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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): November 7, 2012

GENERAL COMMUNICATION, INC.

(Exact name of registrant as specified in its charter)

State of Alaska

(State or other Jurisdiction of Incorporation or organization)

0-15279

Commission File Number

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

NONE

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Section 2 – Financial Information

Item 2.02 Results of Operations and Financial Condition

On November 7, 2012, General Communication, Inc. (GCI) issued a press release announcing earnings for the three and nine months ended September 30, 2012. A copy of the press release is attached as Exhibit 99.1.

The information in this Form 8-K and the Exhibit attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

The earnings release attached as Exhibit 99.1 discloses the non-GAAP financial measure of Adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation, Amortization, Share-based Compensation Expense, Accretion Expense, Non-cash Contribution Adjustment, and Net Loss Attributable to Non-controlling Interest) for the three and nine months ended September 30, 2012 and 2011. Adjusted EBITDA has been reconciled to the closely related GAAP financial measure, Net Income, within the earnings release.

Adjusted EBITDA is the sum of Net Income, Interest Expense (including Amortization of Deferred Loan Fees), Interest Income, Income Tax Expense, Depreciation and Amortization Expense, Share-based Compensation Expense, Accretion Expense, Non-cash Contribution Adjustment, and Net Loss Attributable to Non-controlling Interest. Adjusted EBITDA is not presented as an alternative measure of net income, operating income or cash flow from operations, as determined in accordance with accounting principles generally accepted in the United States of America. GCI's management uses Adjusted EBITDA to evaluate the operating performance of its business, and as a measure of performance for incentive compensation purposes. GCI believes Adjusted EBITDA is a measure used as an analytical indicator of income generated to service debt and fund capital expenditures. In addition, multiples of current or projected Adjusted EBITDA are used to estimate current or prospective enterprise value. Adjusted EBITDA does not give effect to cash used for debt service requirements, and thus does not reflect funds available for investment or other discretionary uses. Adjusted EBITDA as presented herein may not be comparable to similarly titled measures reported by other companies.

Section 9 – Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits

(d)Exhibits

| <u>Exhibit Number</u> | <u>Description</u> |
|-----------------------|---|
| 99.1 | Press release issued by General Communication, Inc. on November 7, 2012 |

SIGNATURE

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 hereunto duly authorized.

GENERAL COMMUNICATION, INC.

(Registrant)

Date: November 7, 2012

By /s/ John M. Lowber

Name: John M. Lowber

Title: Senior Vice President,
Chief Financial Officer,
Secretary and Treasurer
(Principal Financial Officer)

Exhibit Index

Exhibit No.

Description

99.1

Press release issued by General Communication, Inc. on
November 7, 2012

November 7, 2012

John Lowber, (907) 868-5628; jlowber@gci.com
Bruce Broquet, (907) 868-6660; bbroquet@gci.com
David Morris, (907) 265-5396; dmorris@gci.com

FOR IMMEDIATE RELEASE

GCI REPORTS THIRD QUARTER 2012 FINANCIAL RESULTS

- Consolidated revenue of \$178.5 million
- Adjusted EBITDA of \$59.4 million
- Net income of \$3.7 million or \$0.09 per diluted share

ANCHORAGE, AK – General Communication, Inc. (“GCI”) (NASDAQ:GNCMA) today reported its third quarter 2012 results with revenues increasing to \$178.5 million over revenues of \$177.7 million in the third quarter of 2011. Adjusted EBITDA decreased 5.8 percent or \$3.7 million from the third quarter of 2011 EBITDA of \$63.1 million.

GCI’s third quarter 2012 net income totaled \$3.7 million or earnings per diluted share of \$0.09, a decrease from net income of \$7.2 million or earnings per diluted share of \$0.15 for the same period of 2011.

Third quarter 2012 revenues increased \$2.4 million over revenues of \$176.1 million in the second quarter of 2012. Adjusted EBITDA for the third quarter of 2012 was steady when compared to adjusted EBITDA of \$59.4 million in the second quarter of 2012.

“We made continued progress during the quarter preparing for the establishment of our Alaska Wireless Network venture,” said Ron Duncan, GCI president. “With the exception of data, where growth has been robust, our economic results and subscriber metrics were disappointing. Trends away from wireline voice services continue to pressure our results and changes to the lifeline program have reduced overall wireless results. However, we added a substantial number of postpaid customers during the quarter and look for this trend to increase as we continue to deploy higher speed wireless services throughout Alaska.”

GCI previously provided guidance on revenues of \$690 million to \$720 million and adjusted EBITDA of \$230 million to \$240 million for the year 2012. GCI now expects adjusted EBITDA will be at or near the lower end of the guidance, excluding expenses related to The Alaska Wireless Network (“AWN”) transaction.

Highlights

- Managed Broadband revenues for the third quarter of 2012 totaled \$22.7 million, an increase of \$5.3 million or 30.3 percent over the third quarter of 2011, primarily as a result of sales of broadband service on GCI’s TERRA-Southwest terrestrial network.
 - GCI received payment of \$4.5 million for IRU capacity sold to a large carrier customer early in the third quarter of 2012. The IRU sale is treated as deferred revenue and will be recognized into income over the expected life of the capacity.
 - GCI had 124,700 consumer and commercial cable modem customers at the end of the third quarter of 2012, an increase of 6,800 over the end of the third quarter 2011. Average monthly revenue per cable modem for the third quarter of 2012 was \$62.85, an increase of 11.9 percent over \$56.17 for the prior year.
-

GCI entered into a second arrangement under the New Markets Tax Credit (NMTC) program to help fund Phase 3 of our TERRA-NW project. Phase 3 of our TERRA-NW project continues the extension of terrestrial broadband service to Kotzebue. The NMTC program was established in the Community Renewal Tax Relief Act of 2000 to induce capital investment in qualified low income communities and will fund \$12.9 million, or almost half, of the expected total project cost.

Consumer

Consumer revenues were down \$2.5 million from the third quarter of 2011 and \$1.7 million from the second quarter of 2012. In the third quarter of 2012, data revenue growth was offset by decreases in voice, video and wireless compared to the third quarter of 2011. The decrease in third quarter revenue was primarily due to a \$2.8 million decline in USF support for voice and wireless as compared to the third quarter of 2011.

Consumer voice revenues of \$10.0 million decreased \$3.2 million when compared to the prior year quarter and \$0.5 million compared to the second quarter of 2012 as customers continue to abandon wireline service and shift to wireless. Consumer local access lines in service at the end of the third quarter of 2012 totaled 71,900, a decrease of 7,200 lines from the third quarter of 2011 and 2,500 lines from the second quarter of 2012. USF support for consumer voice services decreased \$0.9 million year over year.

Consumer video revenues of \$28.4 million decreased \$0.8 million from the third quarter of 2011 and the second quarter of 2012. The decrease is primarily due to a decline in basic video subscribers. Consumer basic video subscribers totaled 122,200 at the end of the third quarter of 2012, a decrease of 4,200 subscribers from the third quarter of 2011 and 300 subscribers from the second quarter of 2012. GCI has had a steady increase in the number of customers who subscribe only to cable modem service. Presumably these access-only customers are purchasing video programming from other sources including over-the-top providers such as Netflix and Hulu.

Consumer data revenues of \$21.4 million increased \$3.3 million or 18.2 percent over the third quarter of 2011 and were steady with the second quarter of 2012. The increase in consumer data revenues is due to an increase in cable modem customers and increasing monthly usage. GCI added 6,300 consumer cable modem customers over the third quarter of 2011 and cable modem customer counts increased by 1,400 on a sequential basis.

Consumer wireless revenues of \$27.1 million decreased \$1.8 million or 6.2 percent from the third quarter of 2011. The decrease was primarily due to a \$1.9 million decline in USF support, a \$0.9 million decrease in Lifeline revenues due to fewer subscribers, offset in part by an increase in plan fees. Wireless revenues were steady when compared to the second quarter of 2012. GCI served 122,800 consumer wireless subscribers at the end of the third quarter of 2012.

Consumer served 87,300 postpaid and pre-paid subscribers at the end of the third quarter of 2012, an increase of 4,600 over the end of the third quarter a year ago and an increase of 2,400 wireless customers sequentially. Post paid subscribers increased 2,300 year over year and 1,800 sequentially. Prepaid subscribers increased 2,300 over the end of the third quarter a year ago and increased by 600 customers sequentially.

GCI served 35,500 Lifeline customers at the end of the third quarter of 2012. In compliance with FCC Lifeline program reforms, GCI is required to recertify all Lifeline subscribers, enrolled as of June 1, 2012, by the end of 2012, with current subscribers to be recertified annually thereafter. The ongoing implementation of GCI's existing qualification standards along with initiation of the FCC recertification process have contributed to a decrease of 7,600 Lifeline subscribers in the third quarter of 2012 as compared to the third quarter of 2011. Lifeline subscribers declined by 4,400 on a sequential basis. Lifeline subscriber counts could decline further as a result of the recertification process or future program changes.

Network Access

Network access revenues of \$27.5 million decreased \$2.0 million or 6.8 percent compared to the third quarter of 2011 and increased \$1.5 million or 5.6 percent over the second quarter of 2012.

Voice revenues decreased \$0.5 million to \$5.7 million from the prior year and decreased \$0.3 million from the second quarter of 2012. Data revenues were down \$3.0 million when compared to \$17.1 million in the third quarter of 2011 and increased \$0.7 million to \$14.1 million over the second quarter of 2012. The change in voice revenue is attributable to decreases in voice traffic and rate reductions. The decrease in data revenue when compared to the prior year quarter is attributable to a decrease in special project revenue for a new customer that occurred in the third quarter of 2011. The increase in third quarter data revenues over the second quarter of 2012 is primarily due an increase in wireless backhaul revenues.

Wireless revenues, primarily related to roaming traffic, increased by \$1.6 million to \$7.7 million, an increase of 26.2 percent over the prior year and increased by \$1.1 million, or 16.2 percent on a sequential basis.

Commercial

Commercial revenues of \$36.2 million increased 1.8 percent over the prior year quarter and increased 5.1 percent sequentially.

Commercial data service revenues were \$23.6 million in the third quarter of 2012, an increase of \$0.6 million over the third quarter of 2011 and an increase of \$1.7 million over the second quarter of 2012. Commercial data service revenues include both transport charges for data circuits, professional services which are time and materials charges for GCI on-site support of customer operations and data center revenues. As summarized in the table below, data transport charges of \$12.2 million increased by \$0.8 million as compared to the third quarter of 2011, time and material charges for support activities decreased by \$0.5 million to \$11.1 million and data center revenues increased by \$0.3 million over the third quarter of 2011.

| Millions \$ | Q3 2012 | Q3 2011 | Q2 2012 |
|------------------------|---------|---------|---------|
| Data Transport Charges | \$ 12.2 | \$ 11.4 | \$ 11.9 |
| Professional Services | 11.1 | 11.6 | 9.8 |
| Data Center Revenues | 0.3 | 0.0 | 0.2 |
| Total Data Revenues | \$ 23.6 | \$ 23.0 | \$ 21.9 |

Commercial wireless revenues totaled \$2.5 million for the third quarter of 2012 and were steady with the prior year and the second quarter of 2012. GCI had 16,600 commercial wireless subscribers at the end of the third quarter of 2012, an increase of 1,700 subscribers over the prior year and 400 subscribers sequentially. USF support for commercial wireless subscribers decreased by \$0.1 million year over year.

Managed Broadband

Managed broadband revenues totaled \$22.7 million in the third quarter of 2012, an increase of \$5.3 million or 30.3 percent over the prior year and an increase of \$1.0 million or 4.5 percent over the second quarter of 2012. The strong revenue growth is primarily due to an increase in broadband capacity utilized on the TERRA Southwest terrestrial network.

Regulated Operations

Regulated operations revenues totaled \$5.3 million in the third quarter of 2012 a decrease of \$0.7 million from the prior year quarter and were steady with the second quarter of 2012. Regulated operations had 8,500 local access lines at the end of the third quarter of 2012, a decrease of 200 access lines from the second quarter of 2012.

Other Items

SG&A expenses for the third quarter of 2012 totaled \$58.2 million, an increase of 6.9 percent as compared to \$54.5 million for the third quarter of 2011. The increase is due to labor and related benefits and transaction costs related to AWN. As a percentage of revenues, SG&A expenses increased to 32.6 percent in the third quarter of 2012 as compared to 30.6 percent in the prior year. SG&A expenses for the third quarter decreased \$1.8 million from the second quarter of 2012. The decrease is primarily related to fewer AWN related costs and lower health care expenses. AWN related costs totaled \$0.5 million for the third quarter of 2012 and \$2.6 million year to date.

GCI's third quarter 2012 capital expenditures totaled \$45.9 million as compared to \$57.2 million in the third quarter of 2011 and \$39.1 million in the second quarter of 2012. GCI expects capital expenditures to total approximately \$150 million for the year 2012.

GCI will hold a conference call to discuss the quarter's results on Thursday, November 8, 2012 beginning at 2 p.m. (Eastern). To access the briefing on November 8, call the conference operator between 1:50-2:00 p.m. (Eastern Time) at 888-831-8982 (International callers should dial 1-212-547-0180) and identify your call as "GCI." In addition to the conference call, GCI will make available net conferencing. To access the call via net conference, log on to www.gci.com and follow the instructions. A replay of the call will be available for 72-hours by dialing 800-884-1524, access code 7461 (International callers should dial 1-402-280-9924.)

GCI is the largest telecommunications company in Alaska. GCI's cable plant, which provides voice, video, and broadband data services, passes 80 percent of Alaska households. GCI operates Alaska's most extensive terrestrial/subsea fiber optic network which connects not only Anchorage but also Fairbanks and Juneau/Southeast Alaska to the lower 48 states with a diversely routed, protected fiber network. GCI's TERRA-Southwest fiber/microwave system links 65 communities in the Bristol Bay and Yukon-Kuskokwim Delta to Anchorage bringing terrestrial broadband Internet access to the region for the first time. GCI's satellite network provides communications services to small towns and communities throughout rural Alaska. GCI's statewide mobile wireless network seamlessly links urban and rural Alaska.

A pioneer in bundled services, GCI is the top provider of voice, data, and video services to Alaska consumers with a 70 percent share of the consumer broadband market. GCI is also the leading provider of communications services to enterprise customers, particularly large enterprise customers with complex data networking needs. More information about GCI can be found at www.gci.com.

The foregoing contains forward-looking statements regarding GCI's expected results that are based on management's expectations as well as on a number of assumptions concerning future events. Actual results might differ materially from those projected in the forward looking statements due to uncertainties and other factors, many of which are outside GCI's control. Additional information concerning factors that could cause actual results to differ materially from those in the forward looking statements is contained in GCI's cautionary statement sections of Forms 10-K and 10-Q filed with the Securities and Exchange Commission.

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

(Amounts in thousands)

| Assets | September 30, 2012 | December 31, 2011 |
|---|-----------------------|----------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 27,555 | 29,387 |
| Receivables | 183,097 | 141,827 |
| Less allowance for doubtful receivables | <u>3,740</u> | <u>5,796</u> |
| Net receivables | 179,357 | 136,031 |
| Deferred income taxes | 15,555 | 15,555 |
| Prepaid expenses | 8,151 | 7,899 |
| Inventories | 11,948 | 7,522 |
| Other current assets | <u>2,464</u> | <u>3,631</u> |
| Total current assets | 245,030 | 200,025 |
| Property and equipment in service, net of depreciation | 817,798 | 849,121 |
| Construction in progress | <u>92,600</u> | <u>42,918</u> |
| Net property and equipment | 910,398 | 892,039 |
| Cable certificates | 191,635 | 191,635 |
| Goodwill | 74,883 | 74,883 |
| Wireless licenses | 25,967 | 25,967 |
| Deferred loan and senior notes costs, net of amortization | 11,566 | 12,812 |
| Restricted cash | 10,445 | 15,910 |
| Other intangible assets, net of amortization | 15,472 | 15,835 |
| Other assets | 14,449 | 17,214 |
| Total other assets | <u>344,417</u> | <u>354,256</u> |
| Total assets | <u>\$ 1,499,845</u> | <u>1,446,320</u> |

(Continued)

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

(Amounts in thousands)

| Liabilities and Stockholders' Equity | September 30, 2012 | December 31, 2011 |
|---|-----------------------|----------------------|
| Current liabilities: | | |
| Current maturities of obligations under long-term debt and capital leases | \$ 7,766 | 8,797 |
| Accounts payable | 43,880 | 41,353 |
| Deferred revenue | 23,903 | 22,003 |
| Accrued payroll and payroll related obligations | 20,901 | 22,126 |
| Accrued interest | 21,358 | 6,680 |
| Accrued liabilities | 25,528 | 11,423 |
| Subscriber deposits | 1,125 | 1,250 |
| Total current liabilities | 144,461 | 113,632 |
| Long-term debt, net | 864,804 | 858,031 |
| Obligations under capital leases, excluding current maturities | 74,259 | 78,605 |
| Obligation under capital lease due to related party, excluding current maturity | 1,893 | 1,893 |
| Deferred income taxes | 124,619 | 114,234 |
| Long-term deferred revenue | 88,561 | 81,822 |
| Other liabilities | 25,705 | 24,456 |
| Total liabilities | 1,324,302 | 1,272,673 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Common stock (no par): | | |
| Class A. Authorized 100,000 shares; issued 38,818 and 39,296 shares at September 30, 2012 and December 31, 2011, respectively; outstanding 38,625 and 39,043 shares at September 30, 2012 and December 31, 2011, respectively | 25,543 | 26,179 |
| Class B. Authorized 10,000 shares; issued and outstanding 3,169 and 3,171 shares at September 30, 2012 and December 31, 2011, respectively; convertible on a share-per-share basis into Class A common stock | 2,676 | 2,679 |
| Less cost of 193 and 253 Class A shares held in treasury at September 30, 2012, and December 31, 2011, respectively | (1,707) | (2,225) |
| Paid-in capital | 26,232 | 32,795 |
| Retained earnings | 107,022 | 97,911 |
| Total General Communication, Inc. stockholders' equity | 159,766 | 157,339 |
| Non-controlling interest | 15,777 | 16,308 |
| Total stockholders' equity | 175,543 | 173,647 |
| Total liabilities and stockholders' equity | \$ 1,499,845 | 1,446,320 |

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

| (Amounts in thousands, except per share amounts) | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|----------|------------------------------------|----------|
| | 2012 | 2011 | 2012 | 2011 |
| Revenues | \$ 178,494 | 177,703 | 526,505 | 510,569 |
| Cost of goods sold (exclusive of depreciation and amortization shown separately below) | 62,754 | 60,664 | 177,687 | 171,734 |
| Selling, general and administrative expenses | 58,228 | 54,453 | 181,258 | 171,043 |
| Depreciation and amortization expense | 32,120 | 30,653 | 97,850 | 93,298 |
| Operating income | 25,392 | 31,933 | 69,710 | 74,494 |
| Other income (expense): | | | | |
| Interest expense (including amortization of deferred loan fees) | (16,765) | (16,678) | (50,868) | (51,424) |
| Loss of extinguishment of debt | - | - | - | (9,111) |
| Interest income | 2 | 22 | 8 | 30 |
| Other | 164 | (59) | 117 | (92) |
| Other expense, net | (16,599) | (16,715) | (50,743) | (60,597) |
| Income before income tax expense | 8,793 | 15,218 | 18,967 | 13,897 |
| Income tax expense | (5,270) | (7,979) | (10,387) | (7,303) |
| Net income | 3,523 | 7,239 | 8,580 | 6,594 |
| Net loss attributable to non-controlling interest | 177 | - | 531 | - |
| Net income attributable to General Communication, Inc. | \$ 3,700 | 7,239 | 9,111 | 6,594 |
| Basic net income attributable to General Communication, Inc. common stockholders per Class A common share | \$ 0.09 | 0.16 | 0.22 | 0.14 |
| Basic net income attributable to General Communication, Inc. common stockholders per Class B common share | \$ 0.09 | 0.16 | 0.22 | 0.14 |
| Diluted net income attributable to General Communication, Inc. common stockholders per Class A common share | \$ 0.09 | 0.15 | 0.22 | 0.13 |
| Diluted net income attributable to General Communication, Inc. common stockholders per Class B common share | \$ 0.09 | 0.15 | 0.22 | 0.13 |
| Common shares used to calculate Class A basic EPS | 38,600 | 41,768 | 38,614 | 42,940 |
| Common shares used to calculate Class A diluted EPS | 42,000 | 45,464 | 42,177 | 46,682 |

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
SUPPLEMENTAL SCHEDULES
(Unaudited)

(Amounts in thousands)

| | Third Quarter 2012 | | | | | | Third Quarter 2011 | | | | | |
|---|--------------------|----------------|---------------|-------------------|----------------------|----------------|--------------------|----------------|---------------|-------------------|----------------------|----------------|
| | Consumer | Network Access | Commercial | Managed Broadband | Regulated Operations | Totals | Consumer | Network Access | Commercial | Managed Broadband | Regulated Operations | Totals |
| Revenues | | | | | | | | | | | | |
| Voice | \$ 9,968 | 5,664 | 6,896 | - | 5,319 | 27,847 | \$ 13,164 | 6,213 | 7,137 | - | 5,990 | 32,504 |
| Video | 28,394 | - | 3,142 | - | - | 31,536 | 29,155 | - | 2,830 | - | - | 31,985 |
| Data | 21,379 | 14,093 | 23,622 | 22,685 | - | 81,779 | 18,088 | 17,140 | 23,040 | 17,407 | - | 75,675 |
| Wireless | 27,066 | 7,718 | 2,548 | - | - | 37,332 | 28,860 | 6,114 | 2,565 | - | - | 37,539 |
| Total | 86,807 | 27,475 | 36,208 | 22,685 | 5,319 | 178,494 | 89,267 | 29,467 | 35,572 | 17,407 | 5,990 | 177,703 |
| Cost of goods sold | 33,027 | 6,194 | 16,607 | 5,230 | 1,696 | 62,754 | 27,436 | 9,531 | 17,232 | 4,540 | 1,925 | 60,664 |
| Contribution | 53,780 | 21,281 | 19,601 | 17,455 | 3,623 | 115,740 | 61,831 | 19,936 | 18,340 | 12,867 | 4,065 | 117,039 |
| Less SG&A | 33,699 | 6,157 | 10,028 | 5,723 | 2,621 | 58,228 | 31,737 | 6,300 | 9,358 | 4,031 | 3,027 | 54,453 |
| Less Other | - | - | - | (164) | - | (164) | - | - | - | 59 | - | 59 |
| EBITDA | 20,081 | 15,124 | 9,573 | 11,896 | 1,002 | 57,676 | 30,094 | 13,636 | 8,982 | 8,777 | 1,038 | 62,527 |
| Add share-based compensation | 723 | 224 | 286 | 155 | 7 | 1,395 | 173 | 56 | 104 | 51 | - | 384 |
| Add accretion | 112 | 35 | 33 | 21 | - | 201 | 106 | 37 | 31 | 16 | - | 190 |
| Add loss from non-controlling interest | - | - | - | 177 | - | 177 | - | - | - | - | - | - |
| Adjusted EBITDA | \$ 20,916 | 15,383 | 9,892 | 12,249 | 1,009 | 59,449 | \$ 30,373 | 13,729 | 9,117 | 8,844 | 1,038 | 63,101 |

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
SUPPLEMENTAL SCHEDULES
(Unaudited)

(Amounts in thousands)

| | Third Quarter 2012 | | | | | | Second Quarter 2012 | | | | | |
|---|--------------------|----------------|---------------|-------------------|----------------------|----------------|---------------------|----------------|---------------|-------------------|----------------------|----------------|
| | Consumer | Network Access | Commercial | Managed Broadband | Regulated Operations | Totals | Consumer | Network Access | Commercial | Managed Broadband | Regulated Operations | Totals |
| Revenues | | | | | | | | | | | | |
| Voice | \$ 9,968 | 5,664 | 6,896 | - | 5,319 | 27,847 | \$ 10,483 | 5,962 | 6,804 | - | 5,409 | 28,658 |
| Video | 28,394 | - | 3,142 | - | - | 31,536 | 29,235 | - | 3,236 | - | - | 32,471 |
| Data | 21,379 | 14,093 | 23,622 | 22,685 | - | 81,779 | 21,523 | 13,412 | 21,917 | 21,717 | - | 78,569 |
| Wireless | 27,066 | 7,718 | 2,548 | - | - | 37,332 | 27,254 | 6,643 | 2,509 | - | - | 36,406 |
| Total | 86,807 | 27,475 | 36,208 | 22,685 | 5,319 | 178,494 | 88,495 | 26,017 | 34,466 | 21,717 | 5,409 | 176,104 |
| Cost of goods sold | 33,027 | 6,194 | 16,607 | 5,230 | 1,696 | 62,754 | 30,587 | 6,186 | 15,502 | 4,268 | 1,530 | 58,073 |
| Contribution | 53,780 | 21,281 | 19,601 | 17,455 | 3,623 | 115,740 | 57,908 | 19,831 | 18,964 | 17,449 | 3,879 | 118,031 |
| Less SG&A | 33,699 | 6,157 | 10,028 | 5,723 | 2,621 | 58,228 | 34,514 | 6,573 | 10,583 | 5,774 | 2,604 | 60,048 |
| Less Other | - | - | - | (164) | - | (164) | - | - | - | (84) | - | (84) |
| EBITDA | 20,081 | 15,124 | 9,573 | 11,896 | 1,002 | 57,676 | 23,394 | 13,258 | 8,381 | 11,759 | 1,275 | 58,067 |
| Add share-based compensation | 723 | 224 | 286 | 155 | 7 | 1,395 | 440 | 129 | 194 | 94 | 8 | 865 |
| Add accretion | 112 | 35 | 33 | 21 | - | 201 | 85 | 27 | 24 | 16 | - | 152 |
| Add loss from non-controlling interest | - | - | - | 177 | - | 177 | - | - | - | 177 | - | 177 |
| Add non-cash contribution | - | - | - | - | - | - | 89 | 28 | 26 | 17 | - | 160 |
| Adjusted EBITDA | \$ 20,916 | 15,383 | 9,892 | 12,249 | 1,009 | 59,449 | \$ 24,008 | 13,442 | 8,625 | 12,063 | 1,283 | 59,421 |

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
SUPPLEMENTAL SCHEDULES
(Unaudited)

(Amounts in thousands)

| | Nine Months Ended September 30, 2012 | | | | | | Nine Months Ended September 30, 2011 | | | | | |
|---|--------------------------------------|-------------------|----------------|----------------------|-------------------------|----------------|--------------------------------------|-------------------|----------------|----------------------|-------------------------|----------------|
| | Consumer | Network Access | Commercial | Managed Broadband | Regulated Operations | Totals | Consumer | Network Access | Commercial | Managed Broadband | Regulated Operations | Totals |
| Revenues | | | | | | | | | | | | |
| Voice | \$ 31,731 | 17,190 | 20,786 | - | 16,265 | 85,972 | \$ 40,541 | 18,124 | 22,050 | - | 16,958 | 97,673 |
| Video | 86,651 | - | 9,498 | - | - | 96,149 | 89,040 | - | 8,606 | - | - | 97,646 |
| Data | 63,351 | 41,858 | 67,376 | 63,431 | - | 236,016 | 52,046 | 47,135 | 63,653 | 46,041 | - | 208,875 |
| Wireless | 81,381 | 19,632 | 7,355 | - | - | 108,368 | 84,611 | 14,456 | 7,308 | - | - | 106,375 |
| Total | 263,114 | 78,680 | 105,015 | 63,431 | 16,265 | 526,505 | 266,238 | 79,715 | 101,617 | 46,041 | 16,958 | 510,569 |
| Cost of goods sold | 92,232 | 18,403 | 47,809 | 14,387 | 4,856 | 177,687 | 82,755 | 22,772 | 49,030 | 13,034 | 4,143 | 171,734 |
| Contribution | 170,882 | 60,277 | 57,206 | 49,044 | 11,409 | 348,818 | 183,483 | 56,943 | 52,587 | 33,007 | 12,815 | 338,835 |
| Less SG&A | 104,045 | 19,938 | 31,305 | 17,768 | 8,202 | 181,258 | 98,402 | 19,647 | 30,126 | 13,012 | 9,856 | 171,043 |
| Less Other | - | - | - | (117) | - | (117) | - | - | - | 92 | - | 92 |
| EBITDA | 66,837 | 40,339 | 25,901 | 31,393 | 3,207 | 167,677 | 85,081 | 37,296 | 22,461 | 19,903 | 2,959 | 167,700 |
| Add share-based compensation | 2,047 | 632 | 813 | 478 | 20 | 3,990 | 1,686 | 569 | 646 | 323 | - | 3,224 |
| Add accretion | 301 | 95 | 88 | 57 | - | 541 | 257 | 88 | 73 | 38 | - | 456 |
| Add loss from non-controlling interest | - | - | - | 531 | - | 531 | - | - | - | - | - | - |
| Add non-cash contribution | 533 | 169 | 156 | 102 | - | 960 | - | - | - | - | - | - |
| Adjusted EBITDA | \$ 69,718 | 41,235 | 26,958 | 32,561 | 3,227 | 173,699 | \$ 87,024 | 37,953 | 23,180 | 20,264 | 2,959 | 171,380 |

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
KEY PERFORMANCE INDICATORS
(Unaudited)

| | September 30, 2012 | September 30, 2011 | June 30, 2012 | September 30, 2012 as compared to | | September 30, 2012 as compared to | |
|---|-----------------------|-----------------------|------------------|--------------------------------------|------------------|--------------------------------------|------------------|
| | September 30, 2012 | September 30, 2011 | June 30, 2012 | September 30, 2011 | June 30, 2012 | September 30, 2011 | June 30, 2012 |
| Consumer | | | | | | | |
| Voice | | | | | | | |
| Total local access lines in service | 71,900 | 79,100 | 74,400 | (7,200) | (2,500) | -9.1% | -3.4% |
| Local access lines in service on GCI facilities | 66,900 | 73,200 | 69,300 | (6,300) | (2,400) | -8.6% | -3.5% |
| Video | | | | | | | |
| Basic subscribers | 122,200 | 126,400 | 122,500 | (4,200) | (300) | -3.3% | -0.2% |
| Digital programming tier subscribers | 72,000 | 76,700 | 72,200 | (4,700) | (200) | -6.1% | -0.3% |
| HD/DVR converter boxes | 89,200 | 87,400 | 88,400 | 1,800 | 800 | 2.1% | 0.9% |
| Homes passed | 248,400 | 239,800 | 242,400 | 8,600 | 6,000 | 3.6% | 2.5% |
| Data | | | | | | | |
| Cable modem subscribers | 113,100 | 106,800 | 111,700 | 6,300 | 1,400 | 5.9% | 1.3% |
| Wireless | | | | | | | |
| Wireless Lifeline lines in service | 35,500 | 43,100 | 39,900 | (7,600) | (4,400) | -17.6% | -11.0% |
| Wireless Postpaid lines in service | 76,000 | 73,700 | 74,200 | 2,300 | 1,800 | 3.1% | 2.4% |
| Wireless Prepaid lines in service | 11,300 | 9,000 | 10,700 | 2,300 | 600 | 25.6% | 5.6% |
| Commercial | | | | | | | |
| Voice | | | | | | | |
| Total local access lines in service | 51,800 | 50,800 | 51,800 | 1,000 | - | 2.0% | 0.0% |
| Local access lines in service on GCI facilities | 30,500 | 27,200 | 30,200 | 3,300 | 300 | 12.1% | 1.0% |
| Video | | | | | | | |
| Hotels and mini-headend subscribers | 18,500 | 18,000 | 19,300 | 500 | (800) | 2.8% | -4.1% |
| Basic subscribers | 1,900 | 2,000 | 1,900 | (100) | - | -5.0% | 0.0% |
| Total basic subscribers | <u>20,400</u> | <u>20,000</u> | <u>21,200</u> | <u>400</u> | <u>(800)</u> | <u>2.0%</u> | <u>-3.8%</u> |
| Data | | | | | | | |
| Cable modem subscribers | 11,600 | 11,100 | 11,800 | 500 | (200) | 4.5% | -1.7% |
| Wireless | | | | | | | |
| Wireless lines in service | 16,600 | 14,900 | 16,200 | 1,700 | 400 | 11.4% | 2.5% |
| Regulated Operations | | | | | | | |
| Voice: | | | | | | | |
| Total local access lines in service | 8,500 | 9,300 | 8,700 | (800) | (200) | -8.6% | -2.3% |
| <div style="display: flex; justify-content: space-around; font-size: small;"> September 30, 2012 Three Months Ended September 30, 2011 June 30, 2012 September 30, 2011 September 30, 2012 September 30, 2011 June 30, 2012 </div> | | | | | | | |
| Consumer | | | | | | | |
| Video | | | | | | | |
| Average monthly revenue per subscriber | \$ 77.45 | \$ 76.85 | \$ 78.89 | \$ 0.60 | \$ (1.44) | 0.8% | -1.8% |
| Wireless | | | | | | | |
| Average monthly revenue per subscriber | \$ 67.98 | \$ 72.60 | \$ 67.69 | \$ (4.62) | \$ 0.29 | -6.4% | 0.4% |
| Total | | | | | | | |
| Voice | | | | | | | |
| Long-distance minutes carried (in millions) | 243.0 | 253.2 | 241.3 | (10.2) | 1.7 | -4.0% | 0.7% |
| Data | | | | | | | |

Average monthly
revenue per
cable modem
subscriber

| | | | | | | | | | | |
|----|-------|----|-------|----|-------|----|------|--------|-------|-------|
| \$ | 62.85 | \$ | 56.17 | \$ | 63.64 | \$ | 6.68 | (0.79) | 11.9% | -1.2% |
|----|-------|----|-------|----|-------|----|------|--------|-------|-------|

General Communication, Inc.
Non-GAAP Financial Reconciliation Schedule
(Unaudited, Amounts in Millions)

| | September 30, 2012 | Three Months Ended September 30, 2011 | June 30, 2012 |
|--|-----------------------|---|------------------|
| Net income | \$ 3.5 | 7.2 | 3.8 |
| Income tax expense | 5.3 | 8.0 | 4.0 |
| Income before income tax expense | 8.8 | 15.2 | 7.8 |
| Other expense: | | | |
| Interest expense (including amortization of deferred loan fees) | 16.8 | 16.7 | 16.9 |
| Loss on extinguishment of debt | - | - | - |
| Other | (0.2) | - | - |
| Other expense, net | 16.6 | 16.7 | 16.9 |
| Operating income | 25.4 | 31.9 | 24.7 |
| Depreciation and amortization expense | 32.1 | 30.7 | 33.4 |
| Other | 0.2 | - | - |
| EBITDA (Note 2) | 57.7 | 62.6 | 58.1 |
| Share-based compensation | 1.4 | 0.4 | 0.9 |
| Accretion | 0.2 | 0.1 | 0.1 |
| Non-controlling interest | 0.1 | - | 0.2 |
| Non-cash contribution adjustment | - | - | 0.1 |
| Adjusted EBITDA (Note 1) | \$ 59.4 | 63.1 | 59.4 |

General Communication, Inc.
Non-GAAP Financial Reconciliation Schedule
(Unaudited, Amounts in Millions)

| | Nine Months Ended | |
|--|-----------------------|-----------------------|
| | September 30, 2012 | September 30, 2011 |
| Net income | \$ 8.6 | 6.6 |
| Income tax expense | 10.4 | 7.3 |
| Income before income tax expense | <u>19.0</u> | <u>13.9</u> |
| Other expense: | | |
| Interest expense (including amortization of deferred loan fees) | 50.9 | 51.4 |
| Loss on extinguishment of debt | - | 9.1 |
| Other | (0.2) | 0.1 |
| Other expense, net | <u>50.7</u> | <u>60.6</u> |
| Operating income | 69.7 | 74.5 |
| Depreciation and amortization expense | 97.9 | 93.3 |
| Other | <u>0.1</u> | <u>-</u> |
| EBITDA (Note 2) | 167.7 | 167.8 |
| Share-based compensation | 4.0 | 3.2 |
| Accretion | 0.5 | 0.4 |
| Non-controlling interest | 0.5 | - |
| Non-cash contribution adjustment | 1.0 | - |
| Adjusted EBITDA (Note 1) | <u>\$ 173.7</u> | <u>171.4</u> |

Notes:

(1) EBITDA (as defined in Note 2 below) before deducting share-based compensation, accretion expense, loss attributable to non-controlling interest and non-cash contribution adjustment.

(2) Earnings Before Interest, Taxes, Depreciation and Amortization is the sum of Net Income, Interest Expense (including Amortization of Deferred Loan Fees), Interest Income, Income Tax Expense, and Depreciation and Amortization Expense.

EBITDA is not presented as an alternative measure of net income, operating income or cash flow from operations, as determined in accordance with accounting principles generally accepted in the United States of America. GCI's management uses EBITDA to evaluate the operating performance of its business, and as a measure of performance for incentive compensation purposes. GCI believes EBITDA is a measure used as an analytical indicator of income generated to service debt and fund capital expenditures. In addition, multiples of current or projected EBITDA are used to estimate current or prospective enterprise value. EBITDA does not give effect to cash used for debt service requirements, and thus does not reflect funds available for investment or other discretionary uses. EBITDA as presented herein may not be comparable to similarly titled measures reported by other companies.
