
**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, 2005

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 No .

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

The number of shares outstanding of the registrant's classes of common stock as of April 29, 2005 was:

51,570,454 shares of Class A common stock; and
3,859,518 shares of Class B common stock.

GENERAL COMMUNICATION, INC.

FORM 10-Q

FOR THE QUARTER ENDED MARCH 31, 2005

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Cautionary Statement Regarding Forward-Looking Statements

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

- Local and general market conditions and obstacles, including possible material adverse changes in the economic conditions in the markets we serve and in general economic conditions; the continuing impact of the current stagnant communications industry due to high levels of competition in the long-distance market resulting in continuing pressures to reduce prices; and an oversupply of long-haul capacity and high debt loads;
- 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;
- The outcome of our negotiations with Incumbent Local Exchange Carriers ("ILECs") and state regulatory arbitrations and approvals with respect to interconnection agreements;
- 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;
- Changes in regulations governing Unbundled Network Elements ("UNEs");
- Changes in the treatment or classification of services using a particular technology, including Internet protocol;
- 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;
- The extent and pace at which different competitive environments develop for each segment of our business;
- The extent and duration for which competitors from each segment of the communications industries are able to offer combined or full service packages prior to our being able to do so;
- Competitor responses to our products and services and overall market acceptance of such products and services;
- Our ability to purchase network elements or wholesale services from ILECs at a price sufficient to permit the profitable offering of local telephone service at competitive rates;

- Success and market acceptance for new initiatives, some of which are untested;
- The level and timing of the growth and profitability of existing and new initiatives, particularly local telephone services expansion including deploying digital local telephone service and wireless services;
- Start-up costs associated with entering new markets, including advertising and promotional efforts;
- Risks relating to the operations of new systems and technologies and applications to support new initiatives;
- The risks associated with technological requirements, technology substitution and changes and other technological developments;
- Prolonged service interruptions which could affect our business;
- Development and financing of communications, local telephone, wireless, Internet and cable networks and services;
- Future financial performance, including the availability, terms and deployment of capital; the impact of regulatory and competitive developments on capital outlays, and the ability to achieve cost savings and realize productivity improvements and the consequences of increased leverage;
- Availability of qualified personnel;
- Uncertainties in federal military spending levels in markets in which we operate;
- Uncertainties surrounding the 2005 base realignment and closure program and potential military base closures in markets in which we operate;
- 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 and the ongoing global and domestic trend towards consolidation in the communications industry, which may result in our competitors being larger and better financed with extensive resources and greater geographic reach, allowing them to compete more effectively;
- The effect on us of pricing pressures, new program offerings and continuing market consolidation in the markets served by our significant customers, MCI, Inc. ("MCI") and Sprint Corporation ("Sprint"); and
- Other risks detailed from time to time in our periodic reports filed with the SEC.

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

PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	March 31, 2005	December 31, 2004
	(Unaudited)	
	(Amounts in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 21,766	31,452
Receivables	70,690	74,429
Less allowance for doubtful receivables	2,060	2,317
Net receivables	68,630	72,112
Deferred income taxes, net	13,031	13,893
Prepaid expenses	7,763	7,907
Property held for sale	2,282	2,282
Inventories	1,024	1,215
Notes receivable from related parties	385	475
Other current assets	1,736	2,429
Total current assets	116,617	131,765
Property and equipment in service, net of depreciation	430,799	432,249
Construction in progress	30,952	22,505
Net property and equipment	461,751	454,754
Cable certificates	191,241	191,241
Goodwill	41,972	41,972
Other intangible assets, net of amortization of \$1,917 and \$1,625 at March 31, 2005 and December 31, 2004, respectively	6,566	6,265
Deferred loan and senior notes costs, net of amortization of \$3,085 and \$2,602 at March 31, 2005 and December 31, 2004, respectively	9,901	10,341
Notes receivable from related parties	3,527	3,345
Other assets	12,283	9,508
Total other assets	265,490	262,672
Total assets	\$ 843,858	849,191

See accompanying notes to interim condensed consolidated financial statements.

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Continued)

	March 31, 2005	December 31, 2004
	(Unaudited)	
	(Amounts in thousands)	
LIABILITIES, REDEEMABLE PREFERRED STOCK, AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of obligations under long-term debt and capital leases	\$ 14,450	6,407
Accounts payable	28,472	28,742
Deferred revenue	15,880	16,253
Accrued payroll and payroll related obligations	15,175	15,350
Accrued liabilities	6,543	6,849
Accrued interest	2,900	8,747
Subscriber deposits	409	437
	<u>83,829</u>	<u>82,785</u>
Total current liabilities	83,829	82,785
Long-term debt	429,047	436,969
Obligations under capital leases, excluding current maturities	31,134	32,750
Obligation under capital lease due to related party, excluding current maturity	662	672
Deferred income taxes, net of deferred income tax benefit	51,667	49,111
Other liabilities	9,401	8,385
	<u>605,740</u>	<u>610,672</u>
Total liabilities	605,740	610,672
Redeemable preferred stock	4,249	4,249
Stockholders' equity:		
Common stock (no par):		
Class A. Authorized 100,000 shares; issued 51,566 and 51,825 shares at March 31, 2005 and December 31, 2004, respectively	183,943	186,883
Class B. Authorized 10,000 shares; issued 3,861 and 3,862 shares at March 31, 2005 and December 31, 2004, respectively; convertible on a share-per-share basis into Class A common stock	3,248	3,248
Less cost of 288 Class A common shares held in treasury at March 31, 2005 and December 31, 2004	(1,734)	(1,702)
Paid-in capital	15,067	14,957
Notes receivable with related parties issued upon stock option exercise	(3,016)	(3,016)
Retained earnings	36,361	33,900
	<u>233,869</u>	<u>234,270</u>
Total stockholders' equity	233,869	234,270
Commitments and contingencies		
Total liabilities, redeemable preferred stock, and stockholders' equity	\$ 843,858	849,191

See accompanying notes to interim condensed consolidated financial statements.

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Three Months Ended March 31,	
	2005	2004
	(Amounts in thousands, except per share amounts)	
Revenues	\$ 106,510	108,916
Cost of goods sold (exclusive of depreciation, amortization and accretion shown separately below)	35,200	38,745
Selling, general and administrative expenses	37,180	35,404
Bad debt recovery	(353)	(397)
Depreciation, amortization and accretion expense	17,754	15,758
Operating income	16,729	19,406
Other income (expense):		
Interest expense	(8,282)	(7,517)
Loss on early extinguishment of debt	—	(6,136)
Amortization and write-off of loan and senior notes fees	(483)	(2,627)
Interest income	179	108
Other expense, net	(8,586)	(16,172)
Net income before income taxes	8,143	3,234
Income tax expense	3,480	1,309
Net income	4,663	1,925
Preferred stock dividends	93	484
Net income available to common shareholders	\$ 4,570	1,441
Basic net income per common share	\$ 0.08	0.03
Diluted net income per common share	\$ 0.08	0.02

See accompanying notes to interim condensed consolidated financial statements.

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

THREE MONTHS ENDED MARCH 31, 2005 AND 2004

(Unaudited)

	Class A Common Stock	Class B Common Stock	Class A Shares Held in Treasury	Paid-in Capital	Notes Receivable Issued to Related Parties	Retained Earnings	Accumulated Other Comprehensive Loss	Total
(Amounts in thousands)								
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 liability 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
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
Class B shares converted to Class A	2	(2)	—	—	—	—	—	—
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.

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
THREE MONTHS ENDED MARCH 31, 2005 AND 2004

(Unaudited)

(Continued)

	Class A Common Stock	Class B Common Stock	Class A Shares Held in Treasury	Paid-in Capital	Notes Receivable Issued to Related Parties	Retained Earnings	Total
(Amounts in thousands)							
Balances at December 31, 2004	\$ 186,883	3,248	(1,702)	14,957	(3,016)	33,900	234,270
Components of comprehensive income:							
Net income	—	—	—	—	—	4,663	4,663
Tax effect of excess stock compensation expense for tax purposes over amounts recognized for financial reporting purposes	—	—	—	62	—	—	62
Common stock repurchases	—	—	—	—	—	(5,256)	(5,256)
Common stock retirements	(3,147)	—	—	—	—	3,147	—
Shares issued under stock option plan	207	—	—	—	—	—	207
Amortization of the excess of GCI stock market value over stock option exercise cost on date of stock option grant	—	—	—	48	—	—	48
Purchase of treasury stock	—	—	(32)	—	—	—	(32)
Preferred stock dividends	—	—	—	—	—	(93)	(93)
Balances at March 31, 2005	\$ 183,943	3,248	(1,734)	15,067	(3,016)	36,361	233,869

See accompanying notes to interim condensed consolidated financial statements.

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

THREE MONTHS ended MARCH 31, 2005 AND 2004

(Unaudited)

	2005	2004
	(Amounts in thousands)	
Cash flows from operating activities:		
Net income	\$ 4,663	1,925
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion expense	17,754	15,758
Deferred income tax expense	3,480	1,309
Amortization and write-off of loan and senior notes fees	483	2,627
Deferred compensation	355	127
Bad debt expense (recovery), net of write-offs	(257)	64
Compensatory stock options	48	77
Loss on early extinguishment of debt	—	6,136
Other noncash income and expense items	5	311
Change in operating assets and liabilities	(3,638)	(14,554)
Net cash provided by operating activities	22,893	13,780
Cash flows from investing activities:		
Purchases of property and equipment, including construction period interest	(24,414)	(25,201)
Purchases of other assets and intangible assets	(1,445)	(672)
Notes receivable issued to related parties	(13)	—
Proceeds from sales of assets	—	859
Refund of deposit	—	699
Payments received on notes receivable from related parties	—	662
Additions to property held for sale	—	(81)
Net cash used in investing activities	(25,872)	(23,734)
Cash flows from financing activities:		
Purchase of common stock to be retired	(5,256)	—
Repayments of capital lease obligations	(1,583)	(409)
Proceeds from common stock issuance	207	995
Payment of debt issuance costs	(43)	(6,429)
Purchase of treasury stock	(32)	—
Issuance of new Senior Notes	—	245,720
Repayment of old Senior Notes	—	(180,000)
Repayment of Senior Credit Facility	—	(53,832)
Borrowing on Senior Credit Facility	—	10,000
Payment of bond call premiums	—	(6,136)
Payment received on note receivable from related parties issued upon stock option exercise	—	601
Payment of preferred stock dividends	—	(150)
Net cash provided by (used in) financing activities	(6,707)	10,360
Net increase (decrease) in cash and cash equivalents	(9,686)	406
Cash and cash equivalents at beginning of period	31,452	10,435
Cash and cash equivalents at end of period	\$ 21,766	10,841

See accompanying notes to interim condensed consolidated financial statements.

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, 2004, 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:

- Long-distance telephone service between Alaska and the remaining United States and foreign countries,
- Cable television services throughout Alaska,
- Facilities-based competitive local access services in Anchorage, Fairbanks, and Juneau, Alaska,
- Internet access services,
- Origination and termination of traffic in Alaska for certain common carriers,
- Private line and private network services,
- Managed services to certain commercial customers,
- Broadband services, including our SchoolAccess™ offering to rural school districts and a similar offering to rural hospitals and health clinics,
- Sales and service of dedicated communications systems and related equipment,
- Lease and sales of capacity on our undersea fiber optic cable systems 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
- Distribution of white and yellow pages directories to residential and business customers in certain markets we serve and on-line directory products.

(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.

(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):

	Three Months Ended March 31,					
	2005			2004		
	Income (Numerator)	Shares (Denominator)	Per-share Amounts	Income (Numerator)	Shares (Denominator)	Per-share Amounts
Net income	\$ 4,663			\$ 1,925		
Less preferred stock dividends:						
Series B	93			334		
Series C	—			150		
	93			484		
Basic EPS:						
Net income	4,570	55,108	\$ 0.08	1,441	56,752	\$ 0.03
Effect of Dilutive Securities:						
Unexercised stock options	—	1,233	—	—	1,285	—
Diluted EPS:						
Net income	\$ 4,570	56,341	\$ 0.08	\$ 1,441	58,037	\$ 0.02

Common equivalent shares outstanding which are anti-dilutive for purposes of calculating EPS for the three months ended March 31, 2005 and 2004 are not included in the diluted EPS calculations and consist of the following (shares, in thousands):

	Three Months Ended March 31,	
	2005	2004
Series B redeemable preferred stock	777	2,277
Series C redeemable preferred stock	—	833
Anti-dilutive common equivalent shares outstanding	777	3,110

Weighted average shares associated with outstanding stock options for the three months ended March 31, 2005 and 2004 which have been excluded from the diluted EPS calculations because the options' exercise price was greater than the average market price of the common shares consist of the following (shares, in thousands):

	Three Months Ended March 31,	
	2005	2004
Weighted average shares associated with outstanding stock options	228	156

(d) *Common Stock*

Following are the changes in common stock for the three months ended March 31, 2005 and 2004 (shares, in thousands):

	Class A	Class B
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 Series B preferred stock to Class A common stock	560	—
	<u>53,343</u>	<u>3,866</u>
Balances at March 31, 2004	53,343	3,866
	<u>51,825</u>	<u>3,862</u>
Balances at December 31, 2004	51,825	3,862
Class B shares converted to Class A	1	(1)
Shares issued under stock option plan	35	—
Shares retired	(295)	—
	<u>51,566</u>	<u>3,861</u>
Balances at March 31, 2005	51,566	3,861

At March 31, 2005 and December 31, 2004 we held 346,000 shares and 138,000 shares, respectively, of Class A common stock in treasury with the intent to retire. We held no Class A common stock in treasury with the intent to retire at March 31, 2004 and December 31, 2003. The cost of the repurchased Class A common stock is included in Retained Earnings on our Consolidated Balance Sheets at March 31, 2005 and December 31, 2004.

(e) *Redeemable Preferred Stock*

At March 31, 2005 and December 31, 2004 we had \$4.2 million of redeemable Series B preferred stock. We have 1,000,000 shares of preferred stock authorized with 4,314 shares of Series B issued at March 31, 2005 and December 31, 2004.

The redemption amount of our Series B preferred stock at March 31, 2005 and December 31, 2004 was \$4,431,000 and \$4,338,000, respectively. The difference of \$182,000 and \$89,000, respectively, between the carrying and redemption amounts is due to accrued dividends that are included in Accrued Liabilities.

(f) *Asset Retirement Obligations*

Following is a reconciliation of the beginning and ending aggregate carrying amount of our asset retirement obligations at March 31, 2005 and 2004 (amounts in thousands):

Balance at December 31, 2003	\$ 2,005
Accretion expense for the three months ended March 31, 2004	43
Other	(11)
	<u>2,037</u>
Balance at March 31, 2004	\$ 2,037
	<u>2,971</u>
Balance at December 31, 2004	\$ 2,971
Accretion expense for the three months ended March 31, 2005	49
	<u>3,020</u>
Balance at March 31, 2005	\$ 3,020

(g) *Stock Option Plan*

At March 31, 2005, 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," which permits entities to recognize as expense over the vesting period the fair value of all stock-based awards on the date of grant. Alternatively, SFAS No. 123 also allows entities to continue to apply the provisions of APB Opinion No. 25.

We have adopted SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure." This Statement amends SFAS No. 123 to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. 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.

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, 2005 and 2004, 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):

	Three Months Ended March 31,	
	2005	2004
Net income available to common shareholders, as reported	\$ 4,663	1,925
Total stock-based employee compensation expense included in reported net income, net of related tax effects	27	45
Total stock-based employee compensation expense under the fair-value based method for all awards, net of related tax effects	(511)	(523)
Pro forma net income	\$ 4,179	1,447
Basic net income per common share, as reported	\$ 0.08	0.03
Diluted net income per common share, as reported	\$ 0.08	0.02
Basic and diluted net income per common share, pro forma	\$ 0.07	0.02

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) *New Accounting Standards*

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 153, "Exchanges of Nonmonetary Assets," which amends APB Opinion No. 29, "Accounting for Nonmonetary Transactions". The guidance in APB Opinion No. 29 is based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. The guidance in that Opinion, however, included certain exceptions to that principle. SFAS No. 153 amends APB Opinion No. 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. We will adopt this statement July 1, 2005 and do not expect it to have a material effect on our results of operations, financial position and cash flows.

In March 2005, the FASB issued FASB Interpretation ("FIN") 47, "Accounting for Conditional Asset Retirement Obligations." FIN 47 clarifies that the term conditional asset retirement obligation as used in SFAS No. 143, "Accounting for Asset Retirement Obligations", refers to a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. The obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and (or) method of settlement. Thus, the timing and (or) method of settlement may be conditional on a future event. Accordingly, an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. The fair value of a liability for the conditional asset retirement obligation should be recognized when incurred—generally upon acquisition, construction, or development and (or) through the normal operation of the asset. We will adopt FIN 47 for our annual report for the year ended December 31, 2005 and do not expect it to have a material effect on our results of operations, financial position and cash flows.

(2) *Consolidated Statements of Cash Flows Supplemental Disclosures*

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

	Three month periods ended March 31,	
	2005	2004
Increase in accounts receivable	\$ 1,814	6,146
Increase in prepaid expenses	144	5,727
Increase in inventories	191	529
Increase in other current assets	693	175
Decrease in accounts payable	(270)	(10,562)
Decrease in deferred revenues	(373)	(6,539)
Decrease in accrued payroll and payroll related obligations	(175)	(3,234)
Decrease in accrued liabilities	(306)	(634)
Decrease in accrued interest	(5,847)	(5,725)
Decrease in subscriber deposits	(28)	(74)
Increase (decrease) in components of other long-term liabilities	519	(363)
	\$ (3,638)	(14,554)

We paid interest totaling approximately \$14.1 million and \$13.7 million during the three months ended March 31, 2005 and 2004, respectively. We capitalized interest of approximately \$0 and \$416,000 during the three months ended March 31, 2005 and 2004, respectively. Capitalized interest is recorded as an addition to Property and Equipment.

Income tax refunds received totaled \$202,000 and \$0 during the three months ended March 31, 2005 and 2004, respectively. We paid no income taxes during the three months ended March 31, 2005 and 2004.

We recorded \$62,000 and \$260,000 during the three months ended March 31, 2005 and 2004, respectively, in paid-in capital in recognition of the income tax effect of excess stock compensation expense for tax purposes over amounts recognized for financial reporting purposes.

(3) *Intangible Assets*

There have been no events or circumstances that indicate the recoverability of the carrying amounts of indefinite-lived and definite-lived intangible assets has changed as of March 31, 2005. The remaining useful lives of our cable certificates and goodwill were evaluated as of March 31, 2005 and events and circumstances continue to support an indefinite useful life. Our review of the factors in

SFAS No. 142, paragraph 11 indicates definite-lived intangible assets continue to be amortized over their useful lives as of March 31, 2005.

On September 29, 2004, the SEC issued SEC Staff Announcement Topic "Use of the Residual Method to Value Acquired Assets Other than Goodwill," ("SEC Staff Announcement") requiring us to apply no later than January 1, 2005 a direct value method to determine the fair value of our intangible assets with indefinite lives other than goodwill for purposes of impairment testing. We adopted the SEC Staff Announcement on December 31, 2004. Our cable certificate assets were originally valued and recorded using the residual method. Impairment testing of our cable certificate assets as of December 31, 2004 used a direct value method pursuant to the SEC Staff Announcement and did not result in impairment.

Cable certificates are allocated to our cable services segment. Goodwill of approximately \$41.0 million is allocated to the cable services segment and approximately \$1.0 million is allocated to the long-distance services segment.

Amortization expense for amortizable intangible assets was \$292,000 and \$159,000 during the three months ended March 31, 2005 and 2004, 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,	
2005	\$ 1,212
2006	1,224
2007	1,155
2008	918
2009	591

(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. MCI emerged from bankruptcy protection on April 20, 2004. 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. 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. The use of the credit is recorded as a reduction of bad debt expense. During the three months ended March 31, 2005 and 2004 we realized \$893,000 and \$1.2 million, respectively, of the MCI credit against amounts payable for services received from MCI.

The remaining unused MCI credit totaled \$2.8 million and \$3.7 million at March 31, 2005 and December 31, 2004, 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.

(5) *Industry Segments Data*

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

As of January 1, 2005 financial information for our SchoolAccess™ offering to rural school districts and a similar offering to rural hospitals and health clinics ("Broadband services") is not included in the long-distance services segment but is included in "All Other" category. Segment and All Other category data for the three months ended March 31, 2004 have been restated to reflect the change.

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.

Cable services. We provide cable television services to residential, commercial and government users in the State of Alaska. Our cable systems serve 36 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, Soldotna, Kodiak, Seward, Cordova, Valdez, and Nome 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 phone directories 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 systems allow us to offer enhanced services with high-bandwidth requirements.

Included in the "All Other" category in the tables that follow are our Broadband services, 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 in the "Notes to Consolidated Financial Statements" included in Part II of our December 31, 2004 annual report on Form 10-K. 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 82% of our undersea fiber optic cable systems which transit international waters.

Summarized financial information for our reportable segments for the three months ended March 31, 2005 and 2004 follows (amounts in thousands):

	Reportable Segments						Total
	Long-Distance Services	Cable Services	Local Access Services	Internet Services	Total Reportable Segments	All Other	
2005							
Revenues:							
Intersegment	\$ 3,960	864	2,280	229	7,333	336	7,669
External	44,742	25,899	13,295	7,309	91,245	15,265	106,510
Total revenues	\$ 48,702	26,763	15,575	7,538	98,578	15,601	114,179
Earnings (loss) from operations before depreciation, amortization, accretion, net interest expense and income taxes							
	\$ 24,257	11,600	1,100	2,964	39,921	(5,438)	34,483
Operating income (loss)	\$ 18,005	6,502	(507)	1,869	25,869	(9,140)	16,729
2004							
Revenues:							
Intersegment	\$ 3,434	617	2,340	926	7,317	186	7,503
External	44,526	24,852	11,792	6,406	87,576	21,340	108,916
Total revenues	\$ 47,960	25,469	14,132	7,332	94,893	21,526	116,419
Earnings (loss) from operations before depreciation, amortization, accretion, net interest expense and income taxes							
	\$ 24,149	11,028	512	1,838	37,527	(2,363)	35,164
Operating income (loss)	\$ 17,924	6,349	(380)	914	24,807	(5,401)	19,406

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

	Three months ended March 31,	
	2005	2004
Reportable segment revenues	\$ 98,578	94,893
Plus All Other revenues	15,601	21,526
Less intersegment revenues eliminated in consolidation	7,669	7,503
Consolidated revenues	\$ 106,510	108,916

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 follows (amounts in thousands):

	Three months ended March 31,	
	2005	2004
Reportable segment earnings from operations before depreciation, amortization and accretion expense, net other expense and income taxes	\$ 39,921	37,527
Less All Other loss from operations before depreciation, amortization and accretion expense, net other expense and income taxes	5,438	2,363
Consolidated earnings from operations before depreciation, amortization and accretion expense, net other expense and income taxes	34,483	35,164
Less depreciation, amortization and accretion expense	17,754	15,758
Consolidated operating income	16,729	19,406
Less other expense, net	8,586	16,172
Consolidated net income before income taxes	\$ 8,143	3,234

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

	Three months ended March 31,	
	2005	2004
Reportable segment operating income	\$ 25,869	24,807
Less All Other operating loss	9,140	5,401
Consolidated operating income	16,729	19,406
Less other expense, net	8,586	16,172
Consolidated net income before income taxes	\$ 8,143	3,234

(6) *Commitments and Contingencies*

Litigation and Disputes

We are involved in various lawsuits, billing disputes, legal proceedings, and regulatory matters that have arisen from time to time 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.

Telecommunication Services Agreements

We lease a portion of our 800-mile fiber optic system capacity that extends from Prudhoe Bay to Valdez via Fairbanks, and provide management and maintenance services for this capacity to a significant customer. The telecommunications service agreement is for fifteen years and may be extended for up to two successive three-year periods and, upon expiration of the extensions, one additional year. The agreement may be canceled by either party with 180 days written notice. On March 24, 2005, the lessee announced that they had signed a contract with a competitor to build a microwave system to run parallel with our fiber optic cable system. The lessee also announced their

intention to utilize the microwave system in place of our fiber optic cable system. The lessee has not notified us in writing of their intent to cancel our agreement. We are unable to predict the financial impact of this event on our results of operations, financial position and cash flows.

A summary of minimum future service revenues from this agreement, follows (amounts in thousands):

Years ending December 31,		
2005	\$	13,200
2006		13,200
2007		13,200
2008		13,200
2009		13,200
2010 and thereafter		85,276
Total minimum future service revenues	\$	151,276

Anchorage UNEs Arbitration

On June 25, 2004 the RCA issued an order in our arbitration with Alaska Communications Systems Group, Inc. ("ACS") to revise the rates, terms, and conditions that govern access to UNEs in the Anchorage market. The RCA's ruling set rates for numerous elements of ACS' network, the most significant being the lease rate for local loops. The order initially increased the loop rate from \$14.92 to \$19.15 per loop per month. We immediately filed a petition for reconsideration with the RCA to correct computational errors and raise other issues. On August 20, 2004, the RCA ruled on the petition and retroactively lowered the loop rate to \$18.64 per month. In January 2005 we appealed the RCA ruling to the Federal District Court arguing that the pricing and methodology used by ACS and approved by the RCA was flawed and in violation of federal law. We cannot predict at this time the outcome of the lawsuit.

Intrastate Access Refund

On May 15, 2003, AT&T Corp. ("AT&T") filed a petition with the FCC requesting a declaratory ruling that intrastate access charges do not apply to certain of its calling card offerings. When AT&T Alascom, a subsidiary of AT&T, characterized calling card calls that originate and terminate in Alaska as interstate, they shifted certain intrastate access charges payable to Alaska local exchange carriers to us. In a proceeding before the RCA, the RCA had already declared this AT&T Alascom practice to be improper. After AT&T petitioned the FCC, the RCA stayed AT&T Alascom's obligations to make back payments for the period prior to April, 2004, but ordered AT&T Alascom to pay on an ongoing basis from April 1, 2004. On February 23, 2005, the FCC also ruled against AT&T, consistent with the RCA's prior findings. With this ruling, we can now seek to collect refunds for the intrastate access charge amounts that AT&T Alascom unlawfully shifted to us prior to April 1, 2004. On March 28, 2005, AT&T filed an appeal of the FCC order to the federal Court of Appeals for the District of Columbia Circuit. AT&T has also sought from the court a stay of the FCC's ruling. We have not completed our calculations of the amounts due to us and cannot predict at this time the ultimate amount to be refunded pursuant to this gain contingency, however it could be material to our results of operations, financial position and cash flows.

PART I.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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 Goods Sold (exclusive of depreciation, amortization and accretion shown separately) ("Cost of Goods Sold") 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.

As of January 1, 2005 financial information for Broadband services is not included in the long-distance services segment but is included in "All Other" category. Segment and All Other category data for the three months ended March 31, 2004 have been restated to reflect the change.

Results of Operations

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

	Three Months Ended March 31,		Percentage Change(1) 2005 vs. 2004
	2005	2004	
	(Unaudited)		
Statements of Income Data:			
Revenues:			
Long-distance services segment	42.0%	40.9%	0.5%
Cable services segment	24.3%	22.8%	4.2%
Local access services segment	12.5%	10.8%	12.7%
Internet services segment	6.9%	5.9%	14.1%
All other	14.3%	19.6%	(28.5)%
Total revenues	100.0%	100.0%	(2.2)%
Selling, general and administrative expenses	34.9%	32.5%	5.0%
Bad debt recovery	(0.3)%	(0.4)%	(11.1)%
Depreciation, amortization and accretion expense	16.7%	14.5%	12.7%
Operating income	15.7%	17.8%	(13.8)%
Net income before income taxes	7.6%	3.0%	151.8%
Net income	4.4%	1.8%	142.2%
Other Operating Data:			
Long-distance services segment operating income(2)	40.2%	40.3%	0.4%
Cable services segment operating income(3)	25.1%	25.5%	2.4%
Local access services segment operating loss(4)	(3.8)%	(3.2)%	(33.4)%
Internet services segment operating income(5)	25.6%	14.3%	104.5%

- (1) Percentage change in underlying data.
- (2) Computed by dividing total external long-distance services segment operating income by total external long-distance services segment revenues.
- (3) Computed by dividing total external cable services segment operating income by total external cable services segment revenues.
- (4) Computed by dividing total external local access services segment operating loss by total external local access services segment revenues.
- (5) Computed by dividing total external Internet services segment operating income by total external Internet services segment revenues.

Three Months Ended March 31, 2005 ("2005") Compared To Three Months Ended March 31, 2004 ("2004")

Overview of Revenues and Cost of Goods Sold

Total revenues decreased 2.2% from \$108.9 million in 2004 to \$106.5 million in 2005. Revenue increases in each of our segments were off-set by a decrease in All Other Services revenues. See the discussion below for more information by segment.

Total Cost of Goods Sold decreased 9.2% from \$38.7 million in 2004 to \$35.2 million in 2005. Decreases in cable services segment and All Other Services Cost of Goods Sold were partially off-set

by increased long-distance services, local access services and Internet services segments Cost of Goods Sold. See the discussion below for more information by segment.

Long-Distance Services Segment Overview

Long-distance services segment revenue in 2005 represented 42.0% of consolidated revenues. Our provision of interstate and intrastate long-distance services, and private line and leased dedicated capacity services accounted for 89.2% of our total long-distance services segment revenues during 2005.

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

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.

On July 21, 2002 MCI and substantially all of its active United States subsidiaries, on a combined basis a major customer, 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. MCI emerged from bankruptcy protection on April 20, 2004. The remaining pre-petition accounts receivable balance owed by MCI to us after this settlement was \$11.1 million 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. We have accounted for our use of the MCI credit as a gain contingency, and, accordingly, are recognizing a reduction of bad debt expense as services are provided by MCI and the credit is realized. During 2005 and 2004 we realized approximately \$893,000 and \$1.2 million, respectively, of the MCI credit against amounts payable for services received from MCI.

The remaining unused MCI credit totaled \$2.8 million at March 31, 2005. 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.

In 2005 we renewed our agreement to provide interstate and intrastate long-distance services to MCI through December 2009 with five one-year automatic extensions to December 2014. The amendment includes new rates mandated by the Consolidated Appropriations Act for Fiscal Year 2005 signed into law December 8, 2004 and effective January 22, 2005 which will result in rate decreases of 3% per year ("Tariff 11 Rates").

In May 2005 Verizon Communications, Inc. agreed to acquire MCI. Any such acquisition will require approval of shareholders and anti-trust regulators. We are unable to predict the impact that a merger with or an acquisition of MCI will have upon us, however given the materiality of MCI's 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.

The initial term of our contract to provide interstate and intrastate long-distance services to Sprint ends in March 2007 with two one-year automatic extensions to March 2009. In 2005 we amended the original agreement to include Tariff 11 Rates.

In December 2004 Sprint and Nextel Communications, Inc. announced a merger. The agreement requires approval of shareholders and anti-trust regulators, as well as state utility commissions that license phone service. We are unable to predict the outcome this merger will have upon us.

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, 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, consistent with federal law. Additionally, 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 0.5% to \$44.7 million in 2005. The components of long-distance services segment revenues are as follows (amounts in thousands):

	2005	2004	Percentage Change
Common carrier message telephone services	\$ 19,327	21,170	(8.7)%
Residential, commercial and governmental message telephone services	9,600	9,893	(3.0)%
Private line and private network services	11,000	10,366	6.1%
Lease of fiber optic cable system capacity	4,815	3,097	55.5%
Total long-distance services segment revenue	\$ 44,742	44,526	0.5%

Common Carrier Message Telephone Services Revenue

The 2005 decrease in message telephone service revenues from other common carriers (principally MCI and Sprint) resulted from a 10.1% 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 June 2004 amendment of our contract to provide interstate and intrastate long-distance services to Sprint.

The decrease in message telephone service revenues from other common carriers in 2005 was partially off-set by a 0.5% increase in wholesale minutes carried to 226.6 million minutes.

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:

	2005	2004	Percentage Change
Retail minutes carried	75.9 million	76.2 million	(0.4)%
Average rate per minute(1)	\$ 0.131	\$ 0.130	0.8%
Number of active residential, commercial and governmental customers(2)	91,800	86,100	6.6%

- (1) Residential, commercial, and governmental message telephone services revenues excluding plan fees associated with the carriage of data services divided by the retail minutes carried.
- (2) All current subscribers who have had calling activity during March 2005 and 2004, respectively.

The decrease in message telephone service revenues from residential, commercial, and governmental customers in 2005 is primarily due to decreased minutes carried for these customers and is partially off-set by an increase in the average rate per minute and an increase in the number of active residential, commercial, and governmental customers billed. The increase in the number of customers billed is primarily due to our promotion of and our customers' enrollment in bundled offerings to our residential customers, partially off-set by the effect of customers substituting cellular phone, prepaid calling card, and email usage for direct dial minutes.

Fiber Optic Cable System Capacity Lease Revenue

The increase in fiber optic cable system capacity lease revenues is primarily due to a lease of capacity on the AULP East fiber optic cable system resulting in increased monthly revenue of approximately \$430,000 starting in July 2004.

Long-distance Services Segment Cost of Goods Sold

Long-distance services segment Cost of Goods Sold increased 2.6% to \$12.8 million in 2005 primarily due to the receipt of a \$400,000 refund in 2004 from an intrastate access cost pool that previously overcharged us for access services.

The increase in the long-distance services segment Cost of Goods Sold is partially off-set by reduced 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 \$.010 and \$.063 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.

Long-distance Services Segment Operating Income

Long-distance services segment operating income increased 0.5% to \$18.0 million from 2004 to 2005 primarily due to the following:

- A 0.5% increase in long-distance services segment revenue to \$44.7 million in 2005, as discussed above, and
- A \$337,000 decrease in long-distance services segment selling, general and administrative expenses to \$8.3 million in 2005.

The increase in long-distance services segment operating income was partially off-set by the following:

- A 2.6% increase in long-distance services segment costs of goods sold to \$12.8 million in 2005, as discussed above, and
- A 0.4% increase in long-distance services segment depreciation, amortization and accretion expense to \$6.3 million in 2005 as compared to 2004 primarily due to our investment in long-distance services segment equipment and facilities placed into service during the year ended December 31, 2004 for which a full year of depreciation will be recorded in the year ended December 31, 2005, and our investment in long-distance services segment equipment and facilities placed into service during the three months ended March 31, 2005 for which a partial year of depreciation will be recorded in the year ended December 31, 2005.

Cable Services Segment Overview

Cable services segment revenues in 2005 represented 24.3% of consolidated revenues. Our cable systems serve 36 communities and areas in Alaska, including the state's four largest population centers, Anchorage, Fairbanks, the Matanuska-Susitna Valley and Juneau. On February 1, 2005 we acquired all of the assets of Barrow Cable TV, Inc. ("BCTV") for approximately \$1.6 million. The BCTV asset purchase resulted in approximately 950 additional subscribers and approximately 1,100 additional homes passed.

We generate cable services segment 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 2005 programming services generated 72.6% of total cable services segment revenues, cable services' allocable share of cable modem services accounted for 12.6% of such revenues, equipment rental and installation fees accounted for 10.6% of such revenues, advertising sales accounted for 3.4% of such revenues, and other services accounted for the remaining 0.8% of total cable services segment revenues.

The primary factors that contribute to year-to-year changes in cable services segment revenues include average monthly subscription rates and pay-per-view buys, the mix among basic, premium and digital tier services, the average number of cable television and cable modem subscribers during a given reporting period, set-top box utilization and related rates, revenues generated from new product offerings, and sales of cable advertising services.

Cable Services Segment Revenues and Cost of Goods Sold

Selected key performance indicators for our cable services segment follow:

	March 31,		Percentage Change
	2005	2004	
Basic subscribers	136,100	134,000	1.6%
Digital programming tier subscribers	48,000	34,000	41.2%
Cable modem subscribers	69,300	51,700	34.0%
Homes passed	209,600	203,400	3.0%

A basic cable subscriber is defined as one basic tier of service delivered to an address or separate subunits thereof regardless of the number of outlets purchased. A digital programming tier subscriber is defined as one digital programming tier of service delivered to an address or separate subunits thereof regardless of the number of outlets or digital programming tiers purchased.

A cable modem subscriber is defined by the purchase of cable modem service regardless of the level of service purchased. If one entity purchases multiple cable modem service access points, each access point is counted as a subscriber.

Total cable services segment revenues increased 4.2% to \$25.9 million and average gross revenue per average basic subscriber per month increased \$3.14 or 5.0% in 2005.

The increase in cable services segment revenues is primarily due to a 3.0% increase in programming services to \$18.8 million due to an increase in basic subscribers in 2005 and a 54.4% increase in digital set-top box rental revenue to \$2.6 million in 2005 primarily caused by the increased use of digital distribution technology.

Cable services segment Cost of Goods Sold decreased 0.7% to \$7.0 million in 2005 primarily due to arrangements with suppliers in which we received rebates in 2005 upon us meeting specified goals. The decrease in Cable services segment Cost of Goods Sold is partially off-set by programming cost increases for most of our cable programming service offerings.

Cable Services Segment Operating Income

Cable services segment operating income increased 2.4% to \$6.5 million from 2004 to 2005 primarily due to the 4.2% increase in cable services segment revenues to \$25.9 million in 2005 and the 0.7% decrease in Cost of Goods Sold to \$7.0 million in 2005 described above, partially off-set by the following:

- A \$566,000 increase in cable services segment selling, general and administrative expenses to \$7.1 million in 2005, and
- A 9.0% increase in cable services segment depreciation, amortization and accretion expense to \$5.1 million in 2005 as compared to 2004 primarily due to our investment in cable services segment equipment and facilities placed into service during the year ended December 31, 2004 for which a full year of depreciation will be recorded in the year ended December 31, 2005, and our investment in cable services segment equipment and facilities placed into service during the three months ended March 31, 2005 for which a partial year of depreciation will be recorded in the year ended December 31, 2005.

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 segment's facilities.

Our capital expenditures by standard reporting category for the three months ended March 31, 2005 and 2004 follows (amounts in thousands):

	2005	2004
Customer premise equipment	\$ 3,558	3,438
Commercial	97	47
Scalable infrastructure	552	1,755
Line extensions	44	44
Upgrade/rebuild	4,057	1,770
Support capital	69	181
Sub-total	8,377	7,235
Remaining reportable segments and All Other capital expenditures	16,037	17,966
	\$ 24,414	25,201

The standardized definition of a customer relationship is the number of customers that receive at least one level of service utilizing our cable services segment's facilities, encompassing voice, video, and data services, without regard to which services customers purchase. At March 31, 2005 and 2004 we had 124,200 and 122,100 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, 2005 and 2004 we had 215,800 and 185,800 revenue generating units, respectively.

Local Access Services Segment Overview

During 2005 local access services segment revenues represented 12.5% of consolidated revenues. We generate local access services segment 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.

The primary factors that contribute to year-to-year changes in local access services segment 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, 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. in Anchorage for residential services. 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, 2005, 112,600 lines were in service as compared to approximately 108,600 lines in service at March 31, 2004. We estimate that our 2005 lines in service represents a statewide market share of approximately 24%. A line in service is defined as a revenue generating circuit or channel connecting a customer to the public switched telephone network.

Our access line mix at March 31, 2005 follows:

- Residential lines represent approximately 61% of our lines,
- Business customers represent approximately 36% of our lines, and

- Internet access customers represent approximately 3% of our lines.

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 service 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. At March 31, 2005 we had approximately 10,400 DLPS lines in service. We plan to continue to deploy additional DLPS lines during the year ended December 31, 2005.

Approximately 85% of our lines are provided on our own facilities and leased local loops. Approximately 6% of our lines are provided using the UNE platform delivery method.

In January 2005 we applied to the RCA to expand our existing certification for the provision of competitive local service. We applied to provide service in competition with the existing service provider in five service areas which include the communities of Ketchikan, Cordova, Chitina, Glenallen, McCarthy, Mentasta, Tatitlek, Valdez, Delta Junction, Homer, Kenai, Kodiak, Soldotna, Nenana, North Pole, and the area from Eagle River to Healy. In addition, we have requested approval to offer local service in six areas covered by our cable facilities only which include the communities of Wrangell, Petersburg, Sitka, Seward, Bethel, and Nome.

We plan to offer service in these new areas using a combination of methods. To a large extent, we plan to use our existing cable network to deliver local services. Where we do not have cable plant, we may use wireless technologies and resale of other carrier's services. We may lease portions of an existing carrier's network or seek wholesale discounts, but our application is not dependent upon access to either unbundled network elements of the ILEC's network or wholesale discount rates for resale of ILEC services. We expect the RCA to decide this application within the six month statutory requirement period.

On June 25, 2004 the RCA issued an order in our arbitration with ACS to revise the rates, terms, and conditions that govern access to UNEs in the Anchorage market. The RCA's ruling set rates for numerous elements of ACS' network, the most significant being the lease rate for local loops. The order initially increased the loop rate payable to ACS from \$14.92 to \$19.15 per loop per month. We immediately filed a petition for reconsideration with the RCA to correct computational errors and raise other issues. On August 20, 2004, the RCA ruled on the petition and retroactively lowered the loop rate to \$18.64 per month. In January 2005 we appealed the RCA ruling to the Federal District Court arguing that the pricing and methodology used by ACS and approved by the RCA was flawed and in violation of federal law. We cannot predict at this time the outcome of the lawsuit.

On February 22, 2005, in a complaint proceeding brought by us, the RCA released a ruling that Matanuska Telephone Association's ("MTA's") rural exemption for the areas served by MTA Vision, Inc. had been lifted by virtue of its offering of video programming services and that we may negotiate and arbitrate with MTA. We tendered a renewed interconnection request to MTA on February 25, 2005 and are proceeding with such negotiations. In the event negotiations are unsuccessful, an arbitration will be requested which must be completed under the provisions of the 1996 Telecom Act by November 25, 2005.

On May 2, 2005 we tendered an interconnection request to the City of Ketchikan d/b/a Ketchikan Public Utilities ("KPU"), which had been authorized by the RCA to provide video programming services through its KPU CommVision division on April 26, 2005. Under the terms of Section 251(f)(1)(C) of the Telecommunications Act of 1996 KPU's current rural exemption from negotiation will be forfeited if, and when, KPU commences offering video programming. Under the terms of Section 251(f)(1)(B), the RCA must conduct and complete an inquiry on the continuation of KPU's rural exemption within 120 days of the interconnection request or August 30, 2005.

Local Access Services Segment Revenues and Cost of Goods Sold

Local access services segment revenues increased 12.7% in 2005 to \$13.3 million primarily due to the following:

- Growth in the average number of lines in service, and
- \$787,000 increase in support from the Universal Service Program.

Local access services segment Cost of Goods Sold increased 11.2% to \$7.3 million in 2005 primarily due to the growth in the average number of lines in service and the increased costs resulting from the RCA's Anchorage UNE arbitration settlement order in June 2004 which increased the UNE lease rate payable to ACS from \$14.92 to \$18.64 per line per month beginning on June 25, 2004. Additionally, the UNE lease rates payable to ACS in Fairbanks and Juneau increased from \$19.19 to \$23.00 and \$16.71 to \$18.00, respectively, as of January 1, 2005.

Local Access Services Segment Operating Loss

Local access services segment operating loss increased \$127,000 to (\$507,000) from 2004 to 2005 primarily due to the following:

- The 11.2% increase in Cost of Goods Sold to \$7.3 million discussed above,
- A \$175,000 increase in local access services segment selling, general and administrative expenses to \$4.9 million, and
- An 80.2% increase in local access services segment depreciation, amortization and accretion expense to \$1.6 million in 2005 as compared to 2004 primarily due to our investment in local access services segment equipment and facilities placed into service during the year ended December 31, 2004 for which a full year of depreciation will be recorded in the year ended December 31, 2005, and our investment in local access services segment equipment and facilities placed into service during the three months ended March 31, 2005 for which a partial year of depreciation will be recorded in 2005.

The operating loss increase was partially off-set by the 12.7% revenue increase to \$13.3 million in 2005 discussed above.

The local access services segment operating results are negatively affected by the allocation of all 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 loss would have improved by approximately \$1.8 million and the long-distance services segment operating income would have been reduced by an equal amount in 2005. Avoided access charges totaled approximately \$1.7 million in 2004.

Internet Services Segment Overview

During 2005 Internet services segment revenues represented 6.9% of consolidated revenues. We generate Internet services segment 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 segment's allocable share of cable modem revenue (a portion of cable modem revenue is also recognized by our cable services segment).

The primary factors that contribute to year-to-year changes in Internet services segment 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 segments' 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 Goods Sold

Selected key performance indicators for our Internet services segment follow:

	March 31,		Percentage Change
	2005	2004	
Total Internet subscribers	101,700	100,600	1.1%
Cable modem subscribers	69,300	51,700	34.0%
Dial-up subscribers	32,400	48,900	(33.7)%

Total Internet subscribers are defined by the purchase of Internet access service regardless of the level of service purchased. If one entity purchases multiple Internet access service points, that entity is included in our total Internet subscriber count at a rate equal to the number of access points purchased. A subscriber with both cable modem and dial-up service is included once as a cable modem subscriber.

A dial-up subscriber is defined by the purchase of dial-up Internet service regardless of the level of service purchased. If one entity purchases multiple dial-up service access points, each access point is counted as a subscriber.

Total Internet services segment revenues increased 14.1% to \$7.3 million in 2005 primarily due to the 12.4% increase in its allocable share of cable modem revenues to \$3.1 million in 2005 as compared to 2004. The increase in cable modem revenues is primarily due to growth in cable modem subscribers. Additionally, in 2004 the Internet services segment sold services to Broadband services (included in the All Other category) and all of the revenue was eliminated from the Internet services segment. In 2005 Broadband services and Internet services are operating under a revenue-share agreement that has resulted in an allocation of revenue between the Internet services segment and the All Other category. Internet services segment revenue would have been \$6.8 million and \$6.4 million in 2005 and 2004, respectively, if the change in the external revenue distribution had not occurred.

Internet services Cost of Goods Sold increased 6.9% to \$1.9 million in 2005 associated with increased Internet services segment revenues.

Internet Services Segment Operating Income

Internet services segment operating income increased 104.5% to \$1.9 million from 2004 to 2005 primarily due to the 14.1% increase in Internet services segment revenues to \$7.3 million in 2005 as described above and a \$353,000 decrease in selling, general and administrative expenses to \$2.4 million.

The operating income increase is partially off-set by the 6.9% increase in Cost of Goods Sold to \$1.9 million as described above and a 18.5% increase in Internet services segment depreciation, amortization and accretion expense to \$1.1 million in 2005 as compared to 2004 primarily due to our investment in Internet services segment equipment and facilities placed into service during the year ended December 31, 2004 for which a full year of depreciation will be recorded in the year ended December 31, 2005, and our investment in Internet services segment equipment and facilities placed into service during the three months ended March 31, 2005 for which a partial year of depreciation will be recorded in 2005.

All Other Overview

Revenues reported in the All Other category as described in note 5 in the accompanying "Notes to Interim Condensed Consolidated Financial Statements" include our Broadband services, managed services, product sales, and cellular telephone services.

Revenues included in the All Other category represented 14.3% of total revenues in 2005.

We lease a portion of our 800-mile fiber optic system capacity that extends from Prudhoe Bay to Valdez via Fairbanks, and provide management and maintenance services for this capacity to a significant customer. The telecommunications service agreement is for fifteen years and may be extended for up to two successive three-year periods and, upon expiration of the extensions, one additional year. The agreement may be canceled by either party with 180 days written notice. On March 24, 2005, the lessee announced that they had signed a contract with a competitor to build a microwave system to run parallel with our fiber optic cable system. The lessee also announced their intention to utilize the microwave system in place of our fiber optic cable system. The lessee has not notified us in writing of their intent to cancel our agreement. Revenue associated with this agreement totals approximately \$13.2 million per year. We are unable to predict the financial impact of this event on our results of operations, financial position and cash flows, however we believe that operating income from sales or leases of capacity and provision of other services on this fiber optic system to other customers will partially offset operating income reductions that may result if our contract is cancelled.

All Other Revenues and Cost of Goods Sold

All Other revenues decreased 28.5% to \$15.3 million in 2005 primarily due to the following:

- \$6.1 million earned in 2004 from an equipment sale and installation project, and
- A 1.7% decrease in Broadband services revenue to \$7.2 million in 2005 as compared to 2004 due to a change in the allocation of external revenue between our Internet services segment and Broadband services. In 2004 all of a certain revenue stream was retained by Broadband services and the associated internal Cost of Goods Sold purchased from the Internet services segment was eliminated from the All Other category. In 2005 Broadband services and Internet services operate under a revenue-share agreement that has resulted in an allocation of the revenue between the Internet services segment and the All Other category. Broadband services revenue would have been \$7.7 million and \$7.4 million in 2005 and 2004, respectively, if the change in the external revenue allocation had not occurred.

All Other Cost of Goods Sold decreased 43.0% to \$6.2 million in 2005. The decrease in All Other Cost of Goods Sold is primarily due to \$5.5 million in costs in 2004 associated with an equipment sale and installation project.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 5.0% to \$37.2 million in 2005 primarily due to a \$879,000 increase in contract labor and contract services expenses associated with special projects. As a percentage of total revenues, selling, general and administrative expenses increased to 34.9% in 2005 from 32.5% in 2004, primarily due to an increase in selling, general and administrative expenses without a proportional increase in revenues.

Bad Debt Recovery

Bad debt recovery decreased approximately \$44,000 to a net recovery of (\$353,000) in 2005. The bad debt recovery is primarily due to realization of approximately \$893,000 of the MCI credit through a

reduction to bad debt expense in 2005, as further discussed above in "Long Distance Services Segment Overview." We realized approximately \$1.2 million of the MCI credit through a reduction to bad debt expense in 2004.

Depreciation, Amortization and Accretion Expense

Depreciation, amortization and accretion expense increased 12.7% to \$17.8 million in 2005. The increase is primarily attributed to our \$122.9 million investment in equipment and facilities placed into service during 2004 for which a full year of depreciation will be recorded in 2005, and the \$16.0 million investment in equipment and facilities placed into service during the three months ended March 31, 2005 for which a partial year of depreciation will be recorded in 2005.

Other Expense, Net

Other expense, net of other income, decreased 46.9% to \$8.6 million in 2005 primarily due to following:

- In 2004 we paid bond call premiums totaling \$6.1 million to redeem our old Senior Notes, and
- 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 decreases described above was an increase in interest expense of approximately \$778,000 in 2005 on our new Senior Notes due to an increase in the outstanding balance owed, partially off-set by a decreased interest rate in 2005 as compared to 2004.

Income Tax Expense

Income tax expense was \$3.5 million in 2005 and \$1.3 million in 2004. The change was due to increased net income before income taxes in 2005 as compared to 2004. Our effective income tax rate increased from 40.5% in 2004 to 42.7% in 2005 due to adjustments of deferred tax assets and liabilities in 2004.

At March 31, 2005, we have (1) tax net operating loss carryforwards of approximately \$175.4 million that will begin expiring in 2007 if not utilized, and (2) alternative minimum tax credit carryforwards of approximately \$1.9 million available to offset regular income taxes payable in future years. We estimate that we will utilize net operating loss carryforwards of approximately \$15.4 million during the year ended December 31, 2005. 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 42% to 44% in 2005.

Liquidity and Capital Resources

Cash flows from operating activities totaled \$22.9 million in 2005 as compared to \$13.8 million in 2004. The 2005 increase is primarily due to increased cash flow from our long-distance services, cable services, local access services and Internet services segments and a \$4.1 million decrease in the payment of our company-wide success sharing bonus in 2005, partially off-set by decreased cash flows from All Other Services.

Other uses of cash during 2005 included expenditures of \$24.4 million for property and equipment, including construction in progress, and the purchase of \$5.3 million of common stock to be retired and to be held in treasury for general corporate purposes.

Working capital totaled \$32.8 million at March 31, 2005, a \$16.2 million decrease as compared to \$49.0 million at December 31, 2004. The decrease is primarily due to the \$8.0 million increase in the portion of our Senior Credit Facility classified as current maturity at March 31, 2005 as compared to December 31, 2004, the use of \$5.3 million to repurchase shares of our Class A common stock in 2005 as compared to no such repurchases in 2004, and the use of cash to fund our capital expenditures during 2005.

We have outstanding Senior Notes of \$316.0 million at March 31, 2005. We pay interest of 7.25% on the Senior Notes. 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 Senior Notes.

A semi-annual interest payment of approximately \$11.6 million was paid in February 2005; the next semi-annual interest payment will be made in August 2005.

The Senior Notes limit our ability to make cash dividend payments. The Senior Notes are due in February 2014.

In December 2004 GCI, Inc. sold \$70.0 million in aggregate principal amount of senior unsecured debt securities to qualified institutional buyers pursuant to Rule 144A and non-United States persons pursuant to Regulation S. On May 6, 2005, we commenced an offer to exchange these privately issued Senior Notes that have been registered under the Securities Act and have otherwise identical terms to the original Senior Notes privately issued in February 2004 (except for provisions relating to GCI Inc.'s obligations to consummate the exchange offer).

We were in compliance with all Senior Notes loan covenants at March 31, 2005.

Our Senior Credit Facility term loan is fully drawn and we have letters of credit outstanding totaling \$5.5 million, which leaves \$44.5 million available to draw under the revolving credit facility at March 31, 2005 if needed. We have not borrowed under the revolving portion of our Senior Credit Facility in 2005. Our ability to draw down the revolving portion of our Senior Credit Facility could be diminished if we are not in compliance with all Senior Credit Facility covenants or have a material adverse change at the date of the request for the draw.

We are required to pay down \$168,000 and \$8.0 million in term loan principal on our Senior Credit Facility by December 31, 2005 and March 31, 2006, respectively. All outstanding amounts under our Senior Credit Facility are due October 31, 2007. We expect to refinance our Senior Credit Facility in 2005.

We were in compliance with all Senior Credit Facility loan covenants at March 31, 2005.

Our expenditures for property and equipment, including construction in progress, totaled \$24.4 million and \$25.2 million during the three months ended March 31, 2005 and 2004, respectively. Our capital expenditures requirements in excess of approximately \$25 million per year are largely success driven and are a result of the progress we are making in the marketplace. We expect our 2005 expenditures for property and equipment for our core operations, including construction in progress, to total \$80.0 million to \$85.0 million, depending on available opportunities and the amount of cash flow we generate during 2005.

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 deployment of DLPS, and upgrades to and expansions of our cable television plant.

In December 2004 Sprint and Nextel Communications, Inc. announced a merger. The agreement requires approval of shareholders and anti-trust regulators, as well as state utility commissions that license phone service. Sprint is one of our significant customers. We are unable to predict the outcome this merger will have on us.

In May 2005 Verizon Communications, Inc. agreed to acquire MCI, our major customer. Any such acquisition will require approval of shareholders and anti-trust regulators. We are unable to predict the impact that a merger with or an acquisition of MCI will have upon us, however given the materiality of MCI's 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.

A migration of MCI's or Sprint's traffic off of 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. Our next Series B preferred stock dividend is due April 30, 2005.

GCI's Board of Directors has authorized a common stock buyback program for the repurchase of our Class A and Class B common stock. Our Board of Directors authorized us and we obtained permission from our lenders and preferred shareholder for up to \$10.0 million of repurchases during the six month period ended June 30, 2005. During the three month period ended March 31, 2005 we repurchased 571,637 shares of our Class A common stock at a cost of approximately \$5.7 million. We expect to continue the repurchases throughout 2005 subject to the availability of free cash flow, borrowing under our credit facilities, the price of our Class A and Class B common stock and the requisite consents of our lenders and preferred shareholder. The repurchases have and will continue to comply with the restrictions of SEC rule 10b-18.

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.

New Accounting Standards

In December 2004, the FASB issued SFAS No. 123R, "Share-Based Payment," requiring all companies to measure compensation cost for all share-based payments (including employee stock options) at fair value. After consideration of the SEC's April 2005 amendment of the SFAS No. 123R compliance dates, SFAS No. 123R is effective for annual periods beginning after June 15, 2005, or December 15, 2005 for small business issuers. As of January 1, 2006, we will apply SFAS No. 123R using a modified version of prospective application. Under that transition method, compensation cost is recognized on or after January 1, 2006 for the portion of outstanding awards for which the requisite

service has not yet been rendered, based on the grant-date fair value of those awards calculated under SFAS No. 123 for either recognition or pro forma disclosures. In March 2005 the SEC issued SAB No. 107 expressing the SEC staff's view regarding the interaction between SFAS No. 123R and certain SEC rules and regulations and providing the staff's views regarding the valuation of share-based payment arrangements for public companies. We estimate the application of SFAS No. 123R will result in an increase in our compensation cost for all share-based payments of approximately \$2.3 million during the year ended December 31, 2006.

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets," which amends APB Opinion No. 29, "Accounting for Nonmonetary Transactions". The guidance in APB Opinion No. 29 is based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. The guidance in that Opinion, however, included certain exceptions to that principle. SFAS No. 153 amends APB Opinion No. 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. We will adopt this statement July 1, 2005 and do not expect it to have a material effect on our results of operations, financial position and cash flows.

In March 2005, the FASB issued FIN 47, "Accounting for Conditional Asset Retirement Obligations." FIN 47 clarifies that the term conditional asset retirement obligation as used in SFAS No. 143, "Accounting for Asset Retirement Obligations", refers to a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. The obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and (or) method of settlement. Thus, the timing and (or) method of settlement may be conditional on a future event. Accordingly, an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. The fair value of a liability for the conditional asset retirement obligation should be recognized when incurred—generally upon acquisition, construction, or development and (or) through the normal operation of the asset. We will adopt FIN 47 for our annual report for the year ended December 31, 2005 and do not expect it to have a material effect on our results of operations, financial position and cash flows.

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 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 our 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 our Audit Committee.

Those policies considered to be critical accounting policies for the three months ended March 31, 2005 are described below.

- We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. We also maintain an allowance for doubtful accounts based on our assessment of the likelihood that our customers will satisfactorily comply with rules necessary to obtain supplemental funding from the Universal Service Administration Company ("USAC") for services provided by us under our packaged communications offerings to rural hospitals, health clinics and school districts. We base our estimates on the aging of our accounts receivable balances, financial health of specific customers, regional economic data, changes in our collections process, our customers' compliance with USAC rules, 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.
- 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 certificates are not amortized but are subject, at a minimum, to annual tests for impairment and quarterly evaluations of whether events and circumstances continue to support an indefinite useful life as required by SFAS No. 142. 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 as required by SFAS No. 142. 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 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. Our cable certificate and goodwill assets are our only indefinite-lived intangible assets and because of their significance to our consolidated balance sheet, our annual and quarterly impairment analyses and quarterly evaluations of remaining useful lives are critical. Any changes in key assumptions about the business and its prospects, changes in market conditions or other externalities, or recognition of previously unrecognized intangible assets for impairment testing purposes could result in an impairment charge and such a charge could have a material adverse effect on our consolidated results of operations.
- We estimate unbilled long-distance services segment Cost of Goods Sold based upon minutes of use carried through our network and established rates. We estimate unbilled costs for new circuits and services, and network changes that result in traffic routing changes or a change in

carriers. Carriers that provide service to us regularly make network changes that 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.

- 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 \$71.8 million associated with income tax net operating losses that were generated from 1990 to 2003, and that expire from 2007 to 2024. 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 \$20.0 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, 2005 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 or results of operations.

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. Policies 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 are among topics currently under reexamination by accounting standards setters and regulators. 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" of our annual report on Form 10-K for the year ended December 31, 2004.

Geographic Concentration and the Alaska Economy

We offer voice and data telecommunication and video services to customers primarily throughout Alaska. Because of this geographic concentration, growth of our business and of our operations depends upon economic conditions in Alaska. The economy of Alaska is dependent upon the natural resource industries, and in particular oil production, as well as investment earnings, tourism, government, and United States military spending. Any deterioration in these markets could have an adverse impact on us. 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 2004 the State of Alaska reported that oil revenues, federal funding and investment revenues supplied 28%, 23% and 41%, respectively, of the state's total revenues. In fiscal 2005 state economists forecast

that Alaska's oil revenues, federal funding and investment revenues will supply 33%, 34% and 23%, 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 0.980 million barrels produced per day in fiscal 2004. The state forecasts the production rate to decline from 0.920 million barrels produced per day in fiscal 2005 to 0.833 million barrels produced per day in fiscal 2015.

Market prices for North Slope oil averaged \$31.74 in fiscal 2004 and are forecasted to average \$41.75 in fiscal 2005. The closing price per barrel was \$49.20 on April 25, 2005. 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 \$30.00 per barrel or greater, every \$1 change in the price per barrel of oil is forecasted to result in an approximately \$60.0 million change in the state's fiscal 2005 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 2010. 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 evaluate cost cutting and revenue enhancing measures.

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 could provide a substantial stimulus to the Alaska economy. In October 2004 both houses of Congress passed and the President signed legislation allowing loan guarantees of up to \$18.0 billion, certain favorable income tax provisions and tax credits, and expedited permitting and judicial review for the construction of an Alaska natural gas pipeline. To support the construction of a natural gas pipeline, the governor of the State of Alaska has announced that he believes the state must assume some level of shipper risk, serve as an equity partner or both. The State of Alaska is actively negotiating applications to construct a natural gas pipeline.

Development of the ballistic missile defense system project may have a significant impact on Alaskan telecommunication requirements and the Alaska economy. The system is 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 system includes deployment of 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. Construction began on the

Fort Greely test bed in 2002. The first ground-based missile interceptor was placed in an underground silo on July 22, 2004. The Missile Defense Agency is reported to expect to have up to ten more interceptors emplaced by the end of 2005.

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:

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

No assurance can be given that the driving forces in the Alaska economy, and in particular, oil production, will continue at appropriate levels to provide an environment for expanded economic activity.

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

Seasonality

Long-distance services segment 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 services segment revenues are higher in the winter months because consumers spend more time at home and tend to watch more television during these months. The local access and Internet services segments 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, 2004, the date of our most recent fiscal year-end balance sheet.

	Payments Due by Period				
	Total	Less than 1 Year	1 to 3 Years	4 to 5 Years	More Than 5 Years
	(Amounts in thousands)				
Long-term debt	\$ 441,168	168	121,000	—	320,000
Interest on long-term debt	220,400	23,200	46,400	46,400	104,400
Capital lease obligations, including interest	53,560	9,461	17,849	25,798	452
Operating lease commitments	72,771	14,564	21,080	15,070	22,057
Redeemable preferred stock	4,249	—	—	—	4,249
Purchase obligations	43,168	24,076	15,183	3,909	—
Total contractual obligations	\$ 835,316	71,469	221,512	91,177	451,158

For long-term debt included in the above table, we have included principal payments on our Senior Credit Facility and on our Senior Notes. Interest on amounts outstanding under our Senior Credit Facility is based on variable rates and therefore the amount is not determinable. Our Senior Notes require semi-annual interest payments of \$11.6 million through August 2014. For a discussion of our long-term debt see note 7 in the "Notes to Consolidated Financial Statements" included in Part II of our December 31, 2004 annual report on Form 10-K.

For a discussion of our capital and operating leases, see note 15 in the "Notes to Consolidated Financial Statements" included in Part II of our December 31, 2004 annual report on Form 10-K.

We have included only the maturity redemption amount on our Series B 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 semi-annually at the rate of 8.5%, plus accrued but unpaid dividends, in cash. Mandatory redemption is required 12 years from the date of closing. For more information about our redeemable preferred stock, see note 1(e) in the "Notes to Consolidated Financial Statements" included in Part II of our December 31, 2004 annual report on Form 10-K.

Purchase obligations include a remaining DLPS equipment purchase commitment of \$13.5 million, a remaining \$13.9 million commitment for our Alaska Airlines agreement as further described in note 15 in the "Notes to Consolidated Financial Statements" included in Part II of our December 31, 2004 annual report on Form 10-K, and a \$411,000 maintenance contract commitment. The contracts associated with these commitments are non-cancelable. Purchase obligations also include open purchase orders for goods and services for capital projects and normal operations totaling \$15.4 million which are not included in our Consolidated Balance Sheets at December 31, 2004, because the goods had not been received or the services had not been performed at December 31, 2004. The open purchase orders are cancelable.

PART I.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

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

Our Senior Credit Facility carries interest rate risk. Amounts borrowed under this Agreement bear interest at Libor plus 2.25% or less depending upon our Total Leverage Ratio (as defined). Should the Libor rate change, our interest expense will increase or decrease accordingly. As of March 31, 2005, we

have borrowed \$121.2 million subject to interest rate risk. On this amount, a 1% increase in the interest rate would result in \$1,212,000 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, 2005, we have borrowed \$37.2 million subject to interest rate risk. On this amount, a 1% increase in the interest rate would result in \$372,000 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 Quarterly Report on Form 10-Q, 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 - 15(e)) 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 changes in our internal control over financial reporting during the first quarter of 2005 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II.

ITEM 1. LEGAL PROCEEDINGS

Information regarding pending legal proceedings to which we are a party is included in note 6 to the accompanying "Notes to Interim Condensed Consolidated Financial Statements" and is incorporated herein by reference.

PART II.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

- (a) Not applicable.
- (b) Not applicable.
- (c) Repurchase made in the quarter ended March 31, 2005.

Period	Issuer Purchases of Equity Securities			
	(a)	(b)	(c)	(d)
	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(1)	Maximum Number (or approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs(2)
January 1, 2005 to January 31, 2005	293,337(3)	\$ 10.64	559,518	\$ 4.303 million
February 1, 2005 to February 28, 2005	81,200(4)	\$ 9.24	640,718	\$ 3.553 million
March 1, 2005 to March 31, 2005	197,100(4)	\$ 9.41	837,818	\$ 1.698 million
Total	571,637			

- (1) The repurchase plan was publicly announced on November 3, 2004. Our plan does not have an expiration date, however transactions pursuant to the plan are subject to periodic approval by our Board of Directors and must receive the consents of our lenders and preferred shareholder. We expect to continue the repurchases throughout 2005 subject to the availability of free cash flow, borrowing under our credit facilities, the price of our Class A and Class B common stock and the requisite consents of our lenders and preferred shareholder. We do not intend to terminate this plan in 2005. No plan has expired during the quarter ended March 31, 2005.
- (2) The total amount approved for repurchase was \$10.0 million.
- (3) Consists of 67,437 shares purchased in a private party transaction and 225,900 shares purchased on the open market. All purchases were made under our publicly announced repurchase plan.
- (4) Open-market purchases made under our publicly announced repurchase plan.

PART II.

ITEM 6. EXHIBITS

Exhibit No.	Description
10.126	Audit Committee Charter (as revised by the board of directors of General Communication, Inc. effective as of February 3, 2005)
10.127	Nominating and Corporate Governance Committee Charter (as revised by the board of directors of General Communication, Inc. effective as of February 3, 2005)
10.128	Fifth amendment to contract for Alaska Access Services between Sprint Communications Company L.P. and General Communication, Inc. and its wholly owned subsidiary GCI Communication Corp. dated January 22, 2005*
31.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by our President and Director
31.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by our Senior Vice President, Chief Financial Officer, Secretary and Treasurer
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by our President and Director
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by our Senior Vice President, Chief Financial Officer, Secretary and Treasurer

* CONFIDENTIAL PORTION has been omitted pursuant to a request for confidential treatment by us to, and the material has been separately filed with, the Securities and Exchange Commission. Each omitted Confidential Portion is marked by three asterisks.

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.

Signature	Title	Date
<hr/> /s/ RONALD A. DUNCAN <hr/> Ronald A. Duncan	President and Director (Principal Executive Officer)	May 5, 2005
<hr/> /s/ JOHN M. LOWBER <hr/> John M. Lowber	Senior Vice President, Chief Financial Officer, Secretary and Treasurer (Principal Financial Officer)	May 5, 2005
<hr/> /s/ ALFRED J. WALKER <hr/> Alfred J. Walker	Vice President, Chief Accounting Officer (Principal Accounting Officer)	May 5, 2005

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GENERAL COMMUNICATION, INC.
AUDIT COMMITTEE CHARTER*

Purpose

The purpose of the Audit 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 Independent Auditor Selection, Qualifications - Directly responsible for appointment, compensation, retention, oversight, qualifications and independence of the Company's independent certified public accountants ("External Auditor").
- o Internal Audit - To the extent the Company has an internal audit operation, assist in Board oversight of its performance.
- o Financial Statements - Assist in Board oversight of integrity of the Company's financial statements.
- o Financial Reports, Internal Control - Directly responsible for oversight of audit by the External Auditor of the Company's financial reports and the Company's reports on internal control.
- o Annual Reports - Prepare reports required to be included in the Company's annual proxy statement.
- o External Auditor Reports - Accept certain reports from the External Auditor ("External Auditor Reports").
- o Complaints - Receive and respond to certain complaints ("Complaints") relating to internal accounting controls and auditing matters; confidential, anonymous submissions by Company employees regarding questionable accounting or auditing matters and performance of the Company's internal audit operation, if any; or alleged illegal acts or behavior-related conduct in violation of the Company's Code of Business Conduct and Ethics ("Ethics Code"), all as described in this charter.
- o External Auditor Disagreements - Resolve disagreements between the Company and the External Auditor regarding financial reporting ("Auditor Disagreements").
- o Non-Audit Services - Review and pre-approve all non-audit services offered to the Company by the External Auditor ("Non-Audit Services").
- o Attorney Reports - Address certain attorney reports ("Attorney Reports").
- o Related Party Transactions - Review certain related party transactions ("Related Party Transactions").
- o Shareholder Reports - Prepare certain shareholder reports ("Shareholder Reports").

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* As revised by the board of directors of General Communication, Inc. effective as of February 3, 2005.

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- o Annual Plan - Prepare an annual plan for Company audit-related matters ("Annual Plan").
- o Other - Carry-out other assignments as designated by the Board.

Membership

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

- o Number, Qualifications - The Audit Committee shall consist of at least three, and no more than six, Board members meeting the following qualifications -
 - o Independent - Each member of the Audit Committee must be an independent director as the term is defined in this charter ("Independent Director").
 - o General Knowledge and Ability - Each Audit Committee

member shall have the following knowledge and abilities -

- o Knowledge of the primary industries in which the Company operates.
- o Ability to read and understand fundamental financial statements, including a company's balance sheet, income statement, and cash flow statement.
- o Ability to understand key business and financial risks and related controls and control processes.
- o Audit Committee Financial Expert, Attributes - At least one Audit Committee member must meet the prerequisites for an audit committee financial expert ("Audit Committee Financial Expert"), i.e., a person who has all of the following attributes -
 - o Understanding of generally accepted accounting principles and financial statements.
 - o Ability to assess the general application of such principles in connection with accounting for estimates, accruals and reserves.
 - o Experience in preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more persons engaged in such activities.
 - o Understanding of internal control over financial reporting.
 - o Understanding of audit committee functions.
- o Acquiring Attributes of Audit Committee Financial Expert - Examples of how one may determine whether a person has acquired the attributes of an Audit Committee Financial Expert are through any one or more of the following -

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- o Education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions.
- o Experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions.
- o Experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements.
- o Other relevant experience.
- o Financial Sophistication - At least one member of the Audit Committee must have past employment experience in finance or accounting, requisite professional certification in accounting, or comparable experience or background which results in the individual's "financial sophistication," including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. The Board may presume that a person who meets the requirements for an Audit Committee Financial Expert qualifies as a financially sophisticated Audit Committee member.
- o No Consulting Fee, Not an Affiliate - On an ongoing basis, a member of the Audit Committee must not accept any consulting, advisory, or other compensatory fee from the Company other than for

Board service and must not be an affiliated person of the Company.

- o The term "affiliated person" as applied to the Company means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Company.
 - o An executive officer of an affiliate of the Company or a director of an affiliate who also is an employee of the affiliate is deemed to be an affiliate of the Company.
 - o A person is deemed not to be in control of the Company for these purposes if the person is not the beneficial owner, directly or indirectly, of more than 10% of any class of voting securities of the Company and is not an executive officer of the Company.
- o Term - Subject to the terms of this charter -
 - o Member Appointment - Members of the Audit 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.
 - o Chair Selection - The Audit Committee chair shall be selected by committee members or, if the Board directs, by the Board, taking into account the recommendations of the committee.

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- o Effect of Designation As Audit Committee Financial Expert - Designation or identification of a person as an Audit Committee Financial Expert under this charter does not impose on that person any duties, obligations or liability that are greater than the duties, obligations, and liability imposed on another person as a member of the Audit Committee and the Board in the absence of that designation or identification. The designation or identification of a person as an Audit Committee Financial Expert under this charter does not affect the duties, obligations or liability of any other member of the Audit Committee or the Board.
- o Independent Director - An Independent Director is one that meets the definition of "independent director" as prescribed by Nasdaq Stock Market Rule 4200(a)(15) ("Nasdaq Independence Rule") which reads as follows -

"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 any period of twelve consecutive months within the three years preceding the determination of independence, 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;

(v) loans from a financial institution provided that the loans (1) were made in the ordinary course of business, (2) were made on substantially the same terms,

including interest rates and collateral, as those prevailing at the time for comparable transactions with the general public, (3) did not involve more than a normal degree of risk or other unfavorable factors, and (4) were not otherwise subject to the specific disclosure requirements of SEC Regulation S-K, Item 404;

(vi) payments from a financial institution in connection with the deposit of funds or the financial institution acting in an agency capacity, provided such payments were (1) made in the ordinary course of business; (2) made on substantially the same terms as those prevailing at the time for comparable transactions with the general public; and (3) not otherwise subject to the disclosure requirements of SEC Regulation S-K, Item 404; or

(vii) loans permitted under Section 13(k) of the . . . [Securities Exchange Act of 1934 ("Exchange Act")]. Provided, however, that in addition to the requirements contained in this paragraph (B), audit committee members are also subject to

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additional, more stringent requirements under [Nasdaq Stock Market ("Nasdaq")] Rule 4350(d).

(C) a director who is a 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."

- 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 -
 - o 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.
 - o 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."

- o 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.

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- o 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.
- o External Auditor Partner - Being a current partner of the 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.
- o 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 investments in the Company's securities and payments under non-discretionary charitable contribution matching programs.
- o Removal and Replacement - An Audit 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 Audit Committee shall fulfill its responsibilities within the context of the following overriding principles:

- o Meetings - The Chair of the Audit 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. The Audit Committee meetings and matters relating to them are subject to the provisions of the Company's Bylaws ("Bylaws"). The Audit 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.
- o Agenda - The Chair of the Audit 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 Audit 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 Audit Committee members, regardless of possible vacancies, shall constitute a quorum. The Audit 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.

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- o Communications - The chair and others on the Audit 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 Education and Orientation - The Audit Committee, with management, shall develop and participate in a process for review of important financial and operating topics that present potential significant risk to the Company. Additionally, individual Audit Committee members are encouraged to participate in relevant and appropriate self-study education to assure understanding of the business and environment in which the Company operates.
- o Committee Meeting Attendees - The Audit 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 Audit Committee or its chair, with or without management in attendance. In any case, the Audit Committee shall meet separately with the External Auditor, at least annually.
- o Reporting to the Board of Directors - The Audit Committee, through the committee chair, shall report periodically, as deemed necessary, but at least annually, to the full Board. In addition, summarized minutes from Audit Committee meetings shall be available to each Board member at least one week prior to the subsequent meeting of the Board.
- o Committee Expectations and Informational Needs - The Audit Committee shall communicate its expectations and the nature, timing, and extent of its informational needs to management, and external parties, including the External Auditor. Written materials, including key performance indicators and measures related to key business and financial risks, if not previously distributed to the full Board, shall be received from management, auditors, and others at least one week in advance of meeting dates.
- o Authority to Hire Legal Counsel and Others - The Audit Committee shall have authority to engage an administrative staff and outside advisors in such areas as law, accounting, internal control, and information systems, and other advisors necessary to carry out the committee's duties.
- o Funding - The Company shall adequately fund the budget of the Audit Committee, including funding to cover paying the External Auditor for services in connection with preparing or issuing audit reports, performing other audit functions, reviewing and attesting services and providing other services to the Company, paying Audit Committee member salaries or fees, if any, paying committee staff and advisors, if any, and paying ordinary administrative expenses of the committee.

Relationship with External Auditor

The following apply in the relationship between the Audit Committee and the External Auditor:

- o External Auditor Responsible To Audit Committee and Board - The External Auditor, in its capacity as an independent public accountant, shall be responsible to the Audit Committee and the Board as representatives of the shareholders.

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- o Audit Committee Oversight - In executing its oversight of the External Auditor, the Audit Committee shall review the work of the External Auditor. The External Auditor shall review Company financial reports and shall report to the Audit Committee. The External Auditor shall report all relevant issues to the Audit Committee responsive to agreed-upon committee expectations.
- o Annual Performance Review - The Audit Committee shall annually review the performance (effectiveness, objectivity, and independence) of the External Auditor. The Audit Committee shall obtain a formal written statement from the External Auditor delineating all relationships between the External Auditor and the Company consistent with standards set by the Independence Standards Board. Additionally, the Audit Committee shall discuss with the External Auditor relationships or services that may affect auditor objectivity and independence. In the event the Audit Committee shall not

be satisfied with the External Auditor's assurances of independence, the committee shall take, or recommend to the full Board, appropriate action which shall ensure the independence of the External Auditor.

- o Significant Issues Not Adequately Addressed - If the External Auditor identifies significant issues relative to the overall Board responsibility that have been communicated to management but, in the External Auditor's judgment, have not been adequately addressed, the External Auditor should communicate these issues to the chair of the Audit Committee.

Primary Responsibilities

The Audit Committee shall have primary responsibility for the following:

- o Oversight - Exercising oversight of External Auditor and of Internal Audit.
- o Non-Audit Services - Addressing Non-Audit Services.
- o Financial Reporting - Monitoring financial reporting and risk control related matters.
- o Complaints - Addressing Complaints on certain alleged illegal acts and unethical behavior in violation of the Ethics Code, and other matters.
- o Attorney Reports - Addressing Attorney Reports.
- o Related Party Transactions - Reviewing Related Party Transactions.
- o Annual Plans - Preparing Annual Plans.
- o Shareholder Reports - Preparing Shareholder Reports.
- o External Auditor Reports - Accepting External Auditor Reports.
- o Performance Evaluations - Conducting Audit Committee performance evaluations ("Audit Committee Performance Evaluations").

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Exercising Oversight of External Auditors, Internal Audit

The Audit Committee is directly responsible for appointment, compensation, retention, oversight, qualifications and independence of the External Auditor. All audit services provided by the External Auditor must be preapproved by the Audit Committee. To the extent the Company shall have, at any time, an internal audit operation, the Audit Committee shall assist in the Board oversight of the performance of that operation. The relationship between the External Auditor and the Audit Committee is further described under "Relationship with External Auditor."

Addressing Non-Audit Services

All Non-Audit Services, including tax services but excluding those prohibited by federal securities law, must be pre-approved by the Audit Committee, subject to the following:

- o Limitations on Approval - A Non-Audit Service may be approved by the Audit Committee only if it does not compromise independence of the External Auditor.
- o Audit Committee Judgment - The Audit Committee must use its judgment to decide whether a service can be performed by the External Auditor without impairing, either in fact or in appearance, the independence of the External Auditor and subject to the following -
 - o Starting Point - The starting point for rendering a determination whether independence may be impaired shall be the following three principles -
 - o An auditor cannot function in the role of management.
 - o An auditor cannot audit the auditor's own work.
 - o An auditor cannot serve in an advocacy role for the auditor's client.
- o Factors To Consider - When approving Non-Audit Services,

the following factors shall be considered -

- o Whether the service is being performed principally for the Audit Committee.
 - o The effects of the service, if any, on audit effectiveness or on the quality and timeliness of the Company's financial reporting process.
 - o Whether the service would be performed by specialists, e.g., technology specialists, who ordinarily also provide recurring audit support.
 - o Whether the service would be performed by audit personnel and, if so, whether it will enhance their knowledge of the entity's business and operations.
 - o Whether the role of those performing the service, e.g., a role where neutrality, impartiality, and auditor skepticism are likely to be subverted, would be inconsistent with the auditor's role.
 - o Whether the audit firm's personnel would be assuming a management role or creating a mutuality of interest with management.
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- o Whether the auditors, in effect, would be "auditing their own numbers."
 - o Whether the project must be started and completed very quickly.
 - o Whether the audit firm has unique expertise in the service.
 - o The size of the fee for the service.
- o Optional Approval Procedures - The Audit Committee has the following options for approving Non-Audit Services -
 - o Full Audit Committee - The full Audit Committee can consider each Non-Audit Service.
 - o Designee - The Audit Committee can designate one of its members to approve a Non-Audit Service, with that member reporting approvals to the full committee.
 - o Pre-Approval of Categories - The Audit Committee can pre-approve categories of Non-Audit Services. Should this option be chosen, the categories must be specific enough to ensure that -
 - o The Audit Committee knows exactly what it is approving and can determine the effect of such approval on auditor independence.
 - o Management will not find it necessary to decide whether a specific service falls within a category of pre-approved Non-Audit Service.
- o Prohibited Services - The nine services specifically prohibited by federal securities law are as follows -
 - o Bookkeeping - Bookkeeping or other services related to the accounting records or financial statements of the Company.
 - o Financial Information Systems - Financial information systems design and implementation.
 - o Appraisal and Related Services - Appraisal or valuation services, opinions, or contribution-in-kind reports.
 - o Actuarial Services - Actuarial reports.
 - o Internal Audit - Internal audit outsourcing services.
 - o Human Resources - Management functions or human resources.
 - o Broker-Dealer and Related Services - Broker or dealer investment adviser, or investment banking services.
 - o Legal Services - Legal services and expert services unrelated to the audit.

- o Other Services - Any other service that the federally established Public Company Accounting Oversight Board determines is impermissible.

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- o Limited Waiver - The pre-approval requirement as applied to a Non-Audit Service may be waived for the Company should all of the following be satisfied -
 - o Limit on Aggregate Amount - The aggregate amount of all Non-Audit Services constitutes not more than 5% of the total amount of revenues paid by the Company to the External Auditor during the fiscal year in which the Non-Audit Services are provided.
 - o Original Intent - The service is originally thought to be a part of an audit by the External Auditor.
 - o Resulting Service - The service turns out to be a Non-Audit Service.
 - o Notification of Audit Committee - The Non-Audit Service is promptly brought to the attention of the Audit Committee and approved prior to completion of the audit by the Audit Committee or by one or more members of the Audit Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Audit Committee.
- o Disclosure to Shareholders - Approval by the Audit Committee of Non-Audit Services shall be disclosed to Company investors in periodic reports required by Section 13(a) of the Exchange Act.
- o Limited Delegation - The Audit Committee may delegate to one or more designated members of the committee, who are Independent Directors of the Board, the authority to grant pre-approvals as described in this section. The decisions of any member to whom such authority is delegated is to be presented to the full Audit Committee at each of its scheduled meetings.

Monitoring Financial Reporting and Risk Control Related Matters

The Audit Committee shall review and assess the following:

- o Risk Management - The Company's business risk management process, including the adequacy of the Company's overall control environment and controls in selected areas representing significant financial and business risk.
- o Annual Reports and Other Major Regulatory Filings - All major financial reports in advance of filing or distribution.
- o Internal Controls and Regulatory Compliance - The Company's system of internal controls for detecting accounting and reporting financial errors, fraud and defalcations, legal violations and noncompliance with the Ethics Code pertaining to accounting, internal controls on accounting or audit matters.
- o Regulatory Examinations - Inquiries from the Securities and Exchange Commission ("SEC") and the results of examinations by other regulatory authorities in terms of important findings, recommendations, and management's response.
- o External Audit Responsibilities - External Auditor independence and the overall scope and focus of the annual or interim audits, including the scope and level of involvement with unaudited quarterly or other interim-period information.

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- o Financial Reporting and Controls - Key financial statement issues and risks, their impact or potential effect on reported financial information, the processes used by management to address such matters, related External Auditor views, the bases for audit conclusions and important conclusions on interim and year-end audit work in advance of the public release of financials.
- o Auditor Recommendations - Important External Auditor recommendations on financial reporting, controls, other matters, and management's response; and the views of management and the External Auditor on the overall quality of annual and interim financial reporting.

The Audit Committee shall have the following special duties:

- o Complaints - The Audit 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 -
 - o Specific Meaning - In this context, "Complaint" shall mean any one or more of the following involving an officer, director, or employee of the Company or any of its directly or indirectly wholly-owned subsidiaries ("Employee" or, where the subject of the Complaint is limited to a director on the board of directors of one or more of those entities, "Director") -
 - o Allegation of illegal activity or unethical behavior-related violation of the Ethics Code by an Employee pertaining to a Company accounting, internal control on accounting, or audit matter ("Accounting Violation").
 - o A confidential, anonymous or other submission by an Employee of concern regarding an alleged Company questionable accounting or audit practice ("Questionable Accounting Practice").
 - o Allegation of illegal activity or unethical behavior-related violation of the Ethics Code by an Employee pertaining to a matter other than an Accounting Violation ("Unethical Conduct").
 - o Procedure - The following shall constitute the Company's procedure for receipt, retention and treatment of Complaints regarding Accounting Violations, Questionable Accounting Practices or Unethical Conduct -
 - o Specific Allegations - Topics that may be addressed in Complaints must relate to specific alleged Accounting Violations, Questionable Accounting Practices or Unethical Conduct.
 - o 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 -

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- o Allegations of fraud or deliberate error in the preparation of the Company financial statements.
- o Allegations of fraud or deliberate error in the review or audit of Company financial statements.
- o Allegations of fraud or deliberate error in maintaining Company financial records.
- o Deficiencies in internal control, or violations of internal control policies.
- o False statements by a senior officer or accountant regarding matters included in financial reports or records.
- o False statements made to independent auditors.
- o Other information that can have a material impact on the fairness of the Company's financial statements.
- o 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 -
 - o 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.

- o Nominating and Corporate Governance Committee, should the Complaint relate to Unethical Conduct by the Director which does not involve an Accounting Violation, with a copy of the Complaint delivered to the chair of the Audit Committee.
- o Audit Committee and Nominating and Corporate Governance Committee, 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.
- o 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 Company's Chief Executive Officer ("Chief Executive Officer").
- o Written Complaint - A Complaint must be in writing, 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.
- o 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.

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- o 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.
- o Delivery of a 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 -

CONFIDENTIAL ATTN: Chair, Audit Committee (Complaint) General Communication, Inc. (Complaint) 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
--	----	--
- o Delivery of a 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

- o 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.
- o 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 to log the Complaint into a filing system specifically established to retain, process, and otherwise provide for the treatment of Complaints ("Complaint Filing System").

- o The Complaint Filing System will be used by each of these three investigators in the separate duties of each in addressing a Complaint.
- o Processing of a Complaint - The recipient (investigator) of the Complaint will log the Complaint into the Complaint Filing System, subject to the following -
 - o 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

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

- o 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 determination on the Complaint and submit a written determination to, and recommend appropriate action by, the Board.
- o 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 either respond directly to the complainant or, in the recipient's sole discretion, recommend to the Board appropriate action.
- o The investigator will, regardless of the nature of the Complaint, seek to process it in a timely manner.
- o 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.
- o A Complaint pertaining to one or more executive officers or Directors must receive especially timely review by the corresponding investigator.
- o 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.

- o 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.
- o 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

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investigator shall forward the matter to the Chief Financial Officer for direct action or referral to the appropriate person for review and action.

- o Annual Status Report - 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 during the year, including, but not limited to, a brief description of each, the status of each, and recommended action, if any, on each by the Board (affirmative relief or closure of a file on a 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).
- o 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 it will be destroyed. Unless specifically provided otherwise in that policy, the Chief Financial Officer or the officer's designee is the custodian of a closed Complaint file.
- o 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.
- o 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 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.
- o Other Procedures - The Audit 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, Auditor Disagreements, and other matters addressed in this section.
- o Other Complaint-Related Matters - The Audit Committee shall address other Complaint-related matters as designated by the Board.
- o Disagreements - The Audit Committee, when it shall receive notice of, or when the committee independently shall become aware of, an Auditor Disagreement, i.e., a disagreement between Company management and the External Auditor regarding financial reporting, shall, in accordance with this charter, review and resolve the Auditor Disagreement.
- o Timely Review - In this context, the Audit Committee shall review the Auditor Disagreement in a timely fashion and provide a written determination with supporting argument for it, and the determination of the Audit Committee regarding the Auditor Disagreement shall be final.

Addressing Attorney Reports

The Audit Committee shall address an Attorney Report, i.e., a report of evidence of a securities violation or other infraction involving the Company subject to the following:

- o Report Required - An attorney retained by, or otherwise employed by, the Company and appearing and practicing before the SEC on behalf of the Company who becomes aware of evidence of a suspected material violation of securities law ("Reporting Attorney") is required to submit an Attorney Report to the Company's Senior Vice President-Regulatory Affairs ("Chief Legal Counsel"), or if the matter relates to the Chief Legal Counsel, to the Company's Chief Executive Officer ("Chief Executive Officer") for appropriate response (collectively, the Chief Legal Counsel or the Chief Executive Officer, "recipient") and subject to the following -
 - o Appearing and Practicing - An attorney is deemed to be "appearing and practicing before the SEC" in the representation of the Company, and therefore subject to the provisions of this section on Attorney Reports, if the attorney performs specific services (representing the Company before the SEC, transacting business with the SEC including communications in any form filed with the SEC, or advising the Company on a filing with the SEC), but only if the attorney provides those services in an attorney-client capacity.
 - o Material Violation - A "material violation" includes a material violation of federal or state securities law, a material breach of fiduciary duty arising under federal or state law, or a similar violation of any federal or state law by an officer, director, employee or agent of the Company.
 - o Content - The Attorney Report must contain details of the suspected material violation and the relevant evidence regarding the material violation.
- o Appropriate Response - The recipient of the Attorney Report must inquire into evidence contained in the report, and, unless the recipient reasonably believes no material violation has occurred, is ongoing, or is about to occur, the recipient must take steps to initiate an appropriate response, i.e., take all reasonable steps to cause the Company to adopt an appropriate response and subject further to the following -
 - o Referral To Audit Committee - The recipient may choose not to make a determination on the matter or refer the Attorney Report to the Audit Committee, in which case the committee is responsible to inquire into the evidence and, if necessary, formulate an appropriate response.
 - o Notice To Reporting Attorney - The recipient must within a reasonable time advise the Reporting Attorney as to what the recipient has done regarding the report.
 - o Receipt of Appropriate Response - Should the Reporting Attorney receive what that attorney believes to be an appropriate response within a reasonable time, the responsibility of that attorney as to the Attorney Report is complete.
 - o No Appropriate Response - Should the Reporting Attorney not receive an appropriate response within a reasonable time, that attorney must report the

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evidence directly to the Audit Committee. Once that report is made to that committee, the responsibility of the Reporting Attorney is complete.

- o Specific Meaning - The "appropriate response" requirement is met if, after receiving a response, the Reporting Attorney reasonably believes that no material violation occurred, is ongoing, or is about to occur, the Company has adopted appropriate preventative or remedial measures, or the matter has been referred to an attorney with the consent of the Board, the Audit Committee, or the Chief Legal Officer, who has investigated the evidence and the Company has implemented any remedial recommendations made by the attorney, or the Company has been advised by that attorney that the attorney may assert a colorable defense

with regard to the evidence of a material violation.

- o Other Procedures - The Audit Committee shall adopt such other procedures, subject to prior Board approval, as may be necessary to carry out the committee's responsibilities in addressing Attorney Reports.

Reviewing Related-Party Transactions

The Audit Committee shall be responsible, in the context of Related Party Transactions, for the following:

- o Review - The Audit Committee shall review all Related Party Transactions for possible conflict of interest situations on an ongoing basis.
- o Scope of Related Party Transactions - A Related Party Transaction is a transaction required to be disclosed pursuant to Item 404 of Regulation S-K adopted by the SEC.
- o Approval - All Related Party Transactions must be approved by the Audit Committee.

Preparing Annual Plans

The Audit Committee, with responses from management and other key committee advisors, shall develop an Annual Plan, i.e., a plan for Company audit-related matters addressing the Primary Responsibilities detailed in this charter. The Annual Plan shall be reviewed and approved by the full Board.

Preparing Shareholder Reports

The Audit Committee shall make available to shareholders a Shareholder Report, i.e., a summary report on the scope of its activities. The Shareholder Report may be identical to the report that appears in the Company's annual report.

Accepting External Auditor Reports

External Auditor Reports shall be subject to the following:

- o Receipt of Report - The Audit Committee shall receive External Auditor Reports directly from the External Auditor. The External Auditor Reports shall be submitted at least annually as shall be requested by the Audit Committee.
- o Content of Report - The External Auditor Report shall include the following:

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- o Staffing, Scope - Audit staffing and supervision, and scope of audit.
- o Critical Accounting Policies - Critical accounting policies and practices, alternative accounting treatments, the reasons for selecting such policies, and their impact on the fairness of the Company's financial statements.
- o Significant Estimates - Significant estimates made by management in the preparation of financial reports.
- o Communications - Nature and content of communications between the External Auditor and Company management.
- o Off-Balance Sheet Transactions - Off-balance sheet transactions, joint ventures, contingent liabilities, or derivative transactions, and their impact on the fairness of financial statements.
- o External Auditor Proposed Adjustments - External Auditor proposed adjustments, including those recorded by management and those not recorded by management.
- o Difficulties with Management - Difficulties encountered with management during the audit.
- o Disagreements with Management - Disagreements with management regarding accounting and reporting issues.
- o Legal Matters - Material legal matters that may impact the financial statements.
- o Overall Fairness - External Auditor's opinion on the overall fairness of the financial statements.

- o Written Record - The Audit Committee shall keep a written record of all communications with the External Auditor. The Audit Committee may request that the External Auditor put its comments in writing.
- o Deadline for Report - The Audit Committee must receive a complete report from the External Auditor on the matters addressed in the External Auditor Report prior to completion of the annual audit.
- o Regular Communications - The Audit Committee shall maintain regular communications with the External Auditor on the topics addressed in the External Auditor Report in connection with Company quarterly reports and other Company financial reports.

Conducting Audit Committee Performance Evaluations

The Audit Committee shall each year conduct an Audit 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 Audit Committee's purpose or responsibilities or, generally, changes to this charter shall be recommended to the full Board for approval.

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Other Matters

The foregoing provisions of this charter are not intended to be exhaustive. The Audit 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 Audit 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 3rd day of February, 2005.

/s/
John M. Lowber
Secretary

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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:
 - o 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 -
 - o 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.
 - o 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 -

*As revised by the board of directors of General Communication, Inc., effective as of February 3, 2005.

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"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 any period of twelve consecutive months within the three years preceding the determination of independence, 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;

(v) loans from a financial institution provided that the loans (1) were made in the ordinary course of business, (2) were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with the general public, (3) did not involve more than a normal degree of risk or other unfavorable factors, and (4) were not otherwise subject to the specific disclosure requirements of SEC Regulation S-K, Item 404;

(vi) payments from a financial institution in connection with the deposit of funds or the financial institution acting in an agency capacity, provided such payments were (1) made in the ordinary course of business; (2) made on substantially the same terms as those prevailing at the time for comparable transactions with the general public; and (3) not otherwise subject to the disclosure requirements of SEC Regulation S-K, Item 404; or

(vii) loans permitted under Section 13(k) of the . . . [Securities Exchange Act of 1934 ("Exchange Act")]. Provided, however, that in addition to the requirements contained in this paragraph (B), audit committee members are also subject to additional, more stringent requirements under [Nasdaq Stock Market ("Nasdaq")] Rule 4350(d).

(C) a director who is a 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.

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(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."

- 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 -
 - o 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.
 - o 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."

- o 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.
- o 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.
- o 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.
- o 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.

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- 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.
- 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

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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.
- 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.
- o Management Recommendations - The Committee may, but is not required to do so, consider recommendations for candidates proposed by Company management.
- o 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 -
 - o Knowledge, Skills and Experience - Knowledge, skills and experience in at least one of the primary industries in which the Company operates.
 - o 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.
 - o Business and Financial Risks - Ability to understand key

business and financial risks of the Company.

- o Changing Needs of Society - Appreciation of the relationship of the Company's business to the changing needs of society.

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- o 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.
- o Independent Director - With respect to at least a simple majority of the authorized members of the Board, each an Independent Director.
- o 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 whose positions are up for election after considering all of the following criteria as applied to each such member -
 - o Board Size - Appropriate size of the Board.
 - o Minimum Qualifications - Minimum Qualifications to be a Board member as set forth in Article IV, Section 2(a) of the Bylaws.
 - o Skills and Characteristics - Level of Board Skills and Characteristics.
 - o Company Strategic Direction - Committee's understanding of the strategic direction requirements of the Company.
 - o 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 Annual Evaluation - Results of annual evaluation.
 - o 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:
 - o Board Size - Appropriate size of the Board.
 - o Minimum Qualifications - Minimum Qualifications to be a Board member as set forth in Article IV, Section 2(a) of the Bylaws.
 - o Skills and Characteristics - Level of Board Skills and Characteristics.

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- o Company Strategic Direction - Committee's understanding of the strategic direction requirements of the Company.
- o 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.
- 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 -
 - o 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.
 - o 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
 - o To be "timely," the Committee must receive the Shareholder Recommendation not earlier than, and not later than the dates as

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prescribed in the Company's Bylaws (Article III, Section 14) pertaining to submission of a shareholder proposal in conjunction with an annual meeting.

- o 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.
- o Content of Recommendation Statement - The Recommendation Statement must set forth the following -
 - o For each candidate recommended -
 - o The candidate's name, age, business and residential address and principal occupation or employment.

- o The class and number of shares of Company capital stock beneficially owned by the Recommending Shareholder on the date of the Shareholder Recommendation.
- o 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.
- o 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.
- o 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.
- o As to the Recommending Shareholder (and the beneficial owner if different from the registered holder of the underlying Company voting common stock) -
 - o The Recommending Shareholder's name and address as appears on the Company's books (and also that of that beneficial owner).
 - o 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).
- o Other information as may be requested by the Committee on the Recommending Shareholder or the Recommended Candidate.

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

- o 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.
- o 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.
- o 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

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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:

- 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 -
 - o Standards - Director qualification standards.
 - o Responsibilities - Director responsibilities.
 - o Access To Management - Director access to management and, as necessary and appropriate, independent advisors.
 - o Compensation - Director compensation.
 - o Continuing Education - Director orientation and continuing education.
 - o Succession - Management succession.
 - o 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

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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.

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 -
 - o 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.
 - o 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 -
 - o Specific Allegations - Topics that may be addressed in Complaints must relate to specific alleged Accounting Violations, Questionable Accounting Practices, or Unethical Conduct.
 - o 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 -

- o Allegations of fraud or deliberate error in the preparation of the Company financial statements.
- o Allegations of fraud or deliberate error in the review or audit of Company financial statements.
- o Allegations of fraud or deliberate error in maintaining Company financial records.
- o Deficiencies in internal control, or violations of internal control policies.
- o False statements by a senior officer or accountant regarding matters included in financial reports or records.
- o False statements made to independent auditors.
- o Other information that can have a material impact on the fairness of the Company's financial statements.
- o 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 -
 - o 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.
 - o 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.
 - o 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.
- o 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.
- o 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.

- o 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.
- o 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.
- o 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 -

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

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

- o 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

- o 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.
- o 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").
 - o The Complaint Filing System will be used by each of these three investigators in the separate duties of each in addressing a Complaint.
- o Processing of a Complaint - The recipient (investigator) of a Complaint will log the Complaint into the Complaint Filing System, subject to the following -

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- o Should the Complaint be in the nature of an allegation of an Accounting Violation, a Questionable Accounting Practice or Unethical Conduct, the investigator must -
 - o 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.
 - o Investigate the Complaint.
 - o 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.
 - o Submit a written determination to, and recommend appropriate action by, the Board.
- o 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 -

- o 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.
- o Render a written determination on the Complaint.
- o Submit the written determination to, and recommend appropriate action by, the Board.
- o 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 -
 - o Respond directly to the complainant.
 - o Recommend to the Board appropriate action.
- o The investigator will, regardless of the nature of the Complaint, seek to process it in a timely manner.
- o 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.

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- o A Complaint pertaining to one or more executive officers or Directors must receive especially timely review by the corresponding investigator.
- o 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.
- o 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.
- o 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.
- o 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 -
 - o A brief description of each.
 - o The status of each.
 - o Recommended action, if any, on each by the Board which may take the form any of the following -
 - o Affirmative relief.
 - o Dismissal of the Complaint.
 - o 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.

- o 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.
- o 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.
- o Committee Review - In the event the investigator shall be the Audit Committee or the Nominating and Corporate Governance Committee, a Complaint shall be

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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.

- o 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.

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 3rd day of February, 2005.

/s/
John M. Lowber
Secretary

*** CONFIDENTIAL PORTION has been omitted pursuant to a request for confidential treatment by the Company to, and the material has been separately filed with, the SEC. Each omitted Confidential Portion is marked by three Asterisks.

FIFTH AMENDMENT TO AND RESTATEMENT OF
CONTRACT FOR ALASKA ACCESS SERVICES

This Fifth Amendment and Restatement of the CONTRACT FOR ALASKA ACCESS SERVICES ("Fifth Amendment and Restatement" or "Agreement") is made as of the 22nd day of January, 2005 (the "Effective Date"), between SPRINT COMMUNICATIONS COMPANY L. P., a Delaware Limited Partnership (hereinafter referred to as "Sprint") and GENERAL COMMUNICATION, INC. and its indirectly, wholly-owned subsidiary GCI COMMUNICATION CORP., both Alaska corporations (together "GCI"). GCI and Sprint collectively are the "Parties," and each individually are a "Party," to this Agreement.

BACKGROUND

1. GCI and Sprint entered into a CONTRACT FOR ALASKA ACCESS SERVICES, effective as of March 12, 2002 (the "Contract"). The Contract has been amended four times, respectively, as of July 24, 2002, December 31, 2003, February 19, 2004 and June 30, 2004 (hereinafter collectively referred to as the "Amended Contract"). GCI currently carries Sprint *** pursuant to the Amended Contract. GCI currently carries Sprint *** State of Alaska pursuant to the Amended Contract.
2. GCI and Sprint desire to amend the Amended Contract by this Fifth Amendment and Restatement to address changes in requirements for traffic services and in doing so, agree to restate the Amended Contract for clarity as to the Parties' agreement as to their current and prospective obligations under this Fifth Amendment and Restatement.
3. On December 8, 2004, the Consolidated Appropriations Act for Fiscal Year 2005 (REF: H.R. 4818-537, "Legislation", attached as Exhibit 1) was signed into law. The Legislation stipulates:
 - a. The governing rules and rates by which ***, such as GCI and Sprint, will sell and purchase Alaska Interstate *** services. Specifically, it sets Alaska wholesale market rates by element pursuant to Alascom F.C.C. Tariff No. 11, as summarized in Exhibit 2 ("Tariff 11 Rates and Definitions").
 - b. The rates provided in Tariff 11, which were in effect as of November 15, 2004 will be reduced three percent (3%) annually beginning January 1, 2006. The three percent (3%) reduction will apply to each rate element in Tariff 11. Notwithstanding the annual rate reduction, these rates will apply beginning forty- five (45) days post-enactment (January 22, 2005) through December 31, 2009.

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*** CONFIDENTIAL TREATMENT

4. As per Section 6 (A) 2 of the Contract, the Legislation materially affects the charges for Services provided and, subsequently, GCI and Sprint ***.
5. Except as modified herein, for services provided ***, the Amended Contract and each Party's rights under the Amended Contract shall remain in full force and effect. Neither Party waives any rights it may have under the Amended Contract for services provided ***. Any further amendments must be in writing and signed by both Parties. This Fifth Amendment and Restatement is deemed ***. The Parties agree that the terms and conditions of this Fifth Amendment and Restatement shall control for all services provided ***.

AGREEMENT

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

1. DEFINITIONS

(A) Bush and Non-Bush Locations: Bush locations are all Alaska end-office locations, excluding those locations which are set forth as Non-Bush locations, as listed in Exhibit 2 or as listed in Alascom FCC tariff No. 11.

(B) Consolidated Appropriations Act for FY 2005: A provision in this Legislation, which was signed into law on December 8, 2004, requires all carriers providing switched wholesale service elements in the

Alaska Interstate market to provide such service at the existing FCC Tariff 11 rate for AT&T Alascom. See Exhibit 1.

(C) CONUS: This refers to traffic *** the State of Alaska. For the purposes of this Agreement, CONUS is defined as *** Alaska *** Sprint ***.

(D) Tariff 11 Services: Alascom FCC Tariff No. 11 (Common Carrier Services) governing *** services. See Section 1(H) below.

(E) ***: All ***, other than 800 and 900 traffic, which *** GCI *** facilities *** and *** Sprint *** for *** Alaska.

(F) ***: All *** 800 and 900 *** which *** Alaska and *** Alaska.

(G) ***: All *** which *** Alaska and *** Alaska.

(H) Sprint ***. All ***, and *** subject to Tariff 11 Services.

(I) Sprint Alaska *** and *** Service: All Sprint *** and *** requirements where *** State of Alaska.

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*** CONFIDENTIAL TREATMENT

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

(K) POP: Point of Presence.

2. TRAFFIC SERVICES, CHARGES AND STANDARDS

(A) Traffic Services: Except as set forth in Section 2(A)(6), Sprint will utilize the *** services of GCI for all Sprint Traffic, and GCI will *** Sprint Traffic as set forth herein. The parties acknowledge *** by Sprint for *** hereunder, except for, as set forth in Section 4 (c).

1. . GCI and *** Sprint ***.
2. ***. GCI *** and *** Sprint in ***.
3. ***. Sprint *** to the GCI POP ***. GCI shall route all *** received at the POP *** Alaska.
4. Sprint Alaska *** and *** Service. GCI shall *** Sprint at the GCI ***. GCI shall provide the *** to the Alaska *** the customer location.
5. Sprint Alaska Directory Assistance. Sprint *** Alaska Directory Assistance traffic to GCI ***. GCI shall *** Alaska Directory Assistance traffic to the *** directory assistance ***.
6. Exceptions. Notwithstanding the foregoing, where a Sprint customer utilizing the *** services of GCI requires ***, Sprint will notify GCI of the requirement. GCI will provide Sprint with the route of existing service. In its sole discretion, Sprint ***. In addition, where Sprint's customer *** an Alaska provider ***, Sprint ***. If either of these situations presents itself, Sprint will provide GCI with ***. Unless GCI objects to Sprint within *** of receiving such notice, Sprint. If there is a disagreement as to the applicability of this provision, the Parties agree to negotiate in good faith to resolve any such disagreement.

(B) Charges.

1. Tariff 11 Services. GCI shall charge and Sprint shall pay for services provided by GCI under this section at the rates set forth in Exhibit 2 hereto. There shall be a three percent (3%) decrease per rate element for switched Tariff 11 rate elements described in Exhibit 2 on an annual basis beginning January 1, 2006. Effective ***, GCI *** Sprint for Sprint Alaska *** on *** in accordance with Exhibit 2. *** Sprint's ***, GCI will use the *** Sprint Alaska ***:
 - a. ***. GCI agrees to facilitate Sprint's *** element set forth in Exhibit 2 through the use of "***." GCI will calculate the *** on Sprint's *** (see

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*** CONFIDENTIAL TREATMENT

Section 4(c) below) between ****" generated by GCI. Such *** is subject to review by Sprint and if there is a disagreement as to its accuracy, the Parties agree to use best efforts to resolve any discrepancy in a timely fashion. *** Sprint *** from CONUS to Anchorage on a *** for Sprint Alaska *** will be ***. If *** on the ***, after ***, GCI shall utilize on a ***. The *** on a *** incremental basis and at the ***, for any additional capacity needed for Sprint ***, or ***.

b. ***. GCI shall provide services *** Sprint *** for its traffic *** through the use of ***. GCI *** calculate *** Sprint's *** requirements, *** requirement for Sprint's *** per *** the *** does exceed Sprint's *** after allocation of *** for Sprint's *** requirements, ***, on a *** basis and at the ***, for any additional *** needed for Sprint ***, or ***.

c. ***. As set forth in Exhibit 2, GCI will charge Sprint all appropriate Tariff 11 rate elements for Sprint *** to/from locations ***. Sprint, at its sole option, may *** basis to ***.

d. Reconfiguration. Sprint may at any time *** Tariff 11 Rates ***.

2. Interstate LEC Access and Entrance Facility Charges. GCI shall pay the Alaska *** charges and all Alascom *** charges for Sprint ***. GCI shall charge Sprint *** to recover the costs for terminating or originating Sprint *** to Alaska LECs using GCI's direct end office trunking according to the rates provided under the LEC tariff (see "LEC Interstate Access Rates", as summarized in Exhibit 3). LEC access rates ***. These rates are subject to change according to LEC tariffs, specifically, the local tariffs of ACS of Alaska, GCI, and NECA. GCI will provide Sprint the *** with all *** and *** invoices. GCI shall provide Sprint written notice of changes to any Interstate LEC Access rates. GCI shall provide Sprint an update of Exhibit 3 *** throughout the term of the Agreement.

3. *** Charges.

(a) Any *** charges associated with the ***, due to FCC Docket #86-10, shall be passed on to Sprint.

(b) Sprint assumes the responsibility for reporting and compensating *** for compensable ***, carried by GCI, as a subset of ***.

GCI and Sprint shall cooperate with each other, and agree to make records available (subject to reasonable confidentiality restrictions, where appropriate) to verify proper and timely reporting, payment, and billing for *** originated dial-around calls and to help manage questions or disputes raised by *** owners or their agents.

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*** CONFIDENTIAL TREATMENT

The Parties acknowledge that FCC requirements and industry practices for per-call compensation for *** calls may change during the term of this Agreement. Either Party may re-open this provision of this Agreement, upon *** written notice, to re-negotiate in light of changes in applicable FCC rules or common industry practices thereunder.

4. Sprint Alaska *** and *** Service.

(a) GCI will charge Sprint its *** for both (1) the *** sold in units equal ***, and (2) *** Services, from all points in Alaska.

(b) During the term of the Agreement, GCI will provide Sprint a *** of the *** charges for circuits sold in increments of ***. In addition, GCI will provide Sprint a *** on all Sprint *** Port and *** charges. Collectively, these two (2) *** shall be referred to as the "Alaska *** Contract ***". The Alaska *** Contract *** will be applied to the next monthly invoice.

(c) Sprint agrees to lease from GCI ***, with an effective ***. This *** will be used to implement the ***. GCI will perform this transition ***, with no dual facility charges to Sprint for the transition. Sprint agrees to the terms and conditions of the provision, under this Section 2(B)(4)(c), for this *** for the agreed-upon term ending on ***, as if the Agreement were still in effect with respect to such circuit, notwithstanding either (1)

the expiration of the initial term of the Agreement on ***, or (2) any termination or change in any or all of the other services provided under this Contract. Provided, however, both Parties agree that with respect to all other services provided under this Agreement, Sprint's obligations with respect to such services shall expire ***, unless automatically extended under Section 3. In addition, Sprint retains the rights with respect to all other services as set forth in Section 2 (G), which rights do not apply to this provision. GCI shall issue Sprint a *** of the total *** for this facility. *** for the ***, is ***. Sprint Traffic requirements for data *** will be billed at the *** or ***.

(d) Sprint shall lease from GCI ***. The *** for this capacity is ***. This *** will be used to implement the ***. GCI will perform this transition ***, with no *** to Sprint ***. GCI agrees to issue a *** for this facility. Total *** for this ***. Sprint Traffic requirements for *** of the *** will be billed at the ***. At its sole option, upon *** to GCI, Sprint *** its lease from *** to a *** GCI *** the *** rate of ***.

(e) Sprint shall lease from GCI ***. The *** for this *** is ***. This *** will be ***, with *** to Sprint ***. GCI agrees to issue a *** equal to *** for this facility. Total *** for this ***. Sprint Traffic requirements for *** of the *** will be billed at the ***. At its sole option, *** to GCI, Sprint *** its

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*** CONFIDENTIAL TREATMENT

lease from *** to a ***, at best GCI *** the *** Contract Discount rate of ***.

(f) GCI will lease to Sprint a ***. The *** for this *** is ***. This *** will be used to implement the ***. GCI will perform this ***, with *** to Sprint ***. GCI agrees to issue a *** for this facility. Total *** for this ***, is ***. Sprint Traffic requirements for *** of the *** billed at the ***. At its sole option, upon *** to GCI, Sprint *** its lease from *** to a ***, at best GCI *** the *** rate of ***.

(g) Sprint shall lease from GCI ***. The *** for this ***. This ***. GCI will perform ***, with *** charges to Sprint ***. Sprint Traffic requirements *** of the *** will *** billed. At its sole option, upon *** to GCI, Sprint *** its lease from *** to a ***, at best GCI *** the *** rate of ***.

(h) All *** associated with the Sections 2 (B) (4) (c), (d), (e), (f) and (g) initial network reconfigurations contained herein *** by GCI.

(i) *** charges shall be applied in addition to the charges specified in Sections 2 (B) (4) (c), (d), (e), (f), and (g) above. These charges shall be invoiced by GCI to Sprint *** as follows:

1. *** shall mean an arrangement that ***. The *** for this service is ***.
2. *** shall mean an arrangement that ***. The *** for this service is ***.

The calculation for *** charges shall be performed *** for all Sprint *** leased *** circuits which carry *** circuit. The total amount billed for *** shall be derived by *** as itemized in the *** and on a *** basis.

(j) Interstate LEC Access and Local Loop Charges. GCI shall pay the Alaska *** charges. GCI shall charge Sprint *** to recover the costs for these loops according to the rates provided under the LEC tariff. These rates are subject to change according to LEC tariffs, specifically, the local tariffs of ACS of Alaska, GCI, and NECA. GCI shall provide Sprint written notice of changes to any Interstate LEC Access rates.

5. Sprint *** Assistance. GCI shall charge *** for each Sprint *** Assistance call.
- (C) Billing. GCI will bill Sprint for the services outlined in this Agreement ***, in a format acceptable to Sprint and containing sufficient detail for Sprint to properly validate the bill. Sprint will pay all non-disputed amounts *** days of the receipt of the invoice(s).
- (D) Timing of Calls.

The time of the message billing for all Sprint Traffic shall begin with *** and end ***. For the purposes of GCI billing, messages ***. Additionally, messages will be invoiced with an initial billing ***.

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*** CONFIDENTIAL TREATMENT

- (E) *** Customer. The *** pricing, for all combined services, that GCI charges Sprint will be *** during the term of this Agreement. GCI shall provide Sprint with *** customer pricing *** for ***, and *** services. GCI will provide pricing for *** and *** services at rates *** the Agreement.
- (F) Network Performance Standards. Each Party will ensure that the industry standards pertaining to the transmission and delivery of traffic are maintained at all times.
 - a. GCI will provision all Sprint Traffic transiting GCI's fiber optic network between Anchorage, Alaska and the contiguous United States on *** fiber optic facilities with a combined annual availability ***.
 - b. GCI will provision all Sprint Traffic transiting GCI's network between Anchorage, AK and Juneau, AK on *** with the ability to ***.
 - c. GCI will provision all Sprint Traffic transiting GCI's network between Anchorage, AK and Fairbanks, AK on *** with the ability to ***.
 - d. GCI will not use *** GCI's terrestrial networks. GCI *** will include, ***, network ***.
- (G) Meetings and Price Adjustments. Both Parties agree to meet and review the Alaska *** on or about *** the remaining term of the Agreement. If, at the time of the *** review, *** GCI *** provided Sprint with a comprehensive offer for all Sprint traffic (including *** along with all *** and ***) and which lowers Sprint's total price for all Alaska services, the pricing shall be disclosed to GCI broken out into the following product groups: ***, and *** services. If GCI does not offer pricing ***, Sprint may terminate its commitment in Section 2 to use GCI for all Sprint Traffic by giving ***. Notwithstanding the foregoing, the lease set forth in Section 2(B)(4)(c) hereof shall remain in full force and effect until ***. Sprint agrees to perform sufficient due diligence on competitive offers as it deems necessary to accurately assess the level of network protection provided to Sprint for each network route segment. The Parties agree, however, that a competitive offer does not have to have the same level of network protection in order to be comprehensive. ***, GCI and Sprint will review Sprint's *** to evaluate the use of ***. GCI will provide recommendations to Sprint as well as supporting documentation.
- (H) *** Consolidation. GCI and Sprint will immediately begin a *** Consolidation" project to further *** and ***) and *** on a *** orders from ***; nor changes in Circuit Facility Assignments. GCI and Sprint ***.

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*** CONFIDENTIAL TREATMENT

Effective as of the first of the month following the date of execution of this Agreement, and ***, GCI will provide Sprint *** by the *** until the billing conversion is completed and the *** for *** and ***) and *** services. GCI will provide Sprint with a ***, which will itemize capacity used and *** of Sprint's *** Leased ***.

3. TERM

Term. All services provided in this Agreement shall be for a term ending ***, except as otherwise stated herein. The term shall be automatically extended for two (2) one (1) year periods through and including March 31, 2009, unless either Party elects *** by providing written notice ***.

4. DEFAULT AND REMEDY

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

1. The Party shall have failed to make any payment when due, coupled with its failure to remedy nonpayment within *** from the other Party.
2. The Party shall have failed to perform its obligations under Section 2 coupled with failure to remedy nonperformance *** from the other Party.
3. The Party shall not have paid, or shall have admitted in writing its inability to pay, its debts as it matures or shall have applied for, consented to or acquiesced in the appointment of a trustee or receiver for any part of its property, or shall have authorized any such action; or in the absence of any such application, consent or acquiescence a trustee or receiver shall have been appointed for a Party or for the substantial part of its property and shall not have been discharged ***; or any bankruptcy or insolvency law or any dissolution or liquidation proceeding shall have been instituted by the part or, if instituted against the Party, shall not have been dismissed ***.

(B) Consequence of Default and Remedies. In the event of default, the non-defaulting Party shall have the right, immediately upon written notice to the defaulting Party, to terminate this Agreement without further liability, including monetary early termination charges, except for obligations incurred prior to the termination date. In addition, the non- defaulting Party shall have the option and may exercise the dispute resolution outlined in Section 4 (C), below.

(C) Dispute Resolution. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association,

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and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. One arbitrator shall be named by GCI and one arbitrator shall be named by Sprint. A third arbitrator shall be named by the two arbitrators so chosen, or if they cannot agree, the third arbitrator shall be an expert in the field of telecommunications named by the American Arbitration Association. Both Parties shall be required to name arbitrators within twenty (20) days after the one Party has given notice of intent to arbitrate. Awards shall be made by the majority decision of the arbitrators provided, however, that if a majority decision cannot be reached, the independent arbitrator chosen by the Party-designated arbitrators or the American Arbitration Association shall decide the case.

5. MISCELLANEOUS

(A) Force Majeure, Change in Law or Regulation

1. Neither Party shall be liable for failure to perform hereunder due to any contingency beyond its reasonable control, including acts of God, fires, floods, earthquakes, volcanic eruptions, wars, sabotage, accidents, labor disputes or shortages, government laws, ordinances, rules and regulations whether valid or invalid, inability to obtain material, equipment or transportation, defective equipment and any other similar or different contingency. The Party whose performance is prevented by any such contingency shall have the right to omit during the period of such contingency all or any portion of the service deliverable during such period.
2. If substantial change in law or regulation occurs materially affecting the services, charges or other requirements and conditions of this Agreement to the degree that one or both of the Parties are materially and adversely affected, the Parties shall negotiate amendments to the Agreement to restore the Parties to substantially the same position as if the law or regulatory change had not occurred. In the event that this Agreement cannot be changed to restore the Parties substantially to the status quo ante, either Party may terminate this Agreement.

(B) Modifications, Consents, and Waivers. No failure or delay on the part of either Party in exercising any power or right hereunder or under another document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power

preclude any other or future exercise thereof or the exercise of any other right or power. No amendment, modification or waiver of any provision of this Agreement or the other documents, no consent to any departure by the Party therefrom shall be effective only in the specific instance and for the purpose for which given. Except as otherwise provided in any document, no notice to or demand on a

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*** CONFIDENTIAL TREATMENT

Party in any case shall entitle that Party to any other or future notice or demand in similar or other circumstances.

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

If to Sprint:
Sprint Communications Company
Attn: Director, Access Management
6360 Sprint Parkway
Overland Park, KS 66251

With a copy to Attn: Manager, Tactical Access Planning
Facsimile: (913) 762-0528

If to GCI:
General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, AK 99503
Attn: Corporate Counsel

With a copy to Attn: Vice President and General Manager, Long Distance and Wholesale Services
Facsimile: (907) 868-6292

A Party may change the address, person, and facsimile number by written notice to the other Party.

- (D) Confidentiality. Neither Party shall disclose to any third party during the service term and any renewal period, or during the *** under this Agreement, any of the terms and conditions set forth in this Agreement without the prior written consent of the other Party, unless such disclosure is required to be disclosed by law or is necessary in any legal proceeding establishing the rights and obligations under this Agreement.
- (E) Rule of Construction. All Parties to this Agreement have been represented by separate counsel, or have been afforded the opportunity thereof, and all terms and conditions herein have been negotiated at arms' length. Given the above and the consideration provided within this document, the rule of strict construction, which constitutes the document against the drafter, is waived in its entirety by all Parties and shall not apply.
- (F) Binding Effect and Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns,

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except that the Parties may not assign or transfer any part of this Agreement hereunder without the other Party's prior written consent except to a parent subsidiary or affiliate under control of the Party.

- (G) Entire Agreement. This Agreement and the other documents described herein set forth the entire Agreement between the Parties, supersedes all prior communications and understandings of any nature, and may not be supplemented or altered orally. In the event of a conflict between the provisions of this Agreement and any of the other documents, the provisions of this Agreement shall control.
- (H) Governing Law. This Agreement and other documents shall be deemed to be contracts under the laws of the State of Kansas and for all purposes shall be construed in accordance with and governed by the laws of said State.
- (I) Headings. Articles and section headings used in this Agreement are for convenience only and shall not affect the construction of

this Agreement.

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

IN WITNESS WHEREOF, the Parties hereto each acting with proper authority have executed this Fifth Amendment as of the Effective Date.

SPRINT COMMUNICATIONS COMPANY L.P.

By: /s/

Printed Name: Gary B. Lindsey

Title: Director, Access Management

GCI COMMUNICATION CORP.

By: /s/

Printed Name: Richard Westlund

Title: Vice President & General Manager, Long Distance & Wholesale Services

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Exhibit 1

Alaska Market Structure Legislation
An excerpt from the Consolidated Appropriations Act for FY05

H. R. 4818--537

SEC. 112. (a) Notwithstanding any other provision of law or any contract: (1) the rates in effect on November 15, 2004, under the tariff (the "tariff") required by FCC 94-116 (reduced three percent annually starting January 1, 2006) shall apply beginning 45 days after the date of enactment of this Act through December 31, 2009, to the sale and purchase of interstate switched wholesale service elements offered by any provider originating or terminating anywhere in the area (the "market") described in section 4.7 of the tariff (collectively the "covered services"); (2) beginning April 1, 2005, through December 31, 2009, no provider of covered services may provide, and no purchaser of such services may obtain, covered services in the same contract with services other than those that originate or terminate in the market, if the covered services in the contract represent more than 5 percent of such contract's total value; and (3) revenues collected hereunder (less costs) for calendar years 2005 through 2009 shall be used to support and expand the network in the market.

(b) Effective on the date of enactment of this Act: (1) the conditions described in FCC 95-334 and the related conditions imposed in FCC 94-116, FCC 95-427, and FCC 96-485; and (2) all pending proceedings relating to the tariff, shall terminate. Thereafter, the State regulatory commission with jurisdiction over the market shall treat all interexchange carriers serving the market the same with respect to the provision of intrastate services, with the goal of reducing regulation, and shall not require such carriers to file reports based on the Uniform System of Accounts. (c) Any provider may file to enforce this section (including damages and injunctive relief) before the FCC (whose final order may be appealed under 47 U.S.C. 402(a)) or under 47 U.S.C. 207 if the FCC fails to issue a final order within 90 days of a filing. Nothing herein shall affect rate integration, carrier-of-last-resort obligations of any carrier or its successor, or the purchase of covered services by any rural telephone company (as defined in 47 U.S.C. 153(37)), or an affiliate under its control, for its provision of retail interstate interexchange services originating in the market.

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*** CONFIDENTIAL TREATMENT

Exhibit 2

Tariff 11 Rates and Definitions

- 1. Rate Elements:

<Table>
<Caption>

Rate Element	Charge Per Minute
<S>	<C>

CONUS/Alaska Transport	\$***
Non-Bush Switching	\$***
Bush Switching	\$***
Bush Switching	\$***
Intra-Alaska Non-Bush Transport	\$***
Intra-Alaska Bush Transport	\$***
LEC Interstate Access	***
Toll Free Query Charges	***

</Table>

2. Non-Bush Locations:

<Table>

<S>	<C>	<C>
Adak	Fairbanks	Ninilchik
Anchorage	Fort Richardson	North Pole
Big Lake	Fort Wainwright	Palmer
Bird Creek	Girdwood	Seldovia
Chugiak	Homer	Seward
Cordova	Hope	Sitka
Deadhorse	Juneau	Soldotna
Douglas	Kenai	Unalaska
Eagle River	Ketchikan	Valdez
Eielson AFB	Kodiak	Wasilla
Elmendorf AFB	N. Kenai	Willow

</Table>

3. Definitions:

CONUS/Anchorage Transport: The rate element charged to transport a Minute of Use (MOU) from the Portland Point of Interconnection (POI) to the Anchorage Switch. An interexchange carrier (IXC) may purchase dedicated transport from their lower 48 location to Anchorage. If a carrier purchase dedicated transport, then a dedicated charge would apply in lieu of the CONUS/Alaska transport rate element.

Non-Bush Switching: The rate element charged to switch a MOU when an interstate switched voice call originates or terminates to an Alaska location listed above in "Non-Bush Locations" .

Bush Switching: The rate element charged to switch a MOU when an interstate switched voice call originates or terminates to an Alaska location NOT listed above in "Non-Bush Locations".

Intra-Alaska Non-Bush Transport: The rate element charged to transport a MOU when an interstate switched voice call originates or terminates to an Alaska location listed above in "Non-Bush Locations".

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Intra-Alaska Bush Transport: The rate element charged to transport a MOU when an interstate switched voice call originates or terminates to an Alaska location NOT listed above in "Non-Bush Locations".

LEC Interstate Access: The rate element charged to originate or terminate an interstate switched voice call to a Local Exchange Carriers (LEC) end office switch. This element is not specifically defined in Alascom FCC Tariff No. 11. This element varies depending on LEC tariff and must be added to determine the complete per minute rate for Alaska interstate switched voice service.

Toll Free Query Charges: The rate element charged to perform the necessary SS7 look-up to determine the carrier of toll free calls originating from Alaska LEC end offices. This is a per call charge assessed at a pass through from the LEC tariff.

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*** CONFIDENTIAL TREATMENT

EXHIBIT 3

LEC Interstate Access Rates

<Table>
<Caption>

NXX	OCN	Remote	Rate Band	LOC NAME	SWITCH	LEC ACCESS RATE
-----	-----	--------	-----------	----------	--------	-----------------

<S>	<C>	<C>	<C>	<C>	<C>	<C>
661	3001		8	ANATVKPASS	AKPSAKXADS1	***
633	3001		8	ATKASUK	ATKSAKXADS1	***
852	3001		8	BARROW	BRRWAKXADS1	***
640	3001		8	KAKTOVIK	KKTVAKXADS1	***
480	3001		8	NUIQSUT	NUSTAKXADS1	***
368	3001		8	POINT HOPE	PNHPAKXADS1	***
833	3001		8	POINT LAY	PNLYAKXADS1	***
763	3001		8	WAINWRIGHT	WNRTAKXADS1	***
659	3001		8	DEADHORSE	DHRSAXXA659	***
670	3001		8	DEADHORSE	DHRSAXXA659	***

</Table>

SECTION 302 CERTIFICATION

I, Ronald A. Duncan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of General Communication, Inc. for the period ended March 31, 2005;
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 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) 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
 - d) 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
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.

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May 5, 2005

/s/
Ronald A. Duncan
President and Director

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SECTION 302 CERTIFICATION

I, John M. Lowber, certify that:

1. I have reviewed this quarterly report on Form 10-Q of General Communication, Inc. for the period ended March 31, 2005;
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 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) 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
 - d) 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
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

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- 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.

May 5, 2005

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

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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, 2005 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 5, 2005

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

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

In connection with the Quarterly Report of General Communication, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2005 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 5, 2005

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