,896	48,486	7.0%

</TABLE>

Common Carrier Message Telephone Services Revenue

The 2004 increase in message telephone service revenues from other common carriers (principally MCI and Sprint) resulted from a 20.5% increase in wholesale minutes carried to 225.5 million minutes. The increase in message telephone service revenues from other common carriers in 2004 was partially off-set by the following:

- o A 11.4% decrease in the average rate per minute on minutes carried for other common carriers primarily due to the decreased average rate per minute as agreed to in the July 2003 extension of our contract to provide interstate and intrastate long-distance services to MCI, and
- o A discount given to a certain other common carrier customer starting in the third quarter of 2003.

Residential, Commercial and Governmental Message Telephone Services Revenue

Selected key performance indicators for our offering of message telephone service to residential, commercial and governmental customers follow:

	2004	2003	Percentage Change
<S>	<C>	<C>	<C>
Retail minutes carried	76.2 million	71.9 million	6.0%
Average rate per minute	\$0.130	\$0.139	(6.5%)
Number of active residential, commercial and governmental customers (1)	86,100	87,300	(1.4%)

<FN>

- 1 All current subscribers who have had calling activity during March 2004 and 2003, respectively.

</FN>

</TABLE>

The decrease in message telephone service revenues from residential, commercial, and governmental customers in 2004 is primarily due to the following:

- o A decrease in the average rate per minute primarily due to our promotion of and customers' enrollment in calling plans offering a certain number of minutes for a flat monthly fee, and

31

- o A decrease in the number of active residential, commercial, and governmental customers billed primarily due to the effect of customers substituting cellular phone, prepaid calling card, and email usage for direct dial minutes.

The decrease in message telephone service to residential, commercial and governmental customers in 2004 is partially off-set by an increase in minutes carried for these customers. The increase in minutes is primarily a result of our contract to provide services to the State of Alaska starting in the first quarter of 2004.

Broadband Services Revenue

The increase in revenues from our packaged telecommunications offering to rural hospitals and health clinics and our SchoolAccess(TM) offering to rural school districts in 2004 is primarily due to the following:

- o An increased number of circuits leased to rural hospitals and health clinics in Alaska to both existing and new customers resulting in increased revenue of \$607,000, and
- o A \$617,000 increase in special project revenue for services sold to the

federal government.

Long-distance Services Segment Cost of Sales and Services

Long-distance services segment cost of sales and services increased 18.6% to \$14.3 million in 2004. Long-distance services segment cost of sales and services as a percentage of long-distance services segment revenues increased from 24.9% in 2003 to 27.6% in 2004 primarily due to the following:

- o A \$2.3 million refund (\$1.9 million after deducting certain direct costs) in 2003 from a local exchange carrier in respect of its earnings that exceeded regulatory requirements and did not recur in 2004,
- o The decreased average rate per minute on minutes carried for other common carriers as agreed to in the July 24, 2003 extension of our contract to provide interstate and intrastate long-distance services to MCI, and
- o A discount given to a certain other common carrier customer in 2004 without a corresponding decrease in the cost of sales and services.

The increase in the long-distance services segment cost of sales and services as a percentage of long-distance services segment revenues is partially off-set by the following:

- o A \$400,000 refund in 2004 from an intrastate access cost pool that previously overcharged us for access services, and
- o Reductions in access costs due to distribution and termination of our traffic on our own local access services network instead of paying other carriers to distribute and terminate our traffic. The statewide average cost savings is approximately \$.011 and \$.061 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.

Cable Services Overview

Cable television revenues in 2004 represented 22.8% of consolidated revenues. Our cable systems serve 35 communities and areas in Alaska, including the state's four largest population centers, Anchorage, Fairbanks, the Matanuska-Susitna Valley and Juneau.

We generate cable services revenues from four primary sources: (1) digital and analog programming services, including monthly basic and premium subscriptions, pay-per-view movies and other one-time events, such as sporting events; (2) equipment rentals and installation; (3) cable modem services (shared with our Internet services segment); and (4) advertising sales. During 2004 programming services generated 73.5% of total cable services revenues, cable services' allocable share of cable modem services accounted for 13.3% of such revenues, equipment rental and installation fees accounted for 9.4% of such revenues, advertising sales accounted for 3.0% of such revenues, and other services accounted for the remaining 0.8% of total cable services revenues.

Effective February 2003, we increased rates charged for certain cable services and premium packages in six communities, including three of the state's four largest population centers, Anchorage, Fairbanks and Juneau. Rates increased approximately 4% for those customers who experienced an adjustment.

The primary factors that contribute to year-to-year changes in cable services revenues include 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.

In 2002 we signed seven-year retransmission agreements with the five local Anchorage broadcasters and began up-linking and distributing the local Anchorage programming to all of our cable systems. This local programming provides additional value to our cable subscribers that not all our Direct Broadcast Satellite ("DBS") competitors can provide. In the third quarter of 2003 DBS service provider Dish Network (EchoStar Communications Corporation) began providing, for an additional fee, Anchorage based broadcaster programming in Anchorage and in other Alaska communities where there is not a similar local broadcast affiliate.

Cable Services Segment Revenues and Cost of Sales and Services

Selected key performance indicators for our cable services segment follow:

<TABLE>

<CAPTION>

	2004	2003	Percentage Change
<S>	<C>	<C>	<C>
Basic subscribers	134,000	136,300	(1.7%)
Digital special interest subscribers	34,000	30,200	12.6%
Cable modem subscribers	51,700	38,600	33.9%
Homes passed	203,400	198,400	2.5%

</TABLE>

Total cable services segment revenues increased 6.0% to \$24.9 million and

average gross revenue per average basic subscriber per month increased \$2.87 or 4.8% in 2004.

The increase in cable services segment revenues is primarily due to a 32.8% increase in its share of cable modem revenue (offered through our Internet services segment) to \$3.3 million in 2004 due to an increased number of cable modems deployed. Approximately 99% of our cable homes passed are able to subscribe to our cable modem service. In the second quarter of 2003 we completed our upgrade of the Ketchikan cable system. Customers in this system are now able to subscribe to cable modem service.

We now offer digital programming service in Anchorage, the Matanuska-Susitna Valley, Fairbanks, Juneau, Ketchikan, Kenai, and Soldotna, representing approximately 88% of our total homes passed at

33

March 31, 2004. We launched digital programming services in the Matanuska-Susitna Valley cable system during the first and second quarters of 2003 and launched such services in the Ketchikan cable system in the third quarter of 2003.

Cable services cost of sales and services increased 9.4% to \$7.1 million in 2004 due to programming cost increases for most of our cable programming services offerings. Cable services cost of sales and services as a percentage of cable services revenues increased from 27.6% in 2003 to 28.4% in 2004 primarily due to rate increases in 2004 by programming vendors exceeding our rate adjustments. Cost of sales increases are partially off-set by increasing amounts of cable modem services sold that generally have higher margins than do cable programming services.

Multiple System Operator ("MSO") Operating Statistics

Our operating statistics include capital expenditures and customer information from our cable services segment and the components of our local access services and Internet services segments which offer services utilizing our cable services' facilities.

Our capital expenditures by standard reporting category for the three month periods ending March 31, 2004 and 2003 follows (amounts in thousands):

	2004	2003
	-----	-----
Customer premise equipment	\$ 3,438	1,276
Commercial	47	68
Scalable infrastructure	1,755	135
Line extensions	44	88
Upgrade/rebuild	1,770	72
Support capital	181	77
	-----	-----
Sub-total	7,235	1,716
Remaining reportable segments and All Other capital expenditures	17,966	4,758
	-----	-----
	\$ 25,201	6,474
	=====	=====

The standardized definition of a customer relationship is the number of customers that receive at least one level of service, encompassing voice, video, and data services, without regard to which services customers purchase. At March 31, 2004 and 2003 we had 122,100 and 124,000 customer relationships, respectively.

The standardized definition of a revenue generating unit is the sum of all primary analog video, digital video, high-speed data, and telephony customers, not counting additional outlets. At March 31, 2004 and 2003 we had 185,800 and 173,300 revenue generating units, respectively.

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 2004 local access services revenues represented 10.8% of consolidated revenues.

34

The primary factors that contribute to year-to-year changes in local access services revenues include 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, the number and type of additional premium features selected, and the traffic sensitive access rates charged to carriers and the Universal Service Program.

Our local access services segment faces significant competition in Anchorage, Fairbanks, and Juneau from ACS, which is the largest ILEC in Alaska, and from

AT&T Alascom, Inc. 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.

At March 31, 2004, 108,600 lines were in service as compared to approximately 98,900 lines in service at March 31, 2003. At March 31, 2004 approximately 1,200 additional lines were awaiting connection. We estimate that our 2004 lines in service represents a statewide market share of approximately 23%.

Our access line mix at March 31, 2004 follows:

- o Residential lines represent approximately 59% of our lines,
- o Business customers represent approximately 35% of our lines, and
- o Internet access customers represent approximately 6% of our lines.

Approximately 85% of our lines are provided on our own facilities and leased local loops. Approximately 5% of our lines are provided using UNE platform.

In December 2003 we distributed our new phone directory and began recognizing revenue and costs of sales and service in the local access services segment. We recognized one month of revenue and cost of sales and service in the fourth quarter of 2003 and are recognizing the remaining eleven months in 2004.

In April 2004 we successfully launched our DLPS deployment utilizing our Anchorage coaxial cable facilities. This service delivery method allows us to utilize our own cable facilities to provide local access to our customers and avoid paying local loop charges to the ILEC. To ensure the necessary equipment is available to us we have committed to purchase a certain number of outdoor, network powered multi-media adapters.

Local Access Services Segment Revenues and Cost of Sales and Services

Local access services segment revenues increased 39.9% in 2004 to \$11.8 million primarily due to the following:

- o Growth in the average number of lines in service, and
- o \$1.3 million increase in support from the Universal Service Program.

35

Local access services segment cost of sales and services increased 15.9% to \$6.5 million in 2004. Local access services segment cost of sales and services as a percentage of local access services segment revenues decreased from 67.0% in 2003 to 55.5% in 2004, primarily due to the following:

- o \$1.3 million increase in support from the Universal Service Program with no corresponding increase in cost of sales and services, and
- o \$218,000 increase in the end user common line rate in the third quarter of 2003.

The local access services segment operating results are negatively affected by the allocation of the benefit of access cost savings to the long-distance services segment. If the local access services segment received credit for the access charge reductions recorded by the long distance services segment, the local access services segment operating results would have improved by approximately \$1.7 million and the long distance services segment operating results would have been reduced by an equal amount in 2004. Avoided access charges totaled approximately \$1.8 million in 2003.

The local access services segment operating results were affected by our evaluation and testing of DLPS technology. We successfully launched our DLPS deployment in April 2004.

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 revenue (a portion of cable modem revenue is also recognized by our cable services segment). During 2004 Internet services segment revenues represented 5.9% of consolidated revenues.

The primary factors that contribute to year-to-year changes in Internet services revenues include the average number of subscribers to our services during a given reporting period, the average monthly subscription rates, the amount of bandwidth purchased by large commercial customers, and the number and type of additional premium features selected.

Marketing campaigns continue to be deployed targeting residential and commercial customers featuring bundled products. Our Internet offerings are bundled with various combinations of our long-distance, cable, and local access services offerings and provide free or discounted basic or premium Internet services. 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.

Internet Services Segment Revenues and Cost of Sales and Services
 Selected key performance indicators for our Internet services segment follow:

<TABLE>

<CAPTION>

	2004	2003	Percentage Change
	-----	-----	-----
<S>	<C>	<C>	<C>
Total Internet subscribers	100,600	91,800	9.6%
Cable modem subscribers	51,700	38,600	33.9%
Dial-up subscribers	48,900	53,500	(8.6%)

</TABLE>

36

Total Internet services segment revenues increased 39.6% to \$6.4 million in 2004 primarily due to the 34.3% increase in its allocable share of cable modem revenues to \$2.7 million in 2004 as compared to 2003. The increase in cable modem revenues is primarily due to growth in cable modem subscribers. Additionally, cable modem revenue growth is affected by the level of service our subscribers select. In 2004 and 2003, 7.4% and 6.7%, respectively, of our subscribers selected our highest level of cable modem service resulting in a 29.7% or approximately \$1.3 million increase in revenue in 2004 as compared to 2003.

We previously reported a total of 71,600 Internet subscribers at March 31, 2003. This subscriber count was based upon the total number of active dial-up subscribers at March 31, 2003. Not all cable modem subscribers paying for a dial-up plan had activated their dial-up service. When we first started selling cable modem service it was packaged in a way that almost all cable modem subscribers were also dial up subscribers. As we introduced new packages and plans and started promoting our cable modem LiteSpeed service the number of cable modem subscribers without a dial up plan increased substantially. An internal review during the second quarter of 2003 revealed that these subscriber counts had risen substantially enough that they are now being reported separately.

Internet services cost of sales and services increased 25.3% to \$1.8 million in 2004, and as a percentage of Internet services revenues, totaled 27.5% and 30.6% in 2004 and 2003, respectively. The 2004 decrease as a percentage of Internet services revenues is primarily due to the increase in Internet's portion of cable modem revenue which 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.

All Other Services Overview

Revenues reported in the All Other category as described in note 6 in the accompanying "Notes to Interim Condensed Consolidated Financial Statements" include our managed services, product sales, and cellular telephone services.

Revenues included in the All Other category represented 12.8% of total revenues in 2004.

All Other Revenues and Costs of Sales and Services

All Other revenues increased 78.3% to \$14.0 million in 2004. The increase in revenues is primarily due to the following:

- o \$6.1 million in special project revenue earned from our GCI Fiber system in 2004, and
- o Increased monthly revenue earned from our GCI Fiber system that transits the Trans Alaska oil pipeline corridor.

The increase described above is partially off-set by a \$840,000 decrease in product sales revenue to \$786,000 in 2004. The decrease is due to sales of product to two customers in 2003 that were not repeated in 2004.

All Other costs of sales and services increased 94.3% to \$9.1 million in 2004, and as a percentage of All Other revenues, totaled 64.8% and 59.5% in 2004 and 2003, respectively. The increase in All Other costs of sales and services as a percentage of All Other revenues is primarily due to the recognition of \$5.5 million in costs associated with special project revenue earned from our GCI Fiber system in 2004.

37

The cost of sales and services as a percentage of revenue was 89.7% for this project, which is a higher percentage than we realize for the regular monthly revenue in All Other revenues.

The increase in the cost of sales and services as a percentage of revenue is partially off-set by increased monthly revenue earned from our recurring service contracts in 2004 which exceeds the corresponding increase in costs of sales or services.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 7.3% to \$35.4 million in

2004 primarily due to a \$1.5 million increase in labor and health insurance costs. As a percentage of total revenues, selling, general and administrative expenses decreased to 32.5% in 2004 from 35.6% in 2003, primarily due to an increase in revenues without a corresponding increase in selling, general and administrative expenses.

Marketing and advertising expenses as a percentage of total revenues increased from 2.7% in 2003 to 2.8% in 2004.

Bad Debt Expense (Recovery)

Bad debt expense (recovery) decreased 166.5% to (\$397,000) in 2004. The 2004 decrease is primarily due to realization of approximately \$1.2 million of the MCI credit through a reduction to bad debt expense in 2004, as further discussed in the "Long Distance Service Overview" above.

Depreciation, Amortization and Accretion Expense

Depreciation, amortization and accretion expense increased 16.7% to \$15.8 million in 2004. The increase is primarily attributed to our \$45.8 million investment in equipment and facilities placed into service during 2003 for which a full year of depreciation will be recorded in 2004, and the \$7.0 million investment in equipment and facilities placed into service during 2004 for which a partial year of depreciation will be recorded in 2004.

Other Expense, Net

Other expense, net of other income, increased 60.7% to \$16.2 million in 2004. The increase is primarily due to the following:

- o In 2004 we paid bond call premiums totaling \$6.1 million to redeem our old Senior Notes, and
- o As a result of redeeming our old Senior Notes in 2004 we recognized \$2.3 million in unamortized old Senior Notes fee expense.

Partially offsetting the increases described above was a \$2.3 million decrease in interest expense in 2004 on our new Senior Credit Facility due to a decrease in the average outstanding balance owed and a decreased interest rate as compared to 2003.

Income Tax Expense

Income tax expense was \$1.3 million in 2004 and \$2.3 million in 2003. The change was due to decreased net income before income taxes and cumulative effect of a change in accounting principle in 2004 as compared to 2003. Our effective income tax rate decreased from 42.4% in 2003 to 40.5% in 2004 due to the decreasing proportion of items that are nondeductible for income tax purposes in 2004.

38

At March 31, 2004, we have (1) tax net operating loss carryforwards of approximately \$188.6 million that will begin expiring in 2005 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 certain net operating loss carryforwards is subject to 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 which would result in additional income tax expense. We estimate that our effective annual income tax rate for financial statement purposes will be 38% to 41% in 2004.

Cumulative Effect of a Change in Accounting Principle

On January 1, 2003 we adopted SFAS No. 143, "Accounting for Asset Retirement Obligations," and recorded the cumulative effect of accretion and depreciation expense as a cumulative effect of a change in accounting principle of approximately \$544,000, net of income tax benefit of \$367,000.

Liquidity and Capital Resources

Cash flows from operating activities totaled \$13.8 million in 2004 as compared to \$14.4 million in 2003. The 2004 decrease is primarily due to a \$4.3 million payment of our company-wide success sharing bonus in 2004 and a \$2.3 million refund in 2003 from a local exchange carrier in respect of its earnings that exceeded regulatory requirements, partially off-set by increased cash flow from all of our reportable segments and All Other Services.

Other sources of cash during 2004 include \$245.7 million from the issuance of our new Senior Notes and a \$10.0 million draw under the revolving credit portion of our new Senior Credit Facility. Uses of cash during 2004 included expenditures of \$25.2 million for property and equipment, including construction in progress, the \$180.0 million repayment of our old Senior Notes, the \$53.8 million repayment of the term and revolving credit portions of our new Senior Credit Facility, payment of \$6.4 million in fees associated with the new Senior Notes and new Senior Credit Facility, and payment of bond call premiums totaling \$6.1 million to redeem our old Senior Notes.

Net receivables decreased \$6.2 million from December 31, 2003 to March 31, 2004 primarily due to the February 2004 receipt of \$5.6 million on a trade receivable for broadband services provided to hospitals and health clinics.

Working capital totaled \$20.0 million at March 31, 2004, a \$11.9 million increase as compared to \$8.1 million at December 31, 2003. The increase is primarily due to the January 2004 draw on our new Senior Credit Facility which we used to fund our old Senior Notes interest payment in February 2004.

In February 2004 GCI's wholly owned subsidiary GCI, Inc. sold \$250 million in aggregate principal amount of senior debt securities due in 2014. The new Senior Notes are an unsecured senior obligation. We pay interest of 7.25% on the new Senior Notes. The new Senior Notes were sold at a discount of \$4.3 million. The Senior Notes are carried on our Consolidated Balance Sheet net of the

39

unamortized portion of the discount, which is being amortized to Interest Expense over the life of the new Senior Notes.

The net proceeds of the offering were primarily used to repay our existing \$180.0 million 9.75% Senior Notes and to repay approximately \$43.8 million of the term portion and \$10.0 million of the revolving portion of our new Senior Credit Facility. Semi-annual interest payments of approximately \$9.1 million will be due beginning August 15, 2004. In connection with the issuance, we paid fees and other expenses of approximately \$6.3 million which are being amortized over the life of the new Senior Notes.

The new Senior Notes were offered only to qualified institutional buyers pursuant to exemptions from registration under the Securities Act. The new Senior Notes have not been registered under the Securities Act and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. We plan to register our new Senior Notes during the second quarter of 2004.

The new Senior Notes are not redeemable prior to February 15, 2009. At any time on or after February 15, 2009, the new Senior Notes are redeemable at our option, in whole or in part, on not less than thirty days nor more than sixty days notice, at the following redemption prices, plus accrued and unpaid interest (if any) to the date of redemption:

If redeemed during the twelve month period commencing February 1 of the year indicated:	Redemption Price
2009	103.625%
2010	102.417%
2011	101.208%
2012 and thereafter	100.000%

We may, on or prior to February 17, 2007, at our option, use the net cash proceeds of one or more underwritten public offerings of our qualified stock to redeem up to a maximum of 35% of the initially outstanding aggregate principal amount of our new Senior Notes at a redemption price equal to 107.25% of the principal amount of the new Senior Notes, together with accrued and unpaid interest, if any, thereon to the date of redemption, provided that not less than 65% of the principal amount of the new Senior Notes originally issued remain outstanding following such a redemption.

The new Senior Notes restrict GCI, Inc. and certain of its subsidiaries from incurring debt in most circumstances unless the result of incurring debt does not cause our leverage ratio to exceed 6.0 to one. The new Senior Notes do not allow debt under the new Senior Credit Facility to exceed the greater of (and reduced by certain stated items):

- o \$250 million, reduced by the amount of any prepayments, or
- o 3.0 times earnings before interest, taxes, depreciation and amortization for the last four full fiscal quarters of GCI, Inc. and certain of its subsidiaries.

The new Senior Notes limit our ability to make cash dividend payments.

40

We conducted a Consent Solicitation and Tender Offer for the old Senior Notes. Through February 13, 2004 we accepted for payment \$114.6 million principal amount of notes which were validly tendered. Such notes accepted for payment received additional consideration as follows:

- o \$4.0 million based upon a payment of \$1,035 per \$1,000 principal amount, consisting of the purchase price of \$1,025 per \$1,000 principal amount and the consent payment of \$10 per \$1,000 principal amount, and
- o \$497,000 in accrued and unpaid interest through February 16, 2004.

The remaining principal amount of \$65.4 million was redeemed on March 18, 2004 for additional consideration as follows:

- o \$2.1 million based upon a payment of \$1,032.50 per \$1,000 principal amount, and
- o \$833,000 in accrued and unpaid interest through March 18, 2004.

The total redemption cost was \$186.1 million. The premium to redeem our old Senior Notes was \$6.1 million (excluding interest cost of \$1.3 million) and was recognized as a loss on early extinguishment of debt, a component of Other Income (Expense), during the three months ended March 31, 2004.

Compliance with the redemption notice requirements in the Indenture resulted in a delay before final payment of some of the old Senior Notes. As a result of such delay, our total debt increased during the overlap period between the redemption of the old Senior Notes and the issuance of the new Senior Notes making us out of compliance with Section 6.11 of our Credit, Guaranty, Security and Pledge Agreement, dated as of October 30, 2003. We received a waiver from compliance with Section 6.11 until April 30, 2004. After the final redemption payment on March 18, 2004 we were in compliance with Section 6.11.

In January 2004 we drew \$10.0 million under the revolving portion of our new Senior Credit facility. Our ability to draw down on the revolver portion of our new Senior Credit Facility could be diminished if we are not in compliance with all new Senior Credit Facility covenants or have a material adverse change at the date of the request for the draw. In February 2004 we used a portion of the proceeds from the issuance of our new Senior Notes to repay approximately \$43.8 million of the term portion and \$10.0 million of the revolving portion of our new Senior Credit Facility.

We were in compliance with all loan covenants at March 31, 2004.

Our expenditures for property and equipment, including construction in progress, totaled \$25.2 million and \$6.5 million during 2004 and 2003, respectively. Our capital expenditures requirements in excess of approximately \$25 million per year, excluding the new fiber optic cable system construction costs, are largely success driven and are a result of the progress we are making in the marketplace. We expect our 2004 expenditures for property and equipment for our core operations, including construction in progress and excluding the new fiber optic cable system construction costs and other special projects described below, to total \$45 million to \$55 million, depending on available opportunities and the amount of cash flow we generate during 2004.

We are constructing a fiber optic cable system connecting Seward, Alaska and Warrenton, Oregon, with leased backhaul facilities to connect it to our switching and distribution centers in Anchorage, Alaska and Seattle, Washington. The 1,544-statute mile cable system has a total design capacity of 960

41

Gigabits per second access speed and is planned to be operational in May 2004. The cable will complement our existing fiber optic cable system between Whittier, Alaska and Seattle, Washington. The two cables will provide physically diverse backup to each other in the event of an outage. We expect to fund construction costs that are expected to total approximately \$50 million through our operating cash flows and, to the extent necessary, with draws on our new Senior Credit Facility. During 2004 our capital expenditures for this project have totaled approximately \$10.3 million and from inception have totaled \$28.4 million, most of which have been funded through our operating cash flows.

Planned capital expenditures over the next five years include those necessary for continued expansion of our long-distance, local exchange and Internet facilities, supplementing our existing network backup facilities, continuing development of our PCS network to meet the requirements of our license, continuing deployment of DLPS, upgrades to our cable television plant, and potential development of a wireless network.

In April 2004 we successfully launched our DLPS service delivery method. To ensure the necessary equipment is available to us we have entered into an agreement to purchase a certain number of outdoor, network powered multi-media adapters. The agreement has a remaining outstanding commitment at March 31, 2004 of \$17.4 million.

A migration of MCI's or Sprint'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.

Dividends accrued on our Series B preferred stock are payable in cash at the semi-annual payment dates of April 30 and October 31 of each year. In January 2004, 3,108 shares of our Series B preferred stock were converted to 560,000 shares of our Class A common stock at the stated conversion price of \$5.55 per share. The conversion will reduce our future semi-annual cash dividends.

Dividends accrued on our Series C preferred stock are payable quarterly in cash. In March 2004 we paid a Series C preferred stock dividend of approximately \$150,000.

The long-distance, local access, cable, Internet and wireless services industries continue to experience substantial competition, regulatory uncertainty, and continuing technological changes. Our future results of operations will be affected by our ability to react to changes in the competitive and regulatory environment and by our ability to fund and implement new or enhanced technologies. We are unable to determine how competition, economic conditions, and regulatory and technological changes will affect our ability to obtain financing under acceptable terms and conditions.

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, capital expenditures will likely be reduced.

Critical Accounting Policies

Our accounting and reporting policies comply with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with generally accepted

42

accounting principles requires management to make estimates and assumptions. The financial position and results of operations can be affected by these estimates and assumptions, which are integral to understanding reported results. Critical accounting policies are those policies that management believes are the most important to the portrayal of the Company's financial condition and results, and require management to make estimates that are difficult, subjective or complex. Most accounting policies are not considered by management to be critical accounting policies. Several factors are considered in determining whether or not a policy is critical in the preparation of financial statements. These factors include, among other things, whether the estimates are significant to the financial statements, the nature of the estimates, the ability to readily validate the estimates with other information including third parties or available prices, and sensitivity of the estimates to changes in economic conditions and whether alternative accounting methods may be utilized under accounting principles generally accepted in the United States of America. For all of these policies, management cautions that future events rarely develop exactly as forecast, and the best estimates routinely require adjustment. Management has discussed the development and the selection of critical accounting policies with the Company's Audit Committee.

Those policies considered to be critical accounting policies for the three months ended March 31, 2004 are described below.

- o 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, financial health of specific customers, and our historical write-off experience, net of recoveries. If the financial condition of our customers were to deteriorate or if they are unable to emerge from reorganization proceedings, resulting in an impairment of their ability to make payments, additional allowances may be required. If their financial condition improves or they emerge successfully from reorganization proceedings, allowances may be reduced. Such allowance changes could have a material effect on our consolidated financial condition and results of operations.
- o We record all assets and liabilities acquired in purchase acquisitions, including goodwill and other intangibles, at fair value as required by SFAS No. 141, "Business Combinations." Goodwill and indefinite-lived assets such as our cable segment franchise agreements are no longer amortized but are subject, at a minimum, to annual tests for impairment. Other intangible assets are amortized over their estimated useful lives using the straight-line method, and are subject to impairment if events or circumstances indicate a possible inability to realize the carrying amount. The initial goodwill and other intangibles recorded and subsequent impairment analysis requires management to make subjective judgments concerning estimates of the applicability of quoted market prices in active markets and, if quoted market prices are not available and/or are not applicable, how the acquired asset will perform in the future using a discounted cash flow analysis. Estimated cash flows may extend beyond ten years and, by their nature, are difficult to determine over an extended timeframe. Events and factors that may significantly affect the estimates include, among others, competitive forces, customer behaviors and attrition, changes in revenue growth trends, cost structures and technology, and changes in discount rates, performance compared to peers, material and ongoing negative economic trends, and specific industry or market sector conditions. In determining the reasonableness of cash flow estimates, we review historical performance of the underlying asset or similar assets in an effort to improve assumptions utilized in our estimates. In assessing the fair value of goodwill and other intangibles, we may

consider other information to validate the

43

reasonableness of our valuations including third-party assessments. These evaluations could result in a change in useful lives in future periods and could result in write-down of the value of intangible assets. Because of the significance of the identified intangible assets and goodwill to our consolidated balance sheet, the annual impairment analysis will be critical. Any changes in key assumptions about the business and its prospects, or changes in market conditions or other externalities, could result in an impairment charge and such a charge could have a material adverse effect on our consolidated financial position, results of operations or liquidity. Refer to note 3 in the accompanying "Notes to Interim Condensed Consolidated Financial Statements" for additional information regarding intangible assets.

- o We estimate unbilled long-distance services segment cost of sales and services based upon minutes of use carried through our network and established rates. We estimate unbilled costs for new circuits and services, and when network changes occur that result in traffic routing changes or a change in carriers. Carriers that provide service to us regularly change their networks which can lead to new, revised or corrected billings. Such estimates are revised or removed when subsequent billings are received, payments are made, billing matters are researched and resolved, tariffed billing periods lapse, or when disputed charges are resolved. Revisions to previous estimates could either increase or decrease costs in the year in which the estimate is revised which could have a material effect on our consolidated financial condition and results of operations.
- o Our income tax policy provides for deferred income taxes to show the effect of temporary differences between the recognition of revenue and expenses for financial and income tax reporting purposes and between the tax basis of assets and liabilities and their reported amounts in the financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes." We have recorded deferred tax assets of approximately \$78.6 million associated with income tax net operating losses that were generated from 1990 to 2004, and that expire from 2005 to 2023. Pre-acquisition income tax net operating losses associated with acquired companies are subject to additional deductibility limits. We have recorded deferred tax assets of approximately \$1.9 million associated with alternative minimum tax credits that do not expire. Significant management judgment is required in developing our provision for income taxes, including the determination of deferred tax assets and liabilities and any valuation allowances that may be required against the deferred tax assets. In conjunction with certain 1996 acquisitions, we determined that approximately \$20 million of the acquired net operating losses would not be utilized for income tax purposes, and elected with our December 31, 1996 income tax returns to forego utilization of such acquired losses. Deferred tax assets were not recorded associated with the foregone losses and, accordingly, no valuation allowance was provided. We have not recorded a valuation allowance on the deferred tax assets as of March 31, 2004 based on management's belief that future reversals of existing taxable temporary differences and estimated future taxable income exclusive of reversing temporary differences and carryforwards, will, more likely than not, be sufficient to realize the benefit of these assets over time. In the event that actual results differ from these estimates or if our historical trends change, we may be required to record a valuation allowance on deferred tax assets, which could have a material adverse effect on our consolidated financial position, results of operations or liquidity.

Other significant accounting policies, not involving the same level of measurement uncertainties as those discussed above, are nevertheless important to an understanding of the financial statements.

44

Polices related to revenue recognition and financial instruments require difficult judgments on complex matters that are often subject to multiple sources of authoritative guidance. Certain of these matters, including but not limited to the requirement to account for the fair value of stock options as compensation expense, are among topics currently under reexamination by accounting standards setters and regulators. With the exception of accounting for the cost of stock options, no specific conclusions reached by these standard setters appear likely to cause a material change in our accounting policies, although outcomes cannot be predicted with confidence. A complete discussion of our significant accounting policies can be found in note 1 in the "Notes to Consolidated Financial Statements" included in our December 31, 2003 Form 10-K. A condensed discussion of our significant accounting policies can be found in note 1 in the accompanying "Notes to Interim Condensed Consolidated Financial Statements."

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. All of the federal funding and the majority of investment revenues are dedicated for specific purposes, leaving oil revenues as the primary source of general operating revenues. In fiscal 2003 the State's actual results indicate that Alaska's oil revenues, federal funding and investment revenues supplied 36%, 30% and 21%, respectively, of the state's total revenues. In fiscal 2004 state economists forecast that Alaska's oil revenues, federal funding and investment revenues will supply 23%, 25% and 44%, 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 2003. The state forecasts the production rate to decline from 0.985 million barrels produced per day in fiscal 2004 to 0.843 million barrels produced per day in fiscal 2015.

Market prices for North Slope oil averaged \$28.15 in fiscal 2003 and are forecasted to average \$31.13 in fiscal 2004. The closing price per barrel was \$36.12 on April 19, 2004. To the extent that actual oil prices vary materially from the state's projected prices the state's projected revenues and deficits will change. When the price of oil is greater than \$23.00 per barrel, every \$1 change in the price per barrel of oil is forecasted to result in a \$40.0 to \$70.0 million change in the state's fiscal 2004 revenue. 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 2008. The date the Constitutional Budget Reserve Fund is depleted is highly influenced by the price of oil. 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.

45

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. Periodically there are renewed efforts to allow exploration and development in the Arctic National Wildlife Refuge ("ANWR"). The United States Energy Information Agency estimates it could take nine years to begin oil field drilling 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. In January 2004, two competing groups submitted applications to the State of Alaska to negotiate tax and other financial terms for the construction of a natural gas pipeline. One of the groups has since abandoned their plan to build a natural gas pipeline. In April 2004, the State of Alaska and TransCanada Corporation signed a memorandum of understanding which could lead to the construction of a natural gas pipeline. 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.

Development of the ballistic missile defense system project may have a significant impact on Alaskan telecommunication requirements and the Alaska economy. The proposed system would be a fixed, land-based, non-nuclear missile defense system with a land and space based detection system capable of responding to limited strategic ballistic missile threats to the United States. The preferred alternative is deployment of a system with up to 100 ground-based interceptor silos and battle management command and control facilities at Fort Greely, Alaska.

The United States Army Corps of Engineers awarded a construction contract in 2002 for test bed facilities. The contract is reported to contain basic requirements and various options that could amount to \$250 million in construction, or possibly more, if all items are executed. Site preparation has been underway at Fort Greely since August of 2001 and construction began on the Fort Greely test bed shortly after the June 15, 2002 groundbreaking. The test bed is due to be operational by September 30, 2004, though it may be operational in the summer of 2004.

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.

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 644,000 people. The State of Alaska's population is distributed as follows:

- o 42% are located in the Municipality of Anchorage,
- o 13% are located in the Fairbanks North Star Borough,
- o 10% are located in the Matanuska-Susitna Borough,
- o 5% are located in the City and Borough of Juneau, and
- o The remaining 30% are located in other communities across the State of Alaska.

46

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 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 do not 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.

Schedule of Certain Known Contractual Obligations

The following table details future projected payments associated with our certain known contractual obligations as of December 31, 2003, the date of our most recent fiscal year-end balance sheet. Our schedule of certain known contractual obligations has been updated to reflect our issuance of new Senior Notes, redemption of our old Senior Notes, and conversion of shares of Series B preferred stock to shares of GCI Class A common stock in January 2004.

<TABLE>
<CAPTION>

	Payments Due by Period				
	Total	Less than 1 Year	1 to 3 Years	4 to 5 Years	More Than 5 Years
	(Amounts in thousands)				
<S>	<C>	<C>	<C>	<C>	<C>
Long-term debt	\$ 366,914	---	32,168	89,002	245,744
Interest on long-term debt	190,026	17,838	36,250	36,250	99,688
Capital lease obligations, including interest	61,902	8,448	19,201	15,775	18,478
Operating lease commitments	69,473	12,357	20,787	13,230	23,099
Redeemable preferred stock	22,659	---	10,000	---	12,659
Purchase obligations	71,038	45,024	20,303	5,711	---
Total contractual obligations	\$ 782,012	83,667	138,709	159,968	399,668

</TABLE>

For long-term debt included in the above table, we have included principal payments on our new Senior Credit Facility and on our new Senior Notes. Interest on amounts outstanding under our new Senior Credit Facility is based on variable rates and therefore the amount is not determinable. Our old Senior Notes required semi-annual interest payments of approximately \$8.8 million through February 2004, after which they were repaid using funds from the issuance of our new Senior Notes. Our new Senior

47

Notes require semi-annual interest payments of approximately \$9.1 million through February 2014. For a discussion of our long-term debt, including the redemption of our old Senior Notes, issuance of new Senior Notes and the use of proceeds from the issuance of new Senior Notes to pay down our new Senior Credit Facility, see note 5 to the accompanying "Notes to Interim Condensed

For a discussion of our capital and operating leases, see note 16 to the "Notes to Consolidated Financial Statements" included in Part II of our December 31, 2003 Form 10-K.

We have included only the maturity redemption amounts on our Series B and C preferred stock (cash dividends are excluded). Our Series B preferred stock is convertible at \$5.55 per share into GCI Class A common stock. Dividends are payable in cash semi-annually at the rate of 8.5%, plus accrued but unpaid dividends. Mandatory redemption is required 12 years from the date of closing. In January 2004, a Series B preferred stockholder converted 3,108 shares of Series B preferred stock to GCI Class A common stock. Our Series C preferred stock is convertible at \$12 per share into GCI Class A common stock, is non-voting, and pays a 6% per annum quarterly cash dividend. We may redeem the Series C preferred stock at any time in whole but not in part. Mandatory redemption is required at any time after the fourth anniversary date at the option of holders of 80% of the outstanding shares of the Series C preferred stock. For more information about our redeemable preferred stock, see notes 1(e) and 17 to the "Notes to Consolidated Financial Statements" included in Part II of our December 31, 2003 Form 10-K.

Purchase obligations at December 31, 2003 are further described in note 16 to the "Notes to Consolidated Financial Statements" included in Part II of our December 31, 2003 Form 10-K and include the following:

- o The remaining construction commitment for our fiber optic cable system of \$17.6 million,
- o The remaining DLPS equipment purchase commitment of \$17.4 million, and
- o The remaining \$16.0 million commitment for our Alaska Airlines agreement.

The contracts associated with these commitments are non-cancelable. Purchase obligations also include other commitments for goods and services for capital projects and normal operations which are not included in our Consolidated Balance Sheets at December 31, 2003, because the goods had not been received or the services had not been performed at December 31, 2003.

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 new Senior Credit Facility 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. On September 21, 2001, we entered into an interest rate swap agreement to convert \$25.0 million of variable interest rate debt to 3.98% fixed rate debt plus applicable margin. As of March 31, 2004, we have borrowed \$121.2 million of which \$96.2 million is subject to interest rate

48

risk. On this amount, a 1% increase in the interest rate would result in \$962,000 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 March 31, 2004, we have borrowed \$43.2 million subject to interest rate risk. On this amount, a 1% increase in the interest rate would result in \$432,000 in additional gross interest cost on an annualized basis.

PART I.
ITEM 4.

Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, we carried out an evaluation of the effectiveness of the design and operation of our "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934 ("Exchange Act") Rules 13a-14(c) and 15d-14(c)) under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer. Based upon that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures are effective.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and

procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management to allow timely decisions regarding required disclosure.

Changes in Internal Controls

There were no significant changes in our internal controls or, to our knowledge, in other factors that could significantly affect our disclosure controls and procedures subsequent to the date we carried out this evaluation.

We may enhance, modify, and supplement internal controls and disclosure controls and procedures based on experience.

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 accompanying "Notes to Interim Condensed Consolidated Financial Statements" and is incorporated herein by reference.

49

PART II. ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits -

<TABLE>
<CAPTION>

Exhibit No.	Description
<S> 3.2	<C> Amended and Restated Bylaws of the Company dated April 23, 2004
10.116	Audit Committee Charter (filed as Appendix I to the Company's Proxy Statement dated April 30, 2004)
10.117	Nominating and Corporate Governance Committee Charter
10.118	Code Of Business Conduct and Ethics
31	Certifications Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certifications Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

</TABLE>

(b) Reports on Form 8-K filed during the quarter ended March 31, 2004:

- o On February 2, 2004, we filed a report on Form 8-K dated February 2, 2004 under Items 5 and 7 which included a copy of our press release dated that same day announcing that GCI, Inc., a wholly owned subsidiary of GCI, was commencing a cash tender offer and consent solicitation for any and all of its \$180.0 million outstanding principal amount of 9.75% Senior Notes due 2007.
- o On February 11, 2004, we filed a report on Form 8-K dated February 10, 2004 under Items 5 and 7 which included a copy of our press release dated that same day announcing that GCI, Inc., a wholly owned subsidiary of GCI, had agreed to sell \$230.0 million in aggregate principal amount of senior debt securities due in 2014.
- o On February 19, 2004, we filed a report on Form 8-K dated February 17, 2004 under Items 5 and 7 which included a copy of our press release dated that same day announcing that GCI, Inc., a wholly owned subsidiary of GCI, had closed the private offering of \$250.0 million principal amount of 7.25% Senior Notes due February 15, 2014.
- o On February 19, 2004, we filed a report on Form 8-K dated February 18, 2004, and furnished under Items 7 and 12 a copy of our press release dated that same day reporting 2003 financial results.

50

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	President and Director	May 3, 2004
----- -----	(Principal Executive Officer)	----- -----
Ronald A. Duncan		
/s/ John M. Lowber	Senior Vice President, Chief Financial	May 3, 2004
----- -----	Officer, Secretary and Treasurer	----- -----
John M. Lowber	(Principal Financial Officer)	
/s/ Alfred J. Walker	Vice President, Chief Accounting Officer	May 3, 2004
----- -----	(Principal Accounting Officer)	----- -----
Alfred J. Walker		
</TABLE>		

BYLAWS OF
GENERAL COMMUNICATION, INC. (1)

ARTICLE I

OFFICES

The Corporation shall maintain a principal office of the Corporation in the State of Alaska as required by law. The Corporation may also have offices in such other places, either within or without the State of Alaska, as the Board of Directors of the Corporation ("Board") may from time to time designate or as the business of the Corporation may require.

ARTICLE II

SEAL

The seal of the Corporation shall be in such form as may be required by law and as shall be approved by the Board. Until changed by the Board, the seal of the Corporation shall be in the form impressed immediately following this Article II. The seal may be used by causing it, or a facsimile thereof, to be impressed or affixed or reproduced or otherwise.

[S E A L]

ARTICLE III

SHAREHOLDER MEETINGS

Section 1. Place of Meetings. Meetings of the shareholders of the Corporation ("Shareholders") shall be held at such place either within or without the State of Alaska as may from time to time be designated by the Board and stated in the notice of the meeting.

Section 2. Annual Meeting of Shareholders. (a) The annual meeting of the Shareholders ("Annual Meeting") shall be held on the first Thursday of June of each year at a time to be designated by the Board or at such other time and date as shall be designated by the Board and stated in the notice of meeting. The purpose of the meeting shall be the election of directors and the transaction of such other business as properly may be brought before the meeting.

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1 As last amended and restated on April 23, 2004.

Page 1

(b) If the election of directors shall not be held on the day designated in (a) of this Section 2 for any Annual Meeting, or at any adjournment of such meeting, the Board shall call a special meeting of the Shareholders as soon as conveniently possible thereafter. At such meeting, the election of directors shall take place, and such election and any other business transacted thereat shall have the same force and effect as at an Annual Meeting duly called and held.

Section 3. Special Shareholders' Meetings. Special meetings of the Shareholders may be called at any time by the President, the Chairman of the Board of Directors, the Board of Directors, or the holders of not less than one-tenth of all the shares entitled to vote at such meeting. Such request shall state the purpose of the proposed meeting. For such meetings, notices shall be given in the same manner as notices of the Annual Meeting, except they shall be signed by the persons calling the meeting. No special Shareholders' meetings shall consider any business except that which is designated in general terms in the notice of the meeting.

Section 4. Notices of Meetings. Written or printed notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, will be signed and delivered not less than 20 nor more than 60 days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary or the officer or persons calling the meeting, to each Shareholder of record entitled to vote at such meeting. Only Shareholders of record on the record date established by the Board of Directors pursuant to Section 6 of this Article III will be entitled to notice of such meeting. If mailed, such notice will be deemed to be delivered when deposited with postage prepaid in the United States mail addressed to the Shareholder at the address of the Shareholder as appears on the stock transfer books of the Corporation, or, if the Shareholder has filed with the Secretary a written request that the notice be mailed to a different address, the Corporation will mail the notice to that other address. Except where otherwise required by law or these Bylaws, notice need not be given

of any adjourned meeting of the Shareholders.

Section 5. Quorum. The holders of a majority of the stock issued and outstanding and entitled to vote, present in person or represented by proxy, will constitute a quorum at all meetings of the Shareholders for the transaction of business except as otherwise provided by applicable law or by the Articles of Incorporation. The Shareholders present in person or represented by proxy at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Shareholders to leave less than a quorum, if any action taken other than adjournment is approved by at least a majority of shares required to constitute a quorum. If, however, such quorum initially is not present or represented at any meeting of the Shareholders, those Shareholders present in person or represented by proxy and entitled to vote will have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented. At such reconvened meeting at

Paage 2

which a quorum is present or represented, any business may be transacted which might have been transacted at the original meeting.

Section 6. Voting. (a) At each meeting of the Shareholders, every Shareholder having the right to vote shall be entitled to vote, either in person or by proxy, the number of votes as provided for in or pursuant to the Articles of Incorporation for each share of voting stock registered in that Shareholder's name on the books of the Corporation on the date of the closing of the books against transfers of stock, the record date fixed for the determination of Shareholders entitled to vote at such meeting, or if the books are not so closed or no such date is fixed, the date of such meeting.

(b) When a quorum is present at any meeting, the affirmative vote of a majority of the votes represented by the issued and outstanding shares entitled to vote, present in person or represented by proxy, shall decide any matter brought before such meeting, unless the question is one upon which, by express provision of the laws of the State of Alaska or of the Articles of Incorporation, a different vote is required, in which case such express provision shall govern and control the decision of such question.

(c) Except as may be determined by the Board of Directors of the Corporation with respect to the Preferred Stock and except as otherwise expressly required by the laws of the State of Alaska or the Articles of Incorporation, as then in effect, the holders of the Class A Common Stock of the Corporation and the holders of the Class B Common Stock of the Corporation shall vote with the holders of voting shares of the Preferred Stock of the Corporation, if any, as one class for the election of directors and for all other purposes.

Section 7. Record Date. In order to determine the holders of record of the Corporation's stock who are entitled to notice of meetings, to vote at a meeting or adjournment thereof, and to receive payment of any dividend, or to make a determination of the Shareholders of record for any proper purpose, the Board (i) may prescribe a record date which in no event will be more than 70 days nor less than 20 days, prior to the date of the action which requires such determination during which no transfer of stock on the books of the Corporation may be made or (ii) may, in lieu of closing the stock transfer books of the Corporation, fix a record date which in no event will be more than 60 days nor less than 20 days prior to the date of the action which requires such determination as the record date for such determination of Shareholders.

Section 8. Presiding Officer; Order of Business; Conduct of Meeting.

(a) Meetings of the Shareholders shall be presided over by the Chairman of the Board, or if the Chairman is not present, by the President, or if the President is not present, by a Vice President. The Secretary of the Corporation, or, in the Secretary's absence, an Assistant Secretary, shall act as secretary of every meeting. In the absence of the Secretary or Assistant Secretary, the chairman of the meeting may choose any person present to act as secretary of the meeting.

Page 3

(b) Subject to the provisions of this Section 8, meetings of Shareholders shall generally follow accepted rules of parliamentary procedure, including but not limited to the following:

(1) Except when overruled by a majority of the votes represented by the votes held by Shareholders present, the chairman of the meeting shall have absolute authority over matters of procedure and authority to state the rules under which the voting shall be conducted.

(2) If disorder shall arise which prevents continuation of the legitimate business of the meeting, the chairman may quit the chair and announce the adjournment of the meeting; and upon taking such action, the meeting shall be automatically adjourned.

(3) The chairman may ask or require that anyone not a bona fide Shareholder or proxy leave the meeting.

(4) Subject to the provisions of Section 14 of this Article III, a resolution or motion may be considered for a vote if proposed by a Shareholder or duly authorized proxy, and seconded by an individual, who is a Shareholder or a duly authorized proxy, other than the individual who proposed the resolution or motion.

(c) The following order of business shall be observed at all Annual Meetings insofar as is practicable:

- (1) Call to order;
- (2) Present proof of notice of meeting or waiver of it;
- (3) Appoint inspector of election, if necessary;
- (4) Determine whether a quorum is present;
- (5) Make reports;
- (6) Read, correct and approve minutes of a previous meeting, unless the reading is waived;
- (7) Elect directors;
- (8) Address special business stated in the notice of meeting;
- (9) Address other business;

Page 4

- (10) Adjourn.

(d) At any special meeting of Shareholders, the business transacted shall be confined to the purpose described in the notice of the meeting and subject to the provisions of Section 14 of this Article III.

Section 9. Proxies. A Shareholder may vote the Shareholder's shares through a proxy or attorney-in-fact appointed by a written instrument signed by the Shareholder and delivered to the secretary of the meeting. No proxy shall be valid after six months from the date of its execution, unless a longer period is expressly provided in the proxy, but in no case may the proxy be valid for a period in excess of 11 months from the date of execution. No proxy shall be valid and voted on after the meeting of the Shareholders, or any adjournment of such meeting, to which it applies. Every proxy shall be revocable at the pleasure of the Shareholders executing it, except in those cases where an irrevocable proxy is duly executed and permitted by law.

Section 10. Voting List. (a) At least 20 days before each meeting of Shareholders, a complete list of the Shareholders entitled to vote at that meeting, arranged in alphabetical order and showing the address of and number and class of shares entitled to vote at such meeting owned by each Shareholder, shall be prepared by the Secretary or an officer of the transfer agent, transfer clerk or registrar of the Corporation having charge of the stock transfer books and at the direction of the Secretary. That list of Shareholders will, for a period of 30 days prior to such meeting, be kept on file at the registered office of the Corporation and will be subject to inspection by any Shareholder at any time during normal business hours. Such list will also be produced and kept open at the time and place of the meeting and will be subject to the inspection of any Shareholder during the entire time of the meeting.

(b) The original stock transfer books shall be prima facie evidence as to who are the Shareholders entitled to examine such list or transfer books, or to vote at any meeting of the Shareholders.

(c) Failure to comply with the requirements of this Section 10 shall not affect the validity of any action taken at such meeting of the Shareholders.

Section 11. Action Without a Meeting. Any action, except the election of directors, which may be taken by the vote of Shareholders at a meeting of Shareholders may be taken without a meeting if authorized by the written consents of Shareholders, identical in content setting out the action to be taken, signed by the holders of all outstanding shares entitled to vote on the action.

Section 12. Non-Cumulative Voting. In the election of directors, Shareholders will not cumulate their votes but must vote shares held by them for as many persons as there are directors to be elected.

Page 5

Section 13. Voting of Shares by Certain Shareholders. (a) Shares of the Corporation standing in the name of another corporation may be voted by such officer, agent or proxy as the bylaws of that corporation may prescribe or, in the absence of such provision, as the board of directors of that corporation may determine.

(b) Shares of the Corporation held by an administrator, executor, guardian or conservator may be voted by that person, either in person or by proxy, without a transfer of such shares into that person's name. Shares standing in the name of a trustee may be voted by that person, either in person or by proxy, but no trustee will be entitled to vote shares held by that person without a transfer of such shares into that person's name.

(c) Shares of the Corporation standing in the name of a receiver or bankruptcy trustee may be voted by that person, and shares held by or under the control of a receiver or bankruptcy trustee may be voted by that person without the transfer thereof into that person's name if authority to do so is contained in an appropriate order of the court by which that person was appointed or otherwise provided or permitted under applicable federal bankruptcy law.

(d) A Shareholder whose shares are pledged will be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee will be entitled to vote the shares so transferred.

(e) Shares of its own stock held by the Corporation in a fiduciary capacity, will not be voted at any meeting or counted in determining the total number of outstanding shares at any given time.

Section 14. Advance Notice of Nominations and Shareholder Proposals.

(a) All nominations of individuals for election to the Board at a meeting of the Shareholders and proposals of business to be considered at a meeting of the Shareholders shall be made as set forth in this Section 14.

(b) The procedures to be followed for an annual meeting of Shareholders are as follows:

(1) Nomination of individuals for election to the Board and proposal of business to be considered by the Shareholders may be made at an annual meeting of Shareholders,

(A) pursuant to the Corporation's notice of meeting;

(B) by or at the direction of the Board; or

(C) by a Shareholder,

Page 6

(i) who was a Shareholder of record both at the time of giving of notice provided for in (b) of this Section 14 and at the time of the meeting and, in the case of proposals, who had continuously held at least \$2,000 in market value or at least 1% of the Company's securities entitled to be voted on the matter at the meeting for at least one year by the date of submission of the proposal to the Company for inclusion on the agenda of the meeting;

(ii) who is entitled to vote at the meeting; and

(iii) who complied with the notice and other requirements set forth in this Section 14.

(2) For nominations or other business to be brought properly before an annual meeting by a Shareholder under (b)(1)(C) of this Section 14, the Shareholder must have given timely notice of it in writing to the Secretary as provided in this Section 14 and, in the case of a proposal of business, that business must be a proper subject for action by the Shareholder.

(3) As used in (b)(2) of this Section 14, to be timely, a Shareholder's notice must be delivered to the Secretary at the principal executive offices of the Corporation and received not less than 120 days nor more than 150 days prior to the first anniversary of the release of the Corporation's proxy statement to Shareholders for the preceding year's annual meeting. However, in the event that the date of the annual meeting is advanced by more than 30 days or delayed by more than 60 days from such anniversary date, notice by the Shareholder, to be timely, must be so delivered and received not earlier than the 150th day prior to that annual meeting and not later than the close of business on the later of the

120th day prior to that annual meeting or the 10th day following the day on which public announcement of the date of that meeting is first made.

(4) The Shareholder's notice shall set forth the following:

(A) as to each person whom the Shareholder proposes to nominate for election or reelection as a director,

(i) the name, age, business and residential addresses, and principal occupation or employment of each proposed nominee;

Page 7

(ii) the class and number of shares of capital stock of the Corporation which are beneficially owned by that nominee on the date of that notice;

(iii) a description of all arrangements or understandings between the Shareholder and each nominee and the name of any other person or persons pursuant to which the nomination or nominations are to be made by the Shareholder;

(iv) all other information relating to that nominee that is required to be disclosed in solicitation of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A adopted pursuant to the Securities Exchange Act of 1934 or any successor provision; and

(v) the written consent of each proposed nominee to being named as a nominee in the proxy statement and to serve as a director of the Corporation if so elected;

(B) as to any other business that the Shareholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting that business at the meeting and any material interest in that business of the Shareholder and of the beneficial owner, if any, on whose behalf the proposal is made; and

(C) as to the Shareholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made,

(i) the name and address of that Shareholder, as they appear on the Corporation's books, and of that beneficial owner, if any;

(ii) the class and number of shares of stock of the Corporation which are owned beneficially and of record by the Shareholder and that beneficial owner, if any; and

(iii) a representation that the Shareholder intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice or to propose such other business.

(5) The Corporation may require any proposed nominee to furnish any information, in addition to that furnished pursuant to (b) (4) (A) of this Section

Page 8

14, that the Corporation may reasonably require to determine the eligibility of the proposed nominee to serve as a director of the Corporation.

(6) Notwithstanding the provisions of (b) (3) of this Section 14 to the contrary, in the event that the number of directors to be elected to the Board is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board made by the

Corporation at least 130 days prior to the first anniversary of the preceding year's annual meeting, a Shareholder's notice required by (b) of this Section 14 shall also be considered timely, but only with respect to nominees for any new positions created by that increase, if the notice shall be delivered to and received by the Secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which that public announcement is first made by the Corporation.

(c) The procedures to be followed for a special meeting of Shareholders are as follows:

(1) Only such business shall be conducted and only such proposals shall be acted upon at a special meeting of Shareholders as shall have been brought before that meeting pursuant to the Corporation's notice of meeting.

(2) Nominations of persons for election to the Board may be made at a special meeting of Shareholders at which directors are to be elected,

(A) by or at the direction of the Board; or

(B) provided that the notice of the special meeting states that the purpose, or one of the purposes, of that meeting is to elect directors at the meeting, by any Shareholder who is a Shareholder of record both at the time of giving of notice provided for in this Section 14 and at the time of the meeting, who is entitled to vote at the meeting and who complied with the notice and other requirements set forth in this Section 14.

(3) In the event the Corporation calls a special meeting of Shareholders for the purpose of electing one or more directors to the Board, any such Shareholder may nominate a person or persons, as the case may be, for election to that position as specified in the Corporation's notice of meeting, if the notice containing the same information as would be required under (b) (2)-(6) of this Section 14 for an annual meeting is delivered to and received by the Secretary at the principal executive offices of the Corporation not earlier than the 150th day prior to that special meeting and not later than

Page 9

the close of business on the later of the 120th day prior to that special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting or of the nominees proposed by the Board to be elected at that meeting.

(4) Proposals of business other than the nomination of persons for election to the Board may be considered at a special meeting requested by Shareholders in accordance with Section 3 of this Article III only if the Shareholders give a notice containing the same information as would be required under (b) (2)-(6) of this Section 14 for an annual meeting at the time those Shareholders requested the meeting.

(d) The following provisions apply to Shareholder meetings generally:

(1) Only persons who are nominated in accordance with the procedure set forth in this Section 14 shall be eligible to serve as directors, and only such business shall be conducted at a meeting of Shareholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 14.

(2) The Board may reject any nomination or Shareholder proposal submitted for consideration at any meeting of Shareholders which is not made in accordance with the provisions of this Section 14 or which is not a proper subject for Shareholder action in accordance with provisions of applicable law.

(3) Should the Board fail to consider the validity of a nomination or Shareholder proposal, the presiding officer of the meeting shall have the power and duty,

(A) to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the provisions of this Section 14 and is a proper subject for Shareholder action in

accordance with provisions of applicable law; and

(B) if any proposed nomination or business is not in compliance with this Section 14 or is not a proper subject for Shareholder action, to declare that the defective nomination or proposal is disregarded.

(4) The provisions of (d) of this Section 14 shall not prevent the consideration and approval or disapproval at the meeting of reports of officers, directors and committees of the Board. However, in connection with such reports, no new business shall be acted upon at the meeting unless

Page 10

stated, submitted and received in accordance with the provisions of this Section 14.

(5) For purposes of this Section 14,

(A) "public announcement" means disclosure in a press release reported by the Dow Jones News Service, Associated Press, Reuters or comparable news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13,14, or 15(d) of the Securities Exchange Act of 1934 or any successor provision; and

(B) in no event shall the public announcement of a postponement or adjournment of a meeting commence a new time period for giving of a Shareholder's notice pursuant to this Section 14.

(6) A Shareholder may submit no more than one proposal to the Corporation for a particular meeting of Shareholders. The proposal, including any accompanying supporting statement, may not exceed 500 words.

(7) The Corporation may exclude a Shareholder proposal for any of the following substantive reasons:

(A) would be improper under state law;

(B) would be a violation of law;

(C) would be a violation of proxy rules;

(D) is a personal grievance or special interest;

(E) is not relevant;

(F) Corporation lacks power or authority to implement;

(G) relates to management functions;

(H) relates to election;

(I) conflicts with the Corporation's proposal;

(J) was substantially implemented;

Page 11

(K) substantially duplicates another proposal to be addressed at the meeting;

(L) is a resubmission of another proposal; or

(M) relates to a specific amount of dividend.

(8) Notwithstanding the other provisions of this Section 14, a Shareholder shall also comply with all applicable requirements of state law and the Securities Exchange Act of 1934 and the rules and regulations adopted under that act with respect to the matters set forth in this Section 14. Nothing in this Section 14 shall be deemed to affect any rights of Shareholders to request inclusion of proposals in, or the Corporation's right to omit proposals from, the Corporation's proxy statement pursuant to Rule 14a-8 under that act or any successor provision.

Section 15. Shareholder Recommendations. A Shareholder may make a recommendation of a candidate for nomination and election to the Board subject to specific procedures and limitations as set forth in the Company's Nominating

and Corporate Governance Committee Charter approved by the Board.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. General Authority. The property, business and affairs of the Corporation shall be managed and controlled by its Board, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by applicable law or the Articles of Incorporation or these Bylaws directed or required to be exercised or done by the Shareholders.

Section 2. Number, Qualifications and Term of Office. (a) The governing body of this Corporation shall be the Board, subject to the following:

(1) The number of directors shall not be less than three nor more than twelve; provided that (A) the number of directors shall be fixed by the Board from time to time by a vote of at least a simple majority of the whole Board at a regular or special meeting called by written notice, which notice shall include notice to change the number of directors and (B) no decrease in the number of directors shall have the effect of shortening the term of an incumbent director;

(2) Until changed as provided in this Section 2, the number of directors on the Board shall be seven;

Page 12

(3) Each director shall be of a legal age, which shall be defined for purposes of this Section 2 as an age between and including 21 and 70 years, and in the event a person shall reach the upper limit of that age while a director, that person's term as director shall immediately terminate and that director shall resign from the Board;

(4) Each nominee as, and each person appointed or otherwise elected as, a director of the Board shall at all times satisfy other qualifications as set forth in the Company's Nominating and Corporate Governance Committee Charter approved by the Board; and

(5) Directors on the Board shall not need to be Shareholders and shall not need to be residents of the State of Alaska.

(b) Upon the establishment of the Board as having three or more members ("Class Date"), the Board will be divided into three classes: Class I, Class II and Class III. Each such class will consist, as nearly as possible, of one-third of the whole number of the Board. Directors in office on the Class Date will be divided among such classes and in such manner, consistent with the provisions of this Article IV, as the Board may determine by resolution. The initial Class I directors so determined shall serve until the next Annual Meeting following such date. The initial Class II directors so determined shall serve until the second Annual Meeting following such date. The initial Class III directors so determined shall serve until the third Annual Meeting following such date. In the case of each such class, such directors shall serve, subject to their earlier death, resignation or removal in accordance with the Articles of Incorporation, these Bylaws and the laws of the State of Alaska, until their respective successors shall be elected and shall qualify. At each Annual Meeting after the date of such filing, the directors chosen to succeed those whose terms shall have expired shall be elected to hold office for a term to expire at the third succeeding Annual Meeting after their election and, subject to their earlier death, resignation or removal in accordance with the Articles of Incorporation, these Bylaws and the laws of the State of Alaska, until their respective successors shall be elected and shall qualify. If the number of directors is changed, any increase or decrease shall be apportioned among such classes so as to maintain all classes as equal in number as possible, and any additional director elected to any class shall hold office for a term which shall coincide with the terms of the other directors in such class.

(c) As used in these Bylaws, the terms "whole Board" or "entire Board" shall mean the number of directors the Corporation would have under these Bylaws at the time of determination if there were no vacancies.

Section 3. Elections. (a) Other than as provided in Section 2 of this Article IV, the directors of the Corporation shall be elected at the Annual Meeting or at a special meeting of Shareholders called for that purpose, by at least a simple majority of the quorum for that meeting.

Page 13

(b) Any vacancy occurring in the Board caused by death, resignation, removal and any newly created directorship resulting from an increase in the number of directors on the Board, may be filled by the directors then in office, although such directors are less than a quorum, or by the sole remaining director. Each director chosen to fill a vacancy or a newly created directorship shall hold office until the next election of the Class for which such director shall have been chosen or, if no class is established, then until the next

election of directors and, subject to that director's earlier death, resignation or removal in accordance with the Articles of Incorporation, these Bylaws and the laws of the State of Alaska, until that director's successor shall be duly elected and shall qualify.

(c) Any director may resign at any time by giving written notice to the Board of Directors, the President, Chairman of the Board, or the Secretary of the Corporation. Any such resignation will take effect upon receipt of such notice or at any later time specified in the notice. Unless otherwise specified in the notice, the acceptance of such resignation will not be necessary to make any postdated resignation by notice in writing to the resigning director. In the event the resignation of a director is tendered to take effect at a future time, a successor may be elected to take office when the resignation becomes effective.

(d) The Shareholders may elect a director to fill any vacancy not filled by the Board.

(e) The term of a director terminates upon the election and qualification of a successor.

Section 4. Removal of Directors. (a) The entire Board or any individual director may be removed from office, at an Annual Meeting or a special meeting of Shareholders called for that purpose, by at least, a majority vote of a quorum of Shareholders for that meeting.

(b) If, after the filling of a vacancy by the Board, the directors who have been elected by the Shareholders constitute less than a majority of the directors, a holder or holders of an aggregate of 10 percent or more of the shares outstanding at the time may call a special meeting of Shareholders to elect the entire Board.

(c) The Board may declare vacant the office of a director who has been declared of unsound mind by a court order.

(d) The superior court may, at the suit of the Board or of Shareholders holding at least 10 percent of the number of outstanding shares of any class, remove from office a director for fraudulent or dishonest acts, gross neglect of duty, or gross abuse of authority or discretion with reference to the Corporation and may bar from reelection a director removed in that manner for a period prescribed by the court. In this instance, the Corporation will be made a party to the suit.

Page 14

(e) Except as set forth in (a)-(d) of this Section 4, a director may not be removed from office before the expiration of the term of office of that director.

Section 5. Executive Committee. (a) By the affirmative vote of at least 75 percent of the directors, the Board may designate an Executive Committee, all of whose members shall be directors, to manage and operate the affairs of the Corporation or particular properties or enterprises of the Corporation, except to the extent Shareholder authorization is required by law, the Articles of Incorporation or these Bylaws. The Executive Committee will have the power, as set forth by resolution of the Board or these Bylaws to perform or authorize any act that could be done or accomplished by the majority action of all the directors of the Corporation, except as provided in (b) of this Section 5. The Executive Committee shall keep minutes of its meetings and report to the Board not less often than quarterly on its activities and shall be responsible to the Board for the conduct of the enterprises and affairs entrusted to it.

(b) The following areas of responsibility are expressly reserved to the Board and will not be delegated to any committees of the Board:

- (1) Declaring dividends or distributions;
- (2) Approving or recommending to Shareholders actions or proposals required by the Alaska Corporations Code to be approved by Shareholders;
- (3) Designating candidates for the office of director, for purposes of proxy solicitation or otherwise, or fill vacancies on the board or any committee of the board;
- (4) Amending the Bylaws;
- (5) Approving a plan or merger not requiring Shareholder approval;
- (6) Capitalizing retained earnings;
- (7) Authorizing or approving the reacquisition of shares unless under a general formula or method specified by the board;

(8) Authorizing or approving the issuance or sale of, or a contract to issue or sell, shares or designating the terms of a series of a class of shares, unless the Board, having acted regarding general authorization for the issuance or sale of shares, a contract to issue or sell, or the designation of a series, authorizes a committee, under a general formula or method specified by the Board by resolution or by adoption of a stock option or other plan, to fix the terms of a contract for the sale of the shares and to fix the terms upon which the shares may be issued or sold, including, without

Page 15

limitation, the price, the dividend rate, provisions for redemption, sinking fund, conversion, voting or preferential rights, and provisions for other features of a class of shares, or a series of a class of shares, with full power in the committee to adopt a final resolution setting out all the terms of a series for filing with the commissioner of the Department of Community & Economic Development under the Alaska Corporations Code; or

(9) Authorizing, approving, or ratifying contracts or other transactions between the Corporation and one or more of its directors, or between the Corporation and a corporation, firm, or association in which one or more of its directors has a material financial interest as defined under AS 10.06.478 of the Alaska Corporations Code.

(c) The designation of a committee, the delegation to the committee of authority, or action by the committee under that authority does not alone constitute compliance by a member of the Board or that committee with the responsibility to act in good faith, in a manner the member reasonably believes to be in the best interests of the Corporation, and with the care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

Section 6. Other Committees. The Board may, by resolution, establish committees other than an Executive Committee and shall specify with particularity the powers and duties of any such committee. All committees of the Board including the Executive Committee shall serve at the pleasure of the Board, keep minutes of their meetings; have such names as the Board, by resolution, may determine; and be responsible to the Board for the conduct of the enterprises and affairs entrusted to them. All such committees will each have at least two or more members, all of whom will serve at the pleasure of the Board.

Section 7. Place of Meetings. The directors may hold their meetings in such place or places as the Board may from time to time by resolution determine.

Section 8. Meetings. Regular or special meetings of the Board or of a committee of the Board will be held at such place as may be designated from time to time by the Board or any other person calling the meeting, and such meetings may be called by the Chairman of the Board, the President, a Vice President, the Secretary, or a director.

Section 9. Quorum. (a) The presence of a majority of the number of directors fixed by the Articles of Incorporation at a meeting of the Board duly assembled will constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which a quorum is present will be the act of the Board, except as may be otherwise specifically provided by the Articles of Incorporation or by these Bylaws. If a quorum initially is not present at any meeting of directors, the directors

Page 16

present at that meeting may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

(b) The presence of a majority of the number of directors at a meeting of a committee of the Board duly assembled will constitute a quorum for the transaction of business, and the act of majority of the directors present at any meeting at which a quorum is present will be the act of that committee, except as may be otherwise specifically provided by the Articles of Incorporation or these Bylaws. If a quorum initially is not present at any meeting of a committee of the Board, the members present at that meeting may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

Section 10. Action Without a Meeting. Any action that may be taken at a meeting of the Board or a committee of the Board may be taken without a meeting if identical consents in writing describing the action so taken are signed by all of the directors or members of such committee entitled to vote with respect to the subject matter thereof. Each such consent in writing shall be filed with the minutes of the proceedings of the Board.

Section 11. Order of Business. At meetings of the Board, business shall be transacted in such order as the Board may by resolution determine. At all meetings of the Board, the Chairman of the Board, or in that person's absence, the President, or in that person's absence the director designated as the chairman of the meeting by the majority of the directors present, shall preside.

Section 12. Director's Compensation. Directors shall receive such compensation and reimbursement of any expenses incidental to the performance of their duties as the Board shall determine by resolution. Such compensation may be in addition to any compensation received by the members of the Board in any other capacity.

Section 13. Minutes. The Board shall keep written minutes of its meetings. In the event the Secretary of the Corporation is not a member of the Board, the Board shall prescribe by a resolution the officer or other person who shall be charged with the responsibility of keeping and maintaining such minutes.

Section 14. Notice and Waiver of Notice. (a) The first meeting of each newly elected Board will be held, without notice, immediately following the adjournment of the corresponding Annual Meeting, or as soon thereafter as is practicable.

(b) Regular meetings of the Board or a committee of the Board may be held, without notice, at such time and place, as will from time to time be fixed by the Board or these Bylaws.

Page 17

(c) Special meetings of the Board or a committee of the Board will be held upon either notice in writing sent 10 days before the meeting or notice by electronic means, personal messenger, or comparable person-to-person communication given at least 72 hours before the meeting. The notice must include disclosure of the business to be transacted and the purpose of the meeting.

(d) Whenever under the provisions of statutes, of the Articles of Incorporation, or of these Bylaws, notice is required to be given to any director or Shareholder, it will be given in writing, by mail or telegram, addressed to such director or Shareholder at such address as appears on the records of the Corporation with postage thereon prepaid, and such notice by mail will be deemed to be given at the time when deposited in the United States mail.

(e) Attendance of a Shareholder, either in person or by proxy, or of a director at a meeting will constitute a waiver or notice of such meeting, except where an appearance is made for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

(f) Whenever any notice is required to be given under the provisions of statutes, the Articles of Incorporation or these Bylaws, a waiver of the notice in writing, signed by the person entitled to the notice either before or after the time stated in the notice will be deemed equivalent to the giving of that notice.

Section 15. Dividends. Subject always to the provisions of the laws of the State of Alaska and the Articles of Incorporation, the Board shall have full power to determine whether any, and if so what part, of the funds legally available for the payment of dividends shall be declared in dividends and paid to the Shareholders. The Board may fix a sum which may be set aside or reserved over and above the paid-in capital of the Corporation for working capital or as a reserve for any proper purpose, and from time to time may increase, diminish and vary such funds in the Board's absolute judgment and discretion. Dividends upon the shares of stock of the Corporation, subject always to the mentioned provisions, may be declared by the Board at any regular or special meeting of the Board, payable in cash, property or shares of the Corporation's stock.

Section 16. Meetings Held Other Than in Person. Members of the Board or any committee thereof may participate in a meeting of the Board or such committee, as the case may be, by means of a conference telephone network or similar communications method by which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at the meeting.

Page 18

ARTICLE V

OFFICERS

Section 1. Number and Tenure. The Board shall elect from its members a Chairman of the Board and a President. The Board shall also elect a Secretary, a Treasurer and a Registered Agent. The Board may also elect, from time to time, such Vice Presidents and other or additional officers as in its opinion are desirable or required for the conduct of the business of the Corporation. Any of the officers of the Corporation may or may not be directors, except that the

Chairman of the Board and the President shall be directors. The officers of the Corporation shall hold office until the first meeting of the Board following the Annual Meeting next following their respective election and, subject to their earlier death, resignation or removal in accordance with the Articles of Incorporation, these Bylaws and the laws of the State of Alaska, until their successors are chosen and qualify.

Section 2. Discretion. In its discretion, the Board, by the vote of a majority of the whole Board, may leave any office, except that of President, Treasurer, Secretary or Registered Agent, unfilled for any such period as it may fix by resolution. Subject to the laws of the State of Alaska, any officer or agent of the corporation may be removed at any time by the affirmative vote of at least 75 percent of the whole Board.

Section 3. Chairman of the Board. The Chairman of the Board shall be a director and, when present, shall preside at all meetings of the Board. Except as may be required otherwise to maintain the Company's capital stock registered under the Securities Exchange Act of 1934 and to maintain the Company's access to the status of one or more of its classes of common stock each as a national market system stock on the Nasdaq Stock Market, the Chairman of the Board shall - (i) by resolution of the Board be a member of one or more of the standing committees of the Board; (ii) be a member of, and the Chairman of, the Executive Committee; (iii) perform such other duties as may be prescribed from time to time by the Board or by these Bylaws; (iv) have the powers of the President; and (v) have the power to delegate any of the Chairman's powers, on a temporary or permanent basis, to the President.

Section 4. President. The President shall be the chief executive officer of the Corporation. The President shall be a member of the Board. The President shall exercise such duties as customarily pertain to the office of President and shall have general and active supervision over the property, business and affairs of the Corporation and over its several officers. The President may appoint and terminate the appointment or election of officers, agents, or employees other than those appointed or elected by the Board. The President may sign, execute and deliver, in the name of the Corporation, powers of attorney, contracts, bonds and other obligations which implement policies established by the Board, and shall perform such other duties as may be prescribed from time to time by the Board or by these Bylaws.

Page 19

Section 5. Vice Presidents. Vice Presidents shall have such distinguishing titles, powers and perform such duties as may be assigned to them by the Chairman of the Board, the President, the Executive Committee or the Board. In the absence or disability of the Chairman of the Board and the President, any Vice President designated by the Board may perform the duties and exercise the powers of the President. A Vice President may sign and execute contracts and other obligations pertaining to the regular course of duties of that office which implement policies established by the Board and shall perform such other duties as may be prescribed from time to time by the Board or these Bylaws.

Section 6. Treasurer. The Treasurer shall be the chief financial officer and, unless the Board otherwise declares by resolution, the chief accounting officer of the Corporation. Unless the Board otherwise declares by resolution, the Treasurer shall have general custody of all the funds and securities of the Corporation and have general supervision of the collection and disbursement of funds of the Corporation. The Treasurer shall endorse for collection on behalf of the Corporation checks, notes and other obligations, and shall deposit the same to the credit of the Corporation in such bank or banks or depository as the Board may designate. The Treasurer may sign, with the Chairman of the Board, President, or such other person or persons as may be designated for the purpose by the Board, all bills of exchange or promissory notes of the Corporation. The Treasurer shall enter or cause to be entered regularly in the books of the Corporation a full and accurate account of all moneys received and paid by the Treasurer on account of the Corporation; shall at all reasonable times exhibit books and accounts of the Treasurer to any director of the Corporation upon application at the office of the Corporation during business hours; and, whenever required by the Board or the President, shall render a statement of accounts for the Corporation. The Treasurer shall perform such other duties as may be prescribed from time to time by the Board or by the Bylaws. The Treasurer may be required to give bond for the faithful performance of duties of that office in such sum and with such surety as shall be approved by the Board. The Board may authorize one or more accounting firms to perform any act or discharge any responsibility of the Treasurer. Any individual appointed by the Board as Assistant Treasurer shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Board may from time to time prescribe.

Section 7. Secretary. Subject to Section 8 of Article III and Section 13 of Article IV of these Bylaws, the Secretary shall keep the minutes of all meetings of the Shareholders and of the Board, and to the extent ordered by the Board, the Chairman of the Board or the President, will keep the minutes of meetings of all committees. The Secretary shall cause notice to be given of meetings of Shareholders, of the Board and of any committee appointed by the

Board. The Secretary shall have custody of the corporate seal and minutes and records relating to the conduct and acts of the Shareholders and the Board, which shall, at all reasonable times, be open to the examination of any director. The Secretary or any Assistant Secretary appointed by the Board may certify the record of proceedings of the meetings of the Shareholders or of the Board and of resolutions

Page 20

adopted at such meetings; may sign or attest certificates, statements or reports required to be filed with governmental bodies or officials; may sign acknowledgments of instruments; may give notices of meetings; and shall perform such other duties and have such other powers as the Board may from time to time prescribe.

Section 8. Registered Agent. The Registered Agent for the Corporation may be an individual or corporation, resident or located in Alaska. The Registered Agent shall have such duties and responsibilities as are prescribed by the laws of the State of Alaska.

Section 9. Bank Accounts. In addition to such bank accounts as may be authorized in the usual manner by resolution of the Board, the Treasurer, with approval of the Chairman of the Board or the President, may authorize such bank accounts to be opened or maintained in the name and on behalf of the Corporation as may be deemed necessary or appropriate by the Treasurer, provided payments from such bank accounts are to be made upon and according to the check of the Corporation, which may be signed jointly or singularly by either manual or facsimile signature or signatures of such officers or bonded employees of the Corporation as shall be specified in the written instructions of the Treasurer or Assistant Treasurer with the approval of the Chairman of the Board or the President.

Section 10. Vacancies. In case any office shall become vacant, the Board shall have power to fill such vacancy. In case of the absence or disability of any officer, the Board may delegate the powers or duties of such officer to another officer in the Corporation, or to a director.

Section 11. Proxies. Unless otherwise directed by the Board, the Chairman of the Board or the President, or the designees of either of these two officers shall have full power and authority on behalf of the Corporation to attend and to vote upon all matters and resolutions at any meeting of Shareholders of any corporation in which this Corporation may hold stock, and may exercise on behalf of this Corporation any and all of the rights and powers incident to the ownership of such stock at any such meeting, whether regular or special, and at all adjournments thereof, and shall have power and authority to execute and deliver proxies and consents on behalf of this Corporation in connection with the exercise by this Corporation of the rights and powers incident to the ownership of such stock, with full power of substitution or revocation.

Section 12. Dual Offices. A person may hold more than one corporate office, except that a person must not simultaneously hold the offices of President and Secretary.

Section 13. Salaries. The salaries of all executive officers of the Corporation shall be fixed by the Board from time to time. No officer shall be ineligible to receive such salary by reason of the fact that that officer is also a director of the Corporation and receiving compensation therefor or that that officer devotes less than full time during normal business hours to the performance of that officer's duties as an officer of the Corporation.

Page 21

ARTICLE VI

INDEMNIFICATION

Section 1. Non-Derivative Actions. The Corporation will indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of or arising from the fact that that person is or was a director, officer, employee, or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise. Amounts paid in settlement actually and reasonably incurred by that person in connection with such action, suit or proceeding may include reimbursement of expenses, attorney fees, judgments, fines, and amounts paid in settlement actually and reasonably incurred by that person in connection with the action or proceedings if that person acted in good faith and in a manner that that person reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct was unlawful. The termination of any action, suit and proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, will not of

itself create a presumption that the person did not act in good faith and in a manner which that person reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal action or proceeding, the person had reasonable cause to believe that the conduct was unlawful.

Section 2. Derivative Actions. The Corporation will indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason for arising from the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise. This indemnification will cover reimbursement for expenses (including attorney fees) actually and reasonably incurred by that person in connection with the defense or settlement of such action if that person acted in good faith and in a manner that person reasonably believed to be in or not opposed to the best interests of the Corporation.

Section 3. Reimbursement Conditions. (a) Indemnification will not be made in respect of any claim, issue, or matter as to which the person has been adjudged to be liable for negligence or misconduct in the performance of the person's duty to the Corporation, except to the extent that the court in which the action was brought determines upon application that, despite the adjudication of liability, in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for expenses that the court considers proper.

Page 22

(b) To the extent that a director, officer, employee, or agent of the Corporation has been successful on the merits or otherwise in defense of an action or proceeding as described in Sections 1 and 2 of this Article VI or in defense of a claim, issue, or matter in the action or proceeding, the director, officer, employee, or agent will be indemnified against expenses and attorney fees actually and reasonably incurred in connection with the defense.

(c) Unless otherwise ordered by a court, indemnification under Sections 1 or 2 of this Article VI may only be made by the Corporation upon a determination that indemnification of the director, officer, employee, or agent is proper in the circumstances because the director, officer, employee, or agent has met the applicable standard of conduct set out in those sections. The determination will be made by:

- (1) The Board by at least a majority vote of a quorum consisting of directors who were not parties to the action or proceeding; or
- (2) Independent legal counsel in a written opinion if a quorum under (c)(1) of this Section 3 is
 - (A) not obtainable;
 - (B) obtainable but a majority of disinterested directors so directs; or
 - (C) Approval of the outstanding shares of the Corporation.

(d) The Corporation may pay or reimburse the reasonable expenses incurred in defending a civil or criminal action or proceeding in advance of the final disposition in the manner provided in (c) of this Section 3 if:

- (1) In the case of a director or officer, the director or officer furnishes the Corporation with a written affirmation of a good faith belief that the standard of conduct described in AS 10.06.450(b) or 10.06.483(e) of the Alaska Corporations Code has been met;
- (2) The director, officer, employee, or agent furnishes the Corporation a written unlimited general undertaking, executed personally or on behalf of the individual, to repay the advance if it is ultimately determined that an applicable standard of conduct was not met; and
- (3) A determination is made that the facts then known to those making the determination would not preclude indemnification under the Alaska Corporations Code.

Page 23

(e) The indemnification provided under Sections 1 and 2 of this Article VI is not exclusive of any other rights to which a person seeking indemnification may be entitled under a bylaw, agreement, vote of Shareholders or disinterested directors, or otherwise, both as to action in the official capacity of the person and as to action in another capacity while holding the office. The right to indemnification continues as to a person who has ceased to

be a director, officer, employee, or agent, and inures to the benefit of the heirs, executors, and administrators of the person.

Section 4. Insurance. At the discretion of the Board, the Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against that person and incurred by that person in any such capacity, or arising out of that status, whether or not the Corporation would have the power to indemnify that person against such liability under the provisions of this Article VI.

ARTICLE VII

CERTIFICATE OF STOCK

Section 1. Form. (a) The interest of each Shareholder shall be evidenced by certificates for shares of stock, certifying the class and number of shares represented thereby and in such form, not inconsistent with the Articles of Incorporation, as the Board may from time to time prescribe.

(b) The certificates of stock shall be signed by the President or a Vice President and by the Secretary or an Assistant Secretary and sealed with the seal of the Corporation. Such seal may be a facsimile, engraved or printed. Where any certificate is countersigned or otherwise authenticated by a transfer agent or by a transfer clerk, and by a registrar, the signatures of any such officers upon such certificate may be facsimile, engraved or printed. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon any certificates shall have ceased to be such before the certificate is issued, it may be issued by the Corporation with the same effect as if such officer, transfer agent or registrar had not ceased to be such at the time of its issue.

Section 2. Transfers. (a) Transfers of shares of the capital stock of the Corporation shall be made only on the books of the Corporation by the registered owner thereof, or by that owner's duly authorized attorney, and on surrender of the certificate or certificates for such shares properly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, and with all taxes thereon paid.

(b) The person in whose name shares of stock stand on the books of the Corporation shall be deemed by the Corporation to be the owner thereof for all purposes,

Page 24

and the Corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Alaska.

Section 3. Lost or Destroyed Certificates. The Board shall have the power to direct new stock certificates to be issued to any Shareholder in place of any certificates theretofore issued by the Corporation when such Shareholder proves to the satisfaction of the Board that a stock certificate is lost or destroyed, or upon the posting of an indemnity bond by the owner of such lost or destroyed certificates, or that Shareholder's legal representatives, in such amount as the Board shall deem appropriate, to hold the Corporation harmless from any loss or claim arising out of or in connection with the issuance of a duplicate certificate, unless such requirement be dispensed with by the Board, in its discretion, in any instance or instances.

Section 4. Transfer Agent and Registrar. The Board may appoint one or more transfer agents or transfer clerks and one or more registrars, and may require all certificates for shares to bear the manual or facsimile signature or signatures of any of them. The Corporation's transfer agent and registrar may be the identical if the person or entity acting in such dual capacities countersigns certificates for shares required to bear that person's signatures in both capacities.

Section 5. Restrictions on Transfer. No securities of the Corporation or certificates representing such securities will be transferred in violation of any law or of any restriction on such transfer set forth in the Articles of Incorporation or amendments to them, these Bylaws or other agreement restricting such transfer which has been filed with the Corporation if reference to any such restrictions is made on the certificates representing such securities. The Corporation will not be bound by any restriction not so filed and noted. The Corporation may rely in good faith upon the opinion of its counsel as to any legal or contractual violation with respect to any such restrictions unless the issue has been finally determined by a court of competent jurisdiction. The Corporation and any party to such agreement will have the right to have a restrictive legend imprinted upon any certificate covered by the agreement and any certificates issued in replacement or exchange therefor or with respect to such certificates.

Section 6. Closing Transfer Books and Filing Record Date. The Board may prescribe a period not exceeding 70 days nor less than 20 days prior to the record date appointed for the payment of dividends to Shareholders during which no transfer of stock may be made on the books of the Corporation, or the Board may fix a date not more than 60 days nor less than 20 days prior to the date for the payment of any such dividends as the record date as of which Shareholders entitled to receive payment of such dividends will be determined. Only Shareholders of record on that record date will be entitled to receive payment of such dividends.

Page 25

ARTICLE VIII

REPORTS TO SHAREHOLDERS

Section 1. Annual Report. (a) The Board will authorize the preparation of and arrangement for the distribution of an annual report to Shareholders of the Corporation as required by as 10.06.433(a) Alaska Corporations Code.

(b) The annual report to Shareholders will contain, at minimum, a balance sheet as of the end of the fiscal year and an income statement and statement of changes in financial position for the fiscal year accompanied by (1) a report on the fiscal year by independent accountants or (2) if there is no such report from accountants, a certificate of an authorized officer of the Corporation that the financial statements were prepared without audit from the books and records of the Corporation; provided that, so long as the Corporation's stock is registered pursuant to the federal Securities Exchange Act of 1934, the Annual Report to Shareholders required under that act will be provided to all Shareholders.

Section 2. Other Reports. A Shareholder holding at least five percent of the outstanding shares of a class of the Corporation may make a written request to the Corporation in accordance with AS 10.06.433(c) of the Alaska Corporations Code, for a quarterly income statement of the Corporation and a balance sheet of the Corporation and, in addition, if an annual report for the last fiscal year has not been sent to Shareholders, the statements required by (a) of Section 1 of Article VIII of these Bylaws for the last fiscal year. These statements will be delivered or mailed by the Corporation to the person making the request within 30 days of the request. A copy of these statements will be kept on file in the principal office of the Corporation for 12 months, and they will be exhibited at all reasonable times to a Shareholder demanding an examination of the statements, or a copy of the statements will be mailed to that Shareholder.

Section 3. Delivery. (a) The Corporation will, in accordance with AS 10.06.433(d) of the Alaska Corporations Code, upon the written request of a Shareholder, mail to the Shareholder a copy of the reports described in this Article VIII.

(b) The income statements and balance sheets referred to in this Article VIII must be accompanied by any report on those statements prepared by independent accountants engaged by the Corporation or the certificate of an authorized officer of the Corporation that the financial statements were prepared without audit from the books and records of the Corporation.

Page 26

ARTICLE IX

TRANSACTIONS WITH OFFICERS, DIRECTORS AND SHAREHOLDERS

Section 1. Director Material Interest. A contract or other transaction between the Corporation and one or more of the directors of the Corporation, or between the Corporation and a corporation, firm, or association in which one or more of the directors of the Corporation has a material financial interest, is neither void nor voidable because the director or directors or other corporation, firm, or association is a party or because the director or directors is present at the meeting of the Board that authorizes, approves, or ratifies the contract or transaction, if the material facts as to the transaction and as to the director's interest are fully disclosed or known to the

(1) Shareholders and the contract or transaction is approved by the Shareholders in good faith, with the shares owned by the interested director or directors not being entitled to vote; or

(2) Board, and the Board authorizes, approves, or ratifies the contract or transaction in good faith by a sufficient vote without counting the vote of the interested director or directors, and the person asserting the validity of the contract or transaction sustains the burden of proving that the contract or transaction was just and reasonable as to the Corporation at the time it was authorized, approved, or

ratified.

Section 2. Common Directorships, Votes on Compensation. (a) A common directorship does not alone constitute a material financial interest within the meaning of this Article IX. A director is not interested, within the meaning of this Article IX, in a resolution fixing the compensation of another director as a director, officer, or employee of the Corporation, notwithstanding the fact that the first director is also receiving compensation from the Corporation.

(b) Interested or common directors may be counted in determining the presence of a quorum at a meeting of the Board that authorizes, approves, or ratifies a contract or transaction under this Article IX.

Section 3. Transactions Involving Cross Directorships. A contract or other transaction between the Corporation and a corporation or association of which one or more directors of the Corporation are directors is neither void nor voidable because the director or directors are present at the meeting of the Board that authorizes, approves, or ratifies the contract or transaction, if the material facts of the transaction and the director's other directorship are fully disclosed or known to the Board and the Board authorizes, approves, or ratifies the contract or transaction in good faith by a sufficient vote without counting the vote of the common director or directors or the contract or transaction is approved by the

Page 27

Shareholders in good faith. This Section 3 does not apply to contracts or transactions covered by Section 1 of this Article IX.

ARTICLE X

GENERAL PROVISIONS

Section 1. Fiscal Year. The fiscal year of the Corporation shall convene on the first day of January of each year, unless otherwise determined by the Board.

Section 2. Books and Records. A certified copy of the Articles of Incorporation and the Bylaws shall be deposited in the name of the Corporation in such bank or banks, trust company or trust companies or other institutions as the Board shall designate by resolution. All checks or demands for the payment of money and all notes and other instruments of a negotiable nature shall be signed by the person designated by appropriate resolution of the Board or these Bylaws.

Section 3. Contracts. The Board may authorize any officer or officers or agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 4. Loans. No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board, and such authorization may be general or confined to specific instances.

Section 5. Saving Clause. In the event any provision of these Bylaws is inconsistent with the Articles of Incorporation or the corporate laws of the State of Alaska, such provision shall be invalid to the extent of such conflict; and such conflict shall not affect the validity of all other provisions of these Bylaws.

ARTICLE XI

AMENDMENTS

Section 1. Amendment and Repeal. Except as otherwise provided by law, the power to alter, amend or repeal these Bylaws and adopt new Bylaws will be vested exclusively in the Board, provided that such action must be taken by a vote of at least a simple majority of the whole Board.

Section 2. Recordation. Whenever an amendment or new bylaw is adopted and thereby made a part of the Bylaws, a copy of that bylaw will be kept in the minute book with these Bylaws. If any position of the Bylaws is repealed, the fact of such repeal and the

Page 28

date on which it occurred will be recorded in the minute book, and a copy of it will be placed next to and include in these Bylaws.

I, the undersigned being the Secretary of GENERAL COMMUNICATION, INC., hereby certify the foregoing to be the amended and revised Bylaws of the Corporation, as adopted by the Board, on the 23rd day of April, 2004.

/s/

GENERAL COMMUNICATION, INC.
NOMINATING AND CORPORATE GOVERNANCE
COMMITTEE CHARTER*

Purpose

The purpose of the Nominating and Corporate Governance Committee ("Committee") is to act on behalf of the board of directors ("Board") of General Communication, Inc. ("Company") and generally to carry out the following and as further described in this charter:

- o Nominations - Identify and recommend nominees for the Board and its committees.
- o Corporate Governance - Review and recommend to the Board, or independently take, action on various Company corporate governance issues.
- o Complaints - Receive and respond to certain complaints ("Complaints") raised by Company employees regarding alleged illegal acts or behavior-related conduct by Board members in violation of the Company's Code of Business Conduct and Ethics ("Ethics Code").
- o Supervision - Supervise the Company's Chief Financial Officer ("Chief Financial Officer") in the context of the Ethics Code.
- o Other - Carry-out other assignments as designated by the Board.

Membership

The following are prerequisites for, and conditions on, membership on the Committee:

- o Number, Qualifications - The Committee shall consist of at least three, and no more than eleven, Board members meeting the following qualifications:
 - Independent - Each member of the Committee must be an independent director as the term is defined in this charter ("Independent Director").
- o Term - Subject to the terms of this charter -
 - Member Appointment - Members of the Committee shall be appointed by the Board and shall serve at the pleasure of the Board for such term as the Board may determine, taking into account the recommendations of the Committee.
 - Chair Selection - The Committee chair shall be selected by the Committee members or, if the Board directs, by the Board, taking into account the recommendations of the Committee.
- o Independent Director - An Independent Director is one that meets the definition of an "independent director" as prescribed by Nasdaq Stock Market Rule 4200(a)(15) ("Nasdaq Independence Rule") which reads as follows -

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*As revised by the board of directors of General Communication, Inc., effective as of February 24, 2004.

Page 1

"means a person other than an officer or employee of the company or its subsidiaries or any other individual having a relationship, which, in the opinion of the company's board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The following persons shall not be considered independent:

(A) a director who is, or at any time during the past three years was, employed by the company or by any parent or subsidiary of the company;

(B) a director who accepted or who has a Family Member who accepted any payments from the company or any parent or subsidiary of the company in excess of \$60,000 during the current or any of the past three fiscal years, other than the following:

(i) compensation for board or board committee service;

(ii) payments arising solely from investments in the company's securities;

(iii) compensation paid to a Family Member who is a non-executive employee of the company or a

parent or subsidiary of the company;
(iv) benefits under a tax-qualified retirement plan, or non-discretionary compensation; or
(v) loans permitted under Section 13(k) of the . . . [Securities Exchange Act of 1934 ("Exchange Act")]. Provided, however, that audit committee members are subject to additional, more stringent requirements under [Nasdaq Stock Market ("Nasdaq")] Rule 4350(d).

(C) a director who is Family Member of an individual who is, or at any time during the past three years was, employed by the company or by any parent or subsidiary of the company as an executive officer;

(D) a director who is, or has a Family Member who is, a partner in, or a controlling shareholder or an executive officer of, any organization to which the company made, or from which the company received, payments for property or services in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenues for that year, or \$200,000, whichever is more, other than the following:

(i) payments arising solely from investments in the company's securities; or

(ii) payments under non-discretionary charitable contribution matching programs.

(E) a director of the listed company who is, or has a Family Member who is, employed as an executive officer of another entity where at any time during the past three years any of the executive officers of the listed company serve on the compensation committee of such other entity; or

(F) a director who is, or has a Family Member who is, a current partner of the company's outside auditor, or was a partner or employee of the company's outside auditor who worked on the company's audit at any time during any of the past three years.

(G) In the case of an investment company, in lieu of paragraphs (A)-(F), a director who is an "interested person" of the company as defined in section 2(a)(19) of the Investment Company Act of 1940, other than in his or her capacity as a member of the board of directors or any board committee."

Page 2

- o Lack of Independence - The following conditions are incompatible with a director being independent under the Nasdaq Independence Rule, unless they have been absent for three years-
 - Company Employment, Family Member - Being employed by the Company, any parent, or any subsidiary of the Company, or having a "Family Member" who is employed as an executive officer of any of those entities.

[X] The Nasdaq Independence Rule defines "Family Member" as "a person's spouse, parents, children and siblings, whether by blood, marriage or adoption, or anyone residing in such person's home."
 - Company Payments - Receiving more than \$60,000 in payments from the Company (including any parent or subsidiary of the Company) or having a Family Member who received payments in that amount. The payments referred to here exclude director and committee fees, payments from investments in the Company's securities, compensation to a family member who is not an executive officer of the Company (or a parent or subsidiary of the Company), loans permitted under Section 13(k) of the Exchange Act, and pension or other deferred compensation for prior service that is not contingent on continued service.
 - Service on Compensation Committee - Being an executive officer of another entity that has had any of the Company's executive officers serve on its compensation committee or having a family member who was an executive officer of another entity under such conditions.
 - External Auditor Partner - Being a current partner of the Company's independent external auditor ("External Auditor") or partner or employee of the External Auditor who worked on the Company's audit any time in the past three years or having a family member who has such a relationship.
 - Principal of Service Provider - Being a partner, controlling shareholder, or executive officer of another company that pays or receives from the Company, in any single year, amounts exceeding the greater of \$200,000 or 5% of the recipient

company's consolidated gross revenues (or having a family member that makes or receives such payments). The requirement excludes payments from investment in the Company's securities and payments under non-discretionary charitable contribution matching programs.

- o Removal and Replacement - Subject to Alaska law, a Committee member may be removed or replaced by, and any vacancies on the Committee may be filled by, the Board, taking into account recommendations of the Committee.

Operating Principles

The Committee shall fulfill its responsibilities within the context of the following overriding principles:

- o Meetings - The Chair of the Committee, in consultation with Committee members, shall determine the frequency and schedule of Committee meetings, provided the Committee will meet at least two times per year. Committee meetings and matters relating to them are subject to the provisions of the Company's Bylaws ("Bylaws"). The Committee may ask members of management or others whose advice and counsel are relevant to the issues then being considered by the Committee to attend any meetings and to provide such information as the Committee may request.

Page 3

- o Agenda - The Chair of the Committee shall develop the Committee's agenda, in consultation with other Committee members. Each member of the Board and members of management are free to suggest the inclusion of items on the agenda. The agenda and information concerning the business which shall be conducted at each Committee meeting shall, to the extent practicable, be distributed to Committee members sufficiently in advance of each meeting to permit meaningful review.
- o Quorum - A majority of the authorized number of Committee members, regardless of possible vacancies, shall constitute a quorum. The Committee may act by a majority of the members present at a meeting of the Committee at which at least a quorum is present.
- o Delegation - The Chair of the Committee may, through the Committee by resolution, delegate authority to act on behalf of the Chair. The Committee may, by resolution, delegate authority to subcommittees or individual members of the Committee as it deems appropriate.
- o Communications - The chair and others on the Committee shall, to the extent appropriate, have contact throughout the year with senior management, other committee chairs, other key committee advisors, the External Auditor, etc., as applicable, to strengthen the Committee's knowledge of relevant current and prospective business issues.
- o Committee Meeting Attendees - The Committee shall request members of management, counsel, and the External Auditor, as applicable, to participate in Committee meetings, as necessary to carry out Committee responsibilities. The External Auditor or counsel may, at any time, request a meeting with the Committee or its chair, with or without management in attendance.
- o Reporting to the Board of Directors - The Committee, through the Committee chair, shall report periodically, as deemed necessary, but at least annually, to the full Board. In addition, summarized minutes from Committee meetings shall be available to each Board member at least one week prior to the subsequent meeting of the Board.
- o Resource and Authority - The Committee shall have the resources and authority to discharge its duties and responsibilities, including the authority to retain counsel and other experts or consultants. The Committee shall have the sole authority to select and retain a consultant or search firm to identify director candidates, to terminate any such consultant or search firm retained by it, and to approve the consultant or search firm's fees and other retention terms.

Primary Responsibilities

The Committee shall have primary responsibility for the following:

- o Nominating Matters - Addressing nominating matters.
- o Corporate Governance Matters - Addressing corporate governance matters.

- o Complaints - Addressing Complaints on certain alleged illegal acts and unethical behavior-related conduct by Board members in violation of the Ethics Code.
- o Chief Financial Officer - Supervising Chief Financial Officer on Ethics Code.

Page 4

- o Performance Evaluation - Conducting Committee performance evaluation ("Committee Performance Evaluation").

Addressing Nominating Matters

The Committee shall have the following nominating responsibilities:

- o Seek Out Prospective Board Members - The Committee shall, from time to time, seek out candidates as prospective Board members through the efforts of its individual members and, in the Committee's discretion, through consultants as otherwise provided in this charter.
 - Management Recommendations - The Committee may, but is not required to do so, consider recommendations for candidates proposed by Company management.
 - Shareholder Recommendations - The Committee may consider certain Company shareholder recommendations ("Shareholder Recommendations").
- o Board Skills and Characteristics - The basic skills and characteristics required as prerequisites for each member, unless otherwise specified, on the Board ("Board Skills and Characteristics") are as follows -
 - Knowledge, Skills and Experience - Knowledge, skills and experience in at least one of the primary industries in which the Company operates.
 - Fundamental Financial Statements - Ability to read and understand fundamental financial statements, including the Company's balance sheet, income statement, and cash flow statement, and at least familiarity with the underlying accounting rules and practice.
 - Business and Financial Risks - Ability to understand key business and financial risks of the Company.
 - Changing Needs of Society - Appreciation of the relationship of the Company's business to the changing needs of society.
 - Financial Sophistication - With respect to at least one Board member, skills, attributes, and financial sophistication of an Audit Committee Financial Expert as the term is defined in the Company's Audit Committee Charter.
 - Independent Director - With respect to at least a simple majority of the authorized members of the Board, each an Independent Director.
 - Other Specifications - Other skills and characteristics specifically identified and approved by the Committee.
- o Review Board Skills and Characteristics - As a part of the Company's assessment of strategic direction, review with the Board on at least an annual basis the Board Skills and Characteristics and recommend appropriate amendments to, or changes of, them.
- o Recommend Existing Board Members - In the sole discretion of the Committee, recommend to the Board for renomination one or more of those existing Board members

Page 5

whose positions are up for election after considering all of the following criteria as applied to each such member -

- Board Size - Appropriate size of the Board.
- Minimum Qualifications - Minimum Qualifications to be a Board member as set forth in Article IV, Section 2(a) of the Bylaws.
- Skills and Characteristics - Level of Board Skills and Characteristics.
- Company Strategic Direction - Committee's understanding of the

strategic direction requirements of the Company.

- Board Compositional Needs - Specific compositional needs of the Board, including, but not limited to, specific talents and experience involving technology, business, finance, administration or public service, in light of prevailing business conditions and the Board Skills and Characteristics already possessed by other members of the Board.
- Annual Evaluation - Results of annual evaluation.
- Personal Preference - Wishes of affected existing Board member to be re-nominated.
- o Identify and Recommend Proposed Board Member Vacancies - Identify, from time to time, one or more individuals satisfying all of the following criteria as applied to the individual and recommend that the Board select the individual as a nominee to stand for election to the Board by the shareholders or, in the case of a vacancy on the Board, recommend that the Board fill the vacancy with that individual, subject to the individual's standing for election by the shareholders at the then next shareholder meeting:
 - Board Size - Appropriate size of the Board.
 - Minimum Qualifications - Minimum Qualifications to be a Board member as set forth in Article IV, Section 2(a) of the Bylaws.
 - Skills and Characteristics - Level of Board Skills and Characteristics.
 - Company Strategic Direction - Committee's understanding of the strategic direction requirements of the Company.
 - Board Compositional Needs - Specific compositional needs of the Board, including, but not limited to, specific talents and experience involving technology, business, finance, administration or public service, in light of prevailing business conditions and the Board Skills and Characteristics already possessed by other members of the Board.
- o Recommend Proposed Committee Members - Identify and recommend for appointment by the Board, Board members qualified to fill vacancies on any committee of the Board, including the Committee. In nominating a candidate for a committee membership, the Committee shall take into consideration the factors set forth in the charter for that committee, if any, or as required by law or regulation, as well as any other factors it deems appropriate, including but not limited to, experience, skill and background.

Page 6

- o Issue Committee Reports - Report to the Board periodically on the status of the Committee's efforts on Board and committee nominations.
- o Invite Prospective Board Member - Chair of the Committee, in conjunction with the Company's Chief Executive Officer ("Chief Executive Officer"), Chairman of the Board and the Board, generally, shall extend an invitation to the selected candidate to join the Board.
- o Review Significant Change in Director Status - Upon a significant change in a director's personal circumstances, including a change of principal occupation, or in the event a significant ongoing time commitment arising which may be inconsistent with a director's service on the Board, review, as appropriate and, in light of the then-current Board policies, the continued Board membership of that director and make an appropriate recommendation to the Board.
- o Consider Shareholder Recommendations - A shareholder having at least the minimum requisite ownership in the Company ("Recommending Shareholder") may make a Shareholder Recommendation, i.e., recommend to the Committee a candidate for nomination and election to the Board at a Company annual shareholder meeting. The Committee shall consider that Shareholder Recommendation, subject to the following -
 - Timely Receipt of Recommendation Statement - The Shareholder Recommendation must be received by the Committee, timely, along with a statement in support of the recommendation ("Recommendation Statement") to ensure the Committee's consideration of it.

[X] A Shareholder Recommendation, including the Recommendation Statement, to be "received by the Committee" must be delivered to the following address:

ATTN: Chair, Nominating and Corporate Governance Committee
(_____) [Year of Meeting] Annual Meeting Recommendation)
General Communication, Inc.
2500 Denali Street, Suite 1000
Anchorage, Alaska 99503

[X] To be "timely," the Committee must receive the Shareholder Recommendation not earlier than, and not later than the dates as prescribed in the Company's Bylaws (Article III, Section 14) pertaining to submission of a shareholder proposal in conjunction with an annual meeting.

[X] A Recommending Shareholder is a shareholder who, as of the date of the Shareholder Recommendation and the record date for the annual meeting, is a beneficial owner of at least one share of voting securities of the Company, i.e., one share of Class A common stock, one share of Class B common stock or one share of preferred stock which either has voting rights directly or indirectly on an equivalent as-converted basis in common stock of the Company.

- Content of Recommendation Statement - The Recommendation Statement must set forth the following -

[X] For each candidate recommended -

Page 7

The candidate's name, age, business and residential address and principal occupation or employment.

The class and number of shares of Company capital stock beneficially owned by the Recommending Shareholder on the date of the Shareholder Recommendation.

A description of all arrangements or understandings between the Recommending Shareholder and the candidate and the name of any other person pursuant to which the recommendation is to be made.

All other information relating to the candidate that is required to be disclosed in solicitation of proxies for election of directors or is otherwise required in each case pursuant to Regulation 14A adopted pursuant to the Exchange Act.

Written consent of the candidate to being recommended as a candidate and nominee, in the event the Committee and the Board should accept the recommendation, in the Company's proxy statement and to serve as a director if so elected.

[X] As to the Recommending Shareholder (and the beneficial owner if different from the registered holder of the underlying Company voting common stock) -

The Recommending Shareholder's name and address as appears on the Company's books (and also that of that beneficial owner).

The class and number of shares of Company capital stock owned beneficially and of record by the Recommending Shareholder (and also that of that beneficial owner).

[X] Other information as may be requested by the Committee on the Recommending Shareholder or the Recommended Candidate.

- Review and Evaluation - A Shareholder Recommendation shall be reviewed and evaluated by the Committee, and the Committee's determination on that recommendation shall be subject to the application of the same criteria as shall be the case for a determination by the Committee on existing Board members standing for re-election.

- Significant Shareholder Recommendation - In the event the Committee shall have received, by a date (month, day) not later than the 120th calendar day before the date (month, day) of the Company's proxy statement released to its shareholders in connection with the previous year's annual meeting, a Shareholder Recommendation from a significant Recommending

Shareholder -

The Committee shall identify in the Company's management proxy statement for the anticipated annual meeting the candidate who is the subject of the Shareholder Recommendation and the significant

Page 8

Recommending Shareholder and shall disclose whether the Committee chose to nominate the candidate -

However, no such identification or disclosure is required without submission to the Committee of written consents by both the significant Recommending Shareholder and the candidate.

Here, "significant Recommending Shareholder" means a shareholder of the Company who has been a beneficial owner of more than 5% of the Company's voting common stock (combined Class A and Class B common stock outstanding, and voting equivalent shares, if any, from the issuance of preferred stock) for at least one year as of the date the Shareholder Recommendation was made, or was a group of such shareholders that beneficially owned in the aggregate more than 5% of that Company voting common stock with each of the securities used to calculate that ownership held for at least one year from that date.

As an example of the chronology, a Shareholder Recommendation from a significant Recommending Shareholder meeting the deadline for receipt by the Committee would include a recommendation for the Company's 2005 annual shareholder meeting which is received on December 1, 2004 where the 120th calendar day before the release on April 30, 2004 of proxy materials for the 2004 annual meeting was January 1, 2004.

In the event the date of the anticipated annual meeting shall have been changed by more than 30 days from the date of the previous year's annual meeting, the Company's obligation to consider a Shareholder Recommendation will arise where the Company shall receive the Shareholder Recommendation a reasonable time before the Company shall have begun to print and mail its proxy materials.

- Report of Categories - In the event the Committee shall approve a Shareholder Recommendation for inclusion on the Company's management proxy card (other than nominees who are directors standing for re-election), the Committee shall report in the proxy statement accompanying that card which one or more of the following categories of persons or entities recommended that candidate: security holder, non-management director, chief executive officer, other executive officer, third-party search firm, or other specified source.
- o Consultant Fee - In the event the Company shall pay a fee to a third party to identify or evaluate, or to assist in identifying or evaluating potential nominees, the function performed by each such party shall be disclosed in the corresponding Company management proxy statement describing that nominee for election as a director.
- o Other Duties - Carry out other duties or responsibilities expressly delegated, from time to time, to the Committee by the Board relating to nomination of Board and committee members.

Addressing Corporate Governance Matters

The Committee shall have the following corporate governance responsibilities:

Page 9

- o Review and Recommend Changes To Ethics Code - Review and make recommendations at least once a year to the Board regarding the content, structure and scope of, and compliance with, the Ethics Code.
- o Develop Corporate Governance Principles - Develop and recommend to the Board a set of corporate governance principles applicable to the Company ("Corporate Governance Principles"), and review those principles at least once a year. The Corporate Governance Principles shall include, but not be limited to -

- Standards - Director qualification standards.
- Responsibilities - Director responsibilities.
- Access To Management - Director access to management and, as necessary and appropriate, independent advisors.
- Compensation - Director compensation.
- Continuing Education - Director orientation and continuing education.
- Succession - Management succession.
- Performance Evaluation - Annual performance evaluation of the Board.
- o Advise on Legal Developments - Advise the Board periodically with respect to significant developments in the law and practice of corporate governance as well as the Company's compliance with the Corporate Governance Principles and applicable laws and regulations.
- o Recommend Corporate Governance Action - Make recommendations to the Board, from time to time, on all matters of corporate governance and corrective action to be taken as the Committee deems appropriate.
- o Review Structure of Board Committees - Review on an annual basis the Board's committee structure and recommend to the Board for its approval directors to serve as members of each committee.
- o Establish Criteria for Annual Performance Self-Evaluation - Establish criteria and process for, and lead the Board and each Board committee in, its annual performance self-evaluation. Each such evaluation will be discussed with the full Board following the end of each calendar year, will focus on contributions to the Company by the Board and each Board committee, and will specifically focus on areas in which a better contribution could be made.
- o Review Director Compensation - Review annually director compensation and benefits and make recommendations to the Board.
- o Review Chief Executive Officer Compensation - Work with the Chair of the Compensation Committee on issues of management objectives, Chief Executive Officer evaluation, and management development and succession.
- o Carry Out Other Duties - Carry out other duties or responsibilities expressly delegated, from time to time, to the Committee by the Board relating to corporate governance.

Page 10

Addressing Complaints on Certain Alleged Illegal Acts, Unethical Behavior, Other Matters

The Committee shall have the following special duties:

- o Complaints - The Committee, from time to time, when it shall receive a Complaint, i.e., an inquiry or complaint or when the Committee independently shall decide in accordance with this charter, shall review and make a determination and recommend appropriate action to be taken by the Board on the Complaint, subject to the following -
 - Specific Meaning - In this context, "Complaint" shall mean, unless the context otherwise requires, a matter pertaining to alleged illegal activity involving a person or unethical behavior-related violation of the Ethics Code by a person ("Unethical Conduct"), where the person is a director on the board of directors of the Company or of any its directly or indirectly wholly-owned subsidiaries ("Director"), or other matters as designated by the Board.
 - Other Complaints - In the event the Complaint shall relate to an allegation of illegal activity or unethical behavior-related violation of the Ethics Code by an officer, director, or employee of the Company or any of its directly or indirectly wholly-owned subsidiaries ("Employee") pertaining to Company accounting, internal controls on accounting, or audit matters ("Accounting Violation") or to confidential, anonymous or other submission by an Employee of concern regarding an alleged Company questionable accounting or audit practice ("Questionable Accounting Practice"), the Complaint

shall be handled separate from the Committee as set forth in this section.

- o Other Complaint-Related Matters - The Committee shall address other Complaint-related matters as designated by the Board.
 - o Procedure - The following shall constitute the Company's procedure for receipt, retention and treatment of Complaints regarding Accounting Violations and Questionable Accounting Practices by an Employee, and Unethical Conduct by a Director or by an Employee who is not a Director -
 - Specific Allegations - Topics that may be addressed in Complaints must relate to specific alleged Accounting Violations, Questionable Accounting Practices, or Unethical Conduct.
 - Accounting Violations and Questionable Accounting Practices - A Complaint regarding Accounting Violations or Questionable Accounting Practices must be directed to the Audit Committee for response or investigation. Topics that may be addressed in such Complaints include, but are not limited to the following -
 - [X] Allegations of fraud or deliberate error in the preparation of the Company financial statements.
 - [X] Allegations of fraud or deliberate error in the review or audit of Company financial statements.
 - [X] Allegations of fraud or deliberate error in maintaining Company financial records.
 - [X] Deficiencies in internal control, or violations of internal control policies.
- Page 11
- [X] False statements by a senior officer or accountant regarding matters included in financial reports or records.
 - [X] False statements made to independent auditors.
 - [X] Other information that can have a material impact on the fairness of the Company's financial statements.
 - Director Unethical Conduct Complaint - A Complaint regarding Unethical Conduct by a Director must be directed to the following committee for response and investigation, if any, as conditioned -
 - [X] Audit Committee, should the Complaint relate to an Accounting Violation by an Employee, with a copy of the Complaint delivered to the chair of the Nominating and Corporate Governance Committee.
 - [X] Nominating and Corporate Governance Committee, should the Complaint relate to Unethical Conduct by a Director which does not involve an Accounting Violation, with a copy of the Complaint delivered to the chair of the Audit Committee.
 - [X] Audit Committee and Nominating and Corporate Governance Committees, should the Complaint relate to both an Accounting Violation by an Employee, and Unethical Conduct by the Director which does not involve an Accounting Violation.
 - Employee (Not Director) Unethical Conduct - A Complaint regarding Unethical Conduct by an Employee who is not a Director must be directed to the Employee's supervisor or the Chief Financial Officer for response or investigation. Should the Complaint be submitted to the Employee's supervisor, a copy must be directed to the Chief Financial Officer, unless the Complaint pertains to that officer, in which case the copy must be directed to the Chief Executive Officer.
 - Written Complaint - A Complaint must be in writing and contain sufficient detail to provide a basis for the investigator to make an independent determination as to whether an Accounting Violation, Questionable Accounting Practice or Unethical Conduct has occurred.
 - Signature, Date - A Complaint must be signed and dated by the complainant-Employee in the case of an Accounting Violation-

or Unethical Conduct-related Complaint.

- Signature Not Required on Confidential or Anonymous Questionable Accounting Practice Complaint - A Questionable Accounting Practice-related Complaint need not be signed, should the complainant be seeking confidential or anonymous treatment of the Complaint. However, it must be dated.
- Delivery of Complaint To a Committee - A Complaint directed to the Audit Committee or the Nominating and Corporate Governance Committee must be addressed and mailed or otherwise delivered to the chair of the appropriate committee at the Company's corporate offices as follows -

Page 12

CONFIDENTIAL
ATTN: Chair, Audit Committee
(Complaint)
General Communication, Inc.
2500 Denali Street, Suite 1000
Anchorage, Alaska 99503

or

CONFIDENTIAL
ATTN: Chair, Nominating and
Corporate Governance Committee
(Complaint)
General Communication, Inc.
2500 Denali Street, Suite 1000
Anchorage, Alaska 99503

- Delivery of Complaint To the Chief Financial Officer - A Complaint directed to the Chief Financial Officer must be addressed and mailed or otherwise delivered to that officer at the Company's corporate offices as follows -

CONFIDENTIAL
ATTN: Chief Financial Officer (Complaint)
General Communication, Inc.
2500 Denali Street, Suite 1000
Anchorage, Alaska 99503

- Other Forms of Delivery - The Chief Financial Officer, in conjunction with the chairs of the Audit Committee and the Nominating and Corporate Governance Committee, shall review and, in the event they shall reach consensus, recommend to the Board other possible means by which a complainant shall deliver a Complaint to the Company, including, but not limited to, an internet address or a toll-free telephone number.
- Complaint Filing System - The Chief Financial Officer, in conjunction with the chairs of the Audit Committee and the Nominating and Corporate Governance Committee, shall establish a procedure compatible with the charters of both committees and the Ethics Code and providing for the corresponding investigator of a Complaint, or complaint relating to an Accounting Matter or to a Questionable Accounting Practice (for purposes of describing these procedures further in this charter and unless the context otherwise requires, "Complaint" refers to all such complaints), to log the Complaint into a filing system specifically established to retain, process, and otherwise provide for the treatment of Complaints ("Complaint Filing System").

The Complaint Filing System will be used by each of these three investigators in the separate duties of each in addressing a Complaint.

- Processing of a Complaint - The recipient (investigator) of a Complaint will log the Complaint into the Complaint Filing System, subject to the following -

Should the Complaint be in the nature of an allegation of an Accounting Violation, a Questionable Accounting Practice or Unethical Conduct, the investigator must -

Determine, based upon the information provided in the Complaint and independent investigation which the investigator, in the investigator's sole discretion, deems appropriate given the nature of the Complaint, whether there is a reasonable basis for the allegation made in the Complaint.

Investigate the Complaint.

- Decide whether to hold a hearing on the matter and, should the investigator choose to hold such a hearing, give notice of, and hold the hearing on, the Complaint, request witnesses to appear at the hearing, and otherwise gather evidence necessary for the investigator to render a determination on the Complaint.

- Submit a written determination to, and recommend appropriate action by, the Board.

- Should the Complaint be in the nature of a Questionable Accounting Practice where the Complaint is unsigned or where the Complainant has otherwise indicated the Complaint is presented as a confidential, anonymous submission to the investigator, the investigator must -
 - Determine, based upon the information provided in the Complaint and independent investigation which the investigator, in the investigator's sole discretion, deems appropriate given the nature of the Complaint, whether there is a reasonable basis for the allegation made in the Complaint.

 - Render a written determination on the Complaint.

 - Submit the written determination to, and recommend appropriate action by, the Board.

- Should the Complaint be in the nature of an inquiry without allegation of an Accounting Violation, Questionable Accounting Practice or Unethical Conduct, the recipient may in the recipient's sole discretion do either of the following -
 - Respond directly to the complainant.

 - Recommend to the Board appropriate action.

- The investigator will, regardless of the nature of the Complaint, seek to process it in a timely manner.

- The investigator shall be informed of the receipt of Complaints at least on a weekly basis. In the event the Complaint shall be directed to a committee, the chair of the committee shall be informed of the receipt of the Complaint within not more than two business days.

- A Complaint pertaining to one or more executive officers or Directors must receive especially timely review by the corresponding investigator.

- Each investigator will decide, upon initial review of a Complaint, whether a formal investigation shall be initiated and the extent of it, including who shall carry out the investigation, and the resources which shall be deemed necessary to carry it out.

- All signed Complaints will be acknowledged as received by the investigator. In the event the signed Complaint shall be directed to a committee, the chair of the committee, or the chair's designee, shall acknowledge receipt of the Complaint.

- In the event the investigator shall conclude a Complaint as not one subject to the scope of the investigator's responsibilities under a committee charter or otherwise but as one raising legitimate issues, the investigator shall forward the matter to the Chief Financial Officer for direct action or referral to the appropriate person for review and action.

- Annual Status Reports - The Audit Committee, the Nominating and Corporate Governance Committee, and the Chief Financial Officer, as investigators of Complaints, will at least annually each provide reports to the Board on the status of Complaints received, including, but not limited to -
 - A brief description of each.

 - The status of each.

[X] Recommended action, if any, on each by the Board which may take the form any of the following -

Affirmative relief.

Dismissal of the Complaint.

Closure of the file on the Complaint for which the investigator has not received additional requested information from the complainant within a reasonable time which the investigator deems necessary to make a determination in the matter.

- Retention of Closed File - A Complaint file, once closed, will be retained for a time period of 10 years and in accordance with the Company's appropriate records retention policy, after which the file will be destroyed. Unless specifically provided otherwise in that policy, the Chief Financial Officer or that officer's designee is the custodian of a closed Complaint file.
- Confidential Treatment - An investigator will be particularly sensitive to the confidential nature of Complaints, especially ones where the complainant has made the Complaint through a confidential or anonymous submission. Complaint files will not be available generally to Employees except with the permission of the investigator and only in accordance with the Company's policy on confidential records, if any, pertaining to the subject matter of the Complaint.
- Committee Review - In the event the investigator shall be the Audit Committee or the Nominating and Corporate Governance Committee, a Complaint shall be reviewed initially by the committee's chair, or the chair's designee, and an initial analysis submitted to the committee. Any formal action taken by the committee on the Complaint must be at a duly scheduled meeting at which at least a quorum of its members is present, and a determination on the Complaint must be by vote of at least a majority of the committee present, subject further to the procedural requirements of the Bylaws.
- Other Procedures - The Committee shall adopt such other procedures, subject to prior Board approval, as may be necessary to carry out the Committee's responsibilities in addressing Complaints and other matters addressed in this section.

Page 15

Supervising Chief Financial Officer on Ethics Code

The Committee shall supervise the Chief Financial Officer in the context of the Ethics Code. However, the Chief Financial Officer shall have primary authority and responsibility for enforcement of the Ethics Code, except as expressly provided in the Ethics Code.

Conducting Committee Performance Evaluation

The Committee shall each year conduct a Committee Performance Evaluation, i.e., it shall review, discuss, and assess its own performance, as well as the Committee's purpose and responsibilities, seeking responses from senior management, the full Board, and others. Changes, if any, in the Committee's purpose or responsibilities, or, generally, changes to this charter shall be recommended to the full Board for approval.

Other Matters

The foregoing provisions of this charter are not intended to be exhaustive. The Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its purposes and responsibilities.

Nothing in this charter is intended to, and must not be construed as, creating any responsibility or liability of the members of the Committee except to the extent otherwise provided under applicable Alaska law which continues to set the legal standard for the conduct of the Committee members.

ADOPTED by the board of directors of General Communication, Inc. as of this 24th day of February, 2004.

/s/
John M. Lowber
Secretary

GENERAL COMMUNICATION, INC.
CODE OF BUSINESS CONDUCT AND ETHICS

Preamble

Declaration of Principles

We, the officers, directors and employees ("Employees") of General Communication, Inc. and each of its subsidiaries (collectively, "Company"), believe that our success as an organization is determined by our decisions and actions as individuals. We are committed to complying with all applicable law and regulations and the terms of this Code of Business Conduct and Ethics ("Code"). We adopted this Code to set forth certain standards for our behavior.

This Code defines how we conduct ourselves, how we make decisions and for what we stand. By adhering to this Code, we will maintain focus and harmony in pursuit of our mission as the Company.

Our Identity

Overview

We are committed and resolve to follow the highest level of honest and ethical conduct in all Company business activities including, but not limited to, the Company's relationship with its Employees, customers, vendors, competitors, government and the public. Each Employee must conduct himself or herself in accordance with the provisions and intent of this Code and must avoid even the appearance of improper behavior.

Each corporate officer and director of the Company is required to comply with this Code. Integrity in our business starts at the top.

Through this Code, we resolve to maintain an environment of honesty and accountability. A violation of this Code may result in corrective or disciplinary action as provided below. Our actions, in conjunction with the Company, reflect on our reputation, individually, as Employees and, collectively, as the Company. In this regard, we resolve to maintain the following characteristics as the Company and individually.

Our Conduct

This Code has been adopted by the board of directors of General Communication, Inc. and by the boards of directors of each of its subsidiaries and, in addition to applying to officers and directors, it applies to all Employees.

This Code summarizes the standards by which we must be guided as Employees. It is not the intent of this Code to cover in precise detail every issue that may arise in the context of business conduct or ethics. However, it establishes principles by which we resolve to be guided. If you have any questions about this Code or its applicability, please contact the Company's Chief Financial Officer, or the Nominating and Corporate Governance Committee of the Board of Directors (each of these persons are referred to in this Code as an "Appropriate Authority") or your supervisor.

The following are specific areas of conduct to which all Employees are subject in their dealings with, or on behalf of, the Company.

Conflict of Interest - Act in the best interest of the Company, and avoid situations which may conflict with this obligation.

- o A conflict of interest occurs when an Employee's private interest interferes in any way with the Company's interest.
- o A conflict of interest can arise when an Employee works for a competitor, invests in, or does business with, an organization that does business with the Company, employs or supervises an immediate family member or receives a gift or special treatment of significant value from an organization that does business with the Company. No gift may be in the form of cash or cash equivalents. A conflict can arise when an Employee (or a family member) receives improper personal benefit resulting from the Employee's position with the Company.
- o Should a conflict (or even an appearance of conflict) of interest arise, the Employee should report the matter to an Appropriate Authority.

- o An Employee having any question as to whether a conflict (or even an appearance of conflict) of interest could arise in a given situation should contact an Appropriate Authority.

Corporate Opportunity - Promptly disclose opportunities or ideas pertaining to Company business.

- o An Employee is prohibited from taking a personal interest in a business opportunity discovered through use of corporate position, information or property or that properly belongs to the Company. An Employee must not compete with, and in particular, must not use corporate position, information, or property for personal gain or to compete with, the Company.

Workplace Conduct - Conduct yourself in a professional and businesslike manner.

- o An Employee is expected to follow Company policies on equal opportunity and prohibited harassment in the workplace.
- o An Employee is expected to follow Company policies on a safe work environment. An Employee is to follow safety rules published by the Company and to report to an Appropriate Authority any unsafe conditions or incidents.

Company Records - If a part of your responsibilities with the Company includes creating and maintaining records, create and maintain accurate and truthful records in carrying out those responsibilities.

- o All Company books, records, accounts, and other financial statements must be maintained accurately and with adequate detail to conform with legal requirements and the Company's internal controls system. Records must be maintained or destroyed only according to the Company's record retention policies. Any questions regarding implementation and carrying out of these obligations are to be referred to the Chief Financial Officer.

Protection and Proper Use of Company Property - In carrying out duties and responsibilities to the Company, protect and safeguard its property.

- o It is the responsibility of every Employee to protect Company property against loss, theft, misuse and waste. Improper use, defrauding or theft of Company property directly impacts the profitability of the Company. Such activity is to be reported to an Appropriate Authority for review and appropriate action.
- o Employees are to maintain confidentiality of information entrusted to them by the Company, except when disclosure is authorized or mandated by law. Whenever feasible, Employees shall consult with an Appropriate Authority if they believe they have a legal obligation to disclose confidential information before disclosing the confidential information. This information includes all non-public information that might, if disclosed, be of use to competitors or otherwise harmful to the Company or its customers.

Insider Information - Do not use confidential, material information to trade in securities of the Company or provide that information to a family member, friend or any other person. Do not use such information for personal gain.

- o Engaging in such activity is both unethical and illegal. All Company non-public information is considered confidential and proprietary. It must not be used for personal gain. The term "material information" means any information reasonably expected to affect the price of the Company's securities and which would be considered important by an investor or prospective investor in those securities.
- o Employees must comply with the Company's prohibition of insider trading policy, a copy of which is available from the Chief Financial Officer.
- o Officers and directors of the Company must, in addition, comply with the Company's policy in trading in securities of the Company, a copy of which is available from the Chief Financial Officer.

Financial and Other Disclosures - As a public company, it is extremely important that the Company's filings with the Securities and Exchange Commission be full, fair, accurate, timely and understandable. This standard also applies to all other governmental filings and to all public communications made by the Company.

- o An Employee may be called upon to provide necessary information to assure that the Company's public reports are complete, fair and understandable. The Company expects Employees to take this responsibility very seriously and to provide prompt accurate answers to inquiries related to the Company's public disclosure requirements.

- o The Company must comply with extensive and complex accounting requirements. To meet these requirements, the Company must rely upon each Employee's truthfulness in accounting practices. All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions and must conform both to applicable legal requirements and to the Company's system of internal controls.
- o No Employee shall take any action intended to influence improperly the Company's auditors or the conduct of the Company's audits for the purpose of rendering the financial statements of the Company misleading.

Compliance - Adhere to all applicable governmental laws, rules, and regulations in jurisdictions in which the Company does business.

- o These laws include, but are not limited to, federal and state workplace provisions, prohibitions on insider trading, environmental laws, and other federal and state laws, local ordinances and related regulations.
- o Questions regarding compliance with this Code shall be directed to an Appropriate Authority.

Violations - Violations or suspected violations of the Code can have serious consequences.

- o Violation of this Code, including knowingly failing to report a material violation by another Employee, is cause for immediate corrective or disciplinary action, including possible dismissal and termination of employment. In this context, an Employee will not be permitted to justify an act or failure to act in violation of this Code by claiming it was ordered or authorized by a supervisor or another Employee.

Reporting Illegal, Unethical Behavior - Report known or suspected violations of this Code as provided in it.

- o Each Employee is urged to bring suspected illegal or unethical behavior-related violations of the Code which he or she has observed to the attention of an Appropriate Authority for review and appropriate action.
- o In the context of suspected illegal or unethical behavior-related violations pertaining to accounting, internal controls on accounting or audit matters, the Appropriate Authority is the Audit Committee. In this instance, the Audit Committee, in accordance with the Company's Audit Committee Charter, shall review and recommend appropriate action to be taken by the Company's Board of Directors.
- o In the context of all other matters subject to this Code, an Appropriate Authority or supervisor, and procedure for processing a suspected violation of this Code are as set forth in the Company's Nominating and Corporate Governance Committee Charter.
- o Retaliation against an Employee who, in good faith, reports suspected violations of this Code or other illegal conduct, is prohibited.
- o Reporting of suspected violations of this Code may be done anonymously and confidentially in writing to an Appropriate Authority. An anonymous report must provide sufficient information about the activity to allow an independent investigation of it by the Company.
- o Employees are required to cooperate in investigations of misconduct and unethical behavior under this Code.
- o An Employee, when confronted with a particular transaction or situation and uncertain as to whether it may in some ways be in conflict with the provisions of this Code, should bring the matter to the attention of an Appropriate Authority.

Waiver, Amendment - Any waiver of the provisions of this Code for executive officers and directors may be made only by the board and must be promptly disclosed to the Company's shareholders, including an identification of the person who received the waiver and the date of grant of the waiver by the board, and providing a brief description of the circumstances and reasons under which it was given.

SECTION 302 CERTIFICATION

I, Ronald A. Duncan, certify that:

1. I have reviewed this report on Form 10-Q of General Communication, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have;
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions);
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2004

/s/
Ronald A. Duncan
President and Director

1

SECTION 302 CERTIFICATION

I, John M. Lowber, certify that:

1. I have reviewed this report on Form 10-Q of General Communication, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have;
 - a) Designed such disclosure controls and procedures, or caused such

disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

- b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions);
- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2004

/s/
John M. Lowber
Senior Vice President, Chief Financial
Officer, Secretary and Treasurer

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 March 31, 2004 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: May 3, 2004

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

1

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 March 31, 2004 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: May 3, 2004

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

2