

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

(Amounts in thousands)	ASSETS	June 30, 2014	December 31, 2013
Current assets:			
	Cash and cash equivalents	\$ 82,329	44,971
	Receivables (including \$33,200 and \$28,000 from a related party at June 30, 2014 and December 31, 2013, respectively)	203,550	228,372
	Less allowance for doubtful receivables	3,052	2,346
	Net receivables	200,498	226,026
	Deferred income taxes	44,600	39,753
	Prepaid expenses	12,713	7,725
	Inventories	8,377	10,347
	Other current assets	166	230
	Total current assets	348,683	329,052
	Property and equipment in service, net of depreciation	985,260	969,578
	Construction in progress	89,351	87,476
	Net property and equipment	1,074,611	1,057,054
	Goodwill	229,043	219,041
	Cable certificates	191,635	191,635
	Wireless licenses	86,347	91,400
	Other intangible assets, net of amortization	64,526	71,435
	Deferred loan and senior notes costs, net of amortization of \$7,607 and \$6,545 at June 30, 2014 and December 31, 2013, respectively	11,341	12,129
	Other assets	54,958	40,061
	Total other assets	637,850	625,701
	Total assets	\$ 2,061,144	2,011,807

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

(Amounts in thousands)

LIABILITIES AND STOCKHOLDERS' EQUITY	June 30, 2014	December 31, 2013
Current liabilities:		
Current maturities of obligations under long-term debt and capital leases	\$ 10,681	9,301
Accounts payable (including \$10,900 and \$11,200 to a related party at June 30, 2014 and December 31, 2013, respectively)	57,138	65,095
Deferred revenue	30,946	27,586
Accrued payroll and payroll related obligations	25,516	29,855
Accrued liabilities	16,995	14,359
Accrued interest	6,704	7,088
Subscriber deposits	1,138	1,326
Total current liabilities	149,118	154,610
Long-term debt, net	1,082,990	1,045,144
Obligations under capital leases, excluding current maturities	70,609	66,261
Obligation under capital lease due to related party, excluding current maturity	1,870	1,880
Deferred income taxes	166,665	161,476
Long-term deferred revenue	86,552	88,259
Other liabilities	37,879	36,823
Total liabilities	1,595,683	1,554,453
Commitments and contingencies		
Stockholders' equity:		
Common stock (no par):		
Class A. Authorized 100,000 shares; issued 38,455 and 37,299 shares at June 30, 2014 and December 31, 2013, respectively; outstanding 38,429 and 37,209 shares at June 30, 2014 and December 31, 2013, respectively	12,801	11,467
Class B. Authorized 10,000 shares; issued and outstanding 3,162 and 3,165 shares at June 30, 2014 and December 31, 2013, respectively; convertible on a share-per-share basis into Class A common stock	2,670	2,673
Less cost of 26 and 90 Class A common shares held in treasury at June 30, 2014 and December 31, 2013, respectively	(249)	(866)
Paid-in capital	29,260	26,880
Retained earnings	127,266	116,990
Total General Communication, Inc. stockholders' equity	171,748	157,144
Non-controlling interests	293,713	300,210
Total stockholders' equity	465,461	457,354
Total liabilities and stockholders' equity	\$ 2,061,144	2,011,807

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

(Amounts in thousands, except per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Revenues:				
Non-related party	\$ 210,236	189,661	\$ 410,739	\$ 375,877
Related party	14,163	—	29,943	—
Total revenues	<u>224,399</u>	<u>189,661</u>	<u>440,682</u>	<u>375,877</u>
Cost of goods sold (exclusive of depreciation and amortization shown separately below)				
Non-related party	69,707	65,699	138,850	130,309
Related party	2,675	—	5,306	—
Total cost of goods sold	<u>72,382</u>	<u>65,699</u>	<u>144,156</u>	<u>130,309</u>
Selling, general and administrative expenses:				
Non-related party	68,685	63,871	139,427	128,418
Related party	1,132	—	2,282	—
Total selling, general and administrative expenses	<u>69,817</u>	<u>63,871</u>	<u>141,709</u>	<u>128,418</u>
Depreciation and amortization expense	43,786	34,396	86,138	68,395
Operating income	<u>38,414</u>	<u>25,695</u>	<u>68,679</u>	<u>48,755</u>
Other expense:				
Interest expense (including amortization of deferred loan fees)	(18,170)	(17,527)	(36,381)	(34,431)
Other	(1,049)	53	(1,146)	53
Other expense	(19,219)	(17,474)	(37,527)	(34,378)
Income before income tax expense	19,195	8,221	31,152	14,377
Income tax expense	(127)	(4,158)	(342)	(7,187)
Net income	19,068	4,063	30,810	7,190
Net income (loss) attributable to non-controlling interests	10,913	(117)	20,534	(234)
Net income attributable to General Communication, Inc.	<u>\$ 8,155</u>	<u>4,180</u>	<u>10,276</u>	<u>7,424</u>
Basic net income attributable to General Communication, Inc. common stockholders per Class A common share	<u>\$ 0.20</u>	<u>0.10</u>	<u>0.25</u>	<u>0.18</u>
Basic net income attributable to General Communication, Inc. common stockholders per Class B common share	<u>\$ 0.20</u>	<u>0.10</u>	<u>0.25</u>	<u>0.18</u>
Diluted net income attributable to General Communication, Inc. common stockholders per Class A common share	<u>\$ 0.20</u>	<u>0.10</u>	<u>0.25</u>	<u>0.18</u>
Diluted net income attributable to General Communication, Inc. common stockholders per Class B common share	<u>\$ 0.20</u>	<u>0.10</u>	<u>0.25</u>	<u>0.18</u>
Common shares used to calculate Class A basic EPS	<u>38,383</u>	<u>37,979</u>	<u>38,186</u>	<u>38,117</u>
Common shares used to calculate Class A diluted EPS	<u>41,693</u>	<u>41,365</u>	<u>41,495</u>	<u>41,542</u>

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

(Amounts in thousands)	Second Quarter 2014			Second Quarter 2013		
	Wireless Segment	Wireline Segment	Total	Wireless Segment	Wireline Segment	Total
Revenues						
Wireless	\$ 69,397	7,149	76,546	35,559	7,944	43,503
Data	—	88,475	88,475	—	87,177	87,177
Video	—	34,478	34,478	—	31,207	31,207
Voice	—	24,900	24,900	—	27,774	27,774
Total	69,397	155,002	224,399	35,559	154,102	189,661
Cost of goods sold	23,500	48,882	72,382	16,573	49,126	65,699
Contribution	45,897	106,120	152,017	18,986	104,976	123,962
Less SG&A	5,894	63,923	69,817	4,652	59,219	63,871
Less (plus) Other expense	—	1,052	1,052	—	(49)	(49)
EBITDA	40,003	41,145	81,148	14,334	45,806	60,140
Share-based compensation	—	2,193	2,193	(104)	1,751	1,647
Accretion	171	130	301	43	112	155
Other	—	829	829	—	197	197
Adjusted EBITDA	\$ 40,174	44,297	84,471	14,273	47,866	62,139

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

(Amounts in thousands)	Second Quarter 2014			First Quarter 2014		
	Wireless Segment	Wireline Segment	Total	Wireless Segment	Wireline Segment	Total
Revenues						
Wireless	\$ 69,397	7,149	76,546	62,517	8,236	70,753
Data	—	88,475	88,475	—	87,613	87,613
Video	—	34,478	34,478	—	32,401	32,401
Voice	—	24,900	24,900	—	25,516	25,516
Total	69,397	155,002	224,399	62,517	153,766	216,283
Cost of goods sold	23,500	48,882	72,382	18,713	53,061	71,774
Contribution	45,897	106,120	152,017	43,804	100,705	144,509
Less SG&A	5,894	63,923	69,817	5,958	65,934	71,892
Less Other expense	—	1,052	1,052	—	97	97
EBITDA	40,003	41,145	81,148	37,846	34,674	72,520
Share-based compensation	—	2,193	2,193	—	1,778	1,778
Accretion	171	130	301	176	125	301
Other	—	829	829	—	198	198
Adjusted EBITDA	\$ 40,174	44,297	84,471	38,022	36,775	74,797

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

(Amounts in thousands)	Six Months Ended June 30, 2014			Six Months Ended June 30, 2013		
	Wireless Segment	Wireline Segment	Total	Wireless Segment	Wireline Segment	Total
Revenues						
Wireless	\$ 131,914	15,385	147,299	69,396	15,169	84,565
Data	—	176,088	176,088	—	174,049	174,049
Video	—	66,879	66,879	—	62,293	62,293
Voice	—	50,416	50,416	—	54,970	54,970
Total	131,914	308,768	440,682	69,396	306,481	375,877
Cost of goods sold	42,213	101,943	144,156	30,985	99,324	130,309
Contribution	89,701	206,825	296,526	38,411	207,157	245,568
Less SG&A	11,852	129,857	141,709	9,069	119,349	128,418
Less Other expense	—	1,149	1,149	—	(53)	(53)
EBITDA	77,849	75,819	153,668	29,342	87,861	117,203
Share-based compensation	—	3,971	3,971	—	2,906	2,906
Accretion	347	255	602	120	162	282
Other	—	1,027	1,027	—	397	397
Adjusted EBITDA	\$ 78,196	81,072	159,268	29,462	91,326	120,788

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

(Amounts in thousands)

	Second Quarter 2014				Second Quarter 2013			
	Consumer	Business Services	Managed Broadband	Total	Consumer	Business Services	Managed Broadband	Total
Revenues								
Wireless	\$ 6,360	789	—	7,149	7,180	764	—	7,944
Data	27,313	35,554	25,608	88,475	24,413	39,394	23,370	87,177
Video	26,871	7,607	—	34,478	27,740	3,467	—	31,207
Voice	8,279	11,359	5,262	24,900	9,141	13,253	5,380	27,774
Total	\$ 68,823	55,309	30,870	155,002	68,474	56,878	28,750	154,102

(Amounts in thousands)

	Second Quarter 2014				First Quarter 2014			
	Consumer	Business Services	Managed Broadband	Total	Consumer	Business Services	Managed Broadband	Total
Revenues								
Wireless	\$ 6,360	789	—	7,149	7,491	745	—	8,236
Data	27,313	35,554	25,608	88,475	26,944	34,840	25,829	87,613
Video	26,871	7,607	—	34,478	27,249	5,152	—	32,401
Voice	8,279	11,359	5,262	24,900	8,445	11,741	5,330	25,516
Total	\$ 68,823	55,309	30,870	155,002	70,129	52,478	31,159	153,766

(Amounts in thousands)

	Six Months Ended June 30, 2014				Six Months Ended June 30, 2013			
	Consumer	Business Services	Managed Broadband	Total	Consumer	Business Services	Managed Broadband	Total
Revenues								
Wireless	\$ 13,851	1,534	—	15,385	13,726	1,443	—	15,169
Data	54,257	70,394	51,437	176,088	48,469	79,530	46,050	174,049
Video	54,120	12,759	—	66,879	55,701	6,592	—	62,293
Voice	16,724	23,100	10,592	50,416	18,671	25,580	10,719	54,970
Total	\$ 138,952	107,787	62,029	308,768	136,567	113,145	56,769	306,481

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

	June 30, <u>2014</u>	June 30, <u>2013</u>	March 31, <u>2014</u>	June 30, 2014 as compared to		June 30, 2014 as compared to	
				June 30, <u>2013</u>	March 31, <u>2014</u>	June 30, <u>2013</u>	March 31, <u>2014</u>
<i>Wireline segment</i>							
<i>Consumer</i>							
Data							
Cable modem subscribers	115,600	115,600	116,400	—	(800)	—%	(0.7)%
Video							
Basic subscribers	116,300	119,600	118,000	(3,300)	(1,700)	(2.8)%	(1.4)%
Digital programming tier subscribers	65,200	69,500	66,900	(4,300)	(1,700)	(6.2)%	(2.5)%
HD/DVR converter boxes	103,400	89,900	101,200	13,500	2,200	15.0 %	2.2 %
Homes passed	248,000	245,100	248,000	2,900	—	1.2 %	—%
Voice							
Local access lines in service	57,700	65,200	59,800	(7,500)	(2,100)	(11.5)%	(3.5)%
Local access lines in service on GCI facilities	53,800	60,800	55,700	(7,000)	(1,900)	(11.5)%	(3.4)%
<i>Business Services</i>							
Data							
Cable modem subscribers	14,200	14,100	14,000	100	200	0.7 %	1.4 %
Video							
Hotels and mini-headend subscribers	20,600	20,800	17,000	(200)	3,600	(1.0)%	21.2 %
Basic subscribers	2,000	2,000	2,000	—	—	—%	—%
Total basic subscribers	22,600	22,800	19,000	(200)	3,600	(0.9)%	18.9 %
Voice							
Local access lines in service	48,200	50,500	48,500	(2,300)	(300)	(4.6)%	(0.6)%
Local access lines in service on GCI facilities	35,000	35,600	35,000	(600)	—	(1.7)%	—%
<i>Consumer and Business Services Combined</i>							
Wireless							
Consumer Lifeline lines in service	28,200	32,600	29,500	(4,400)	(1,300)	(13.5)%	(4.4)%
Consumer Non-Lifeline lines in service	96,700	92,800	94,400	3,900	2,300	4.2 %	2.4 %
Business Services Non-Lifeline lines in service	18,500	17,500	18,500	1,000	—	5.7 %	—%
Total wireless lines in service	<u>143,400</u>	<u>142,900</u>	<u>142,400</u>	<u>500</u>	<u>1,000</u>	<u>0.3 %</u>	<u>0.7 %</u>

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

	Three Months Ended			June 30, 2014 as compared to		June 30, 2014 as compared to	
	June 30, <u>2014</u>	June 30, <u>2013</u>	March 31, <u>2014</u>	June 30, <u>2013</u>	March 31, <u>2014</u>	June 30, <u>2013</u>	March 31, <u>2014</u>
<u>Wireline segment</u>							
Consumer							
Video							
Average monthly revenue per subscriber	\$ 76.49	\$ 76.47	\$ 76.98	\$ 0.02	\$ (0.49)	0.0 %	(0.6)%
Combined Consumer and Business Services							
Data							
Average monthly revenue per cable modem subscriber	\$ 76.83	\$ 68.25	\$ 75.93	\$ 8.58	\$ 0.90	12.6 %	1.2 %
Wireless							
Average monthly revenue per subscriber	\$ 49.95	\$ 49.99	\$ 51.48	\$ (0.04)	\$ (1.53)	(0.1)%	(3.0)%

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

	Three Months Ended			Six Months Ended	
	June 30, 2014	June 30, 2013	March 31, 2014	June 30, 2014	June 30, 2013
Net income	\$ 19,068	4,063	11,742	30,810	7,190
Income tax expense	127	4,158	215	342	7,187
Income before income tax expense	19,195	8,221	11,957	31,152	14,377
Other expense:					
Interest expense (including amortization of deferred loan fees)	18,170	17,527	18,211	36,381	34,431
Other	1,049	(53)	97	1,146	(53)
Other expense	19,219	17,474	18,308	37,527	34,378
Operating income	38,414	25,695	30,265	68,679	48,755
Depreciation and amortization expense	43,786	34,396	42,352	86,138	68,395
Other	(1,052)	49	(97)	(1,149)	53
EBITDA (Note 2)	81,148	60,140	72,520	153,668	117,203
Share-based compensation	2,193	1,647	1,778	3,971	2,906
Accretion	301	155	301	602	282
Other	829	197	198	1,027	397
Adjusted EBITDA (Note 1)	\$ 84,471	62,139	74,797	159,268	120,788

(1) EBITDA (as defined in Note 2 below) before deducting share-based compensation, accretion expense, net income or loss attributable to non-controlling interests resulting from New Markets Tax Credit transactions, non-cash contribution adjustment, and other non-cash adjustments.

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