

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES AND EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): July 30, 2003

GENERAL COMMUNICATION, INC.

(Exact Name of Registrant as Specified in its Charter)

Alaska	0-15279	92-0072737
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(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification Number)
2550 Denali Street Suite 1000 Anchorage, Alaska		99503
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(Address of Principal Executive Offices)		(Zip Code)

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

NONE

(Former Name or Former Address, if Changed Since Last Report)

Item 7. Financial Statements and Exhibit.

- (a) Financial statements of businesses acquired: None
- (b) Pro forma financial information: None
- (c) Exhibit:

This exhibit is furnished pursuant to Item 12 hereof and should not be deemed to be "filed" under the Securities Exchange Act of 1934.

99.1 Press release dated July 30, 2003

Item 12. Results of Operations and Financial Condition.

On July 30, 2003, General Communication, Inc. (GCI) issued a press release announcing second quarter 2003 earnings. A copy of the press release is attached as Exhibit 99.1.

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

The earnings release attached as Exhibit 99.1 discloses the non-GAAP financial measure of EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization). EBITDA has been reconciled to the closely related GAAP financial measure, Net Income (Loss), within the earnings release.

EBITDA is the sum of Net Income (Loss), Net Other Expense, Taxes, and Depreciation, Amortization and Accretion. EBITDA is not presented as an alternative measure of Net Income (Loss) as determined in accordance with Generally Accepted Accounting Principals. 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.

SIGNATURE

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

GENERAL COMMUNICATION, INC.

(Registrant)

Date: July 31, 2003

By /s/ John M. Lowber

Name: John M. Lowber
Title: Senior Vice President,
Chief Financial Officer,
Secretary and Treasurer
(Principal Financial Officer)

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press release of General Communication, Inc., Inc. dated July 30, 2003.

July 30, 2003

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

FOR IMMEDIATE RELEASE

GCI REPORTS DETAILED SECOND QUARTER 2003 FINANCIAL RESULTS

ANCHORAGE, AK -- GCI (NASDAQ:GNCMA) today reported its detailed second quarter 2003 results. For the second quarter of 2003, the company recorded net income of \$4.8 million or \$0.08 per share on a diluted basis. The second quarter 2003 net income compares to a net loss of (\$1.1) million or (\$0.03) per share for the second quarter of 2002. For the six-months ended June 30, 2003, GCI recorded net income of \$7.4 million or \$0.11 per share on a diluted basis, after the cumulative effect of a change in accounting principle of (\$0.5) million or (\$0.01) per share on a diluted basis, net of income tax benefit. GCI recorded net income of \$1.1 million or \$0.00 per share on a diluted basis for the six-months ending June 30, 2002.

Revenues totaled \$95.9 million for the second quarter of 2003, an increase of 3.5 percent as compared to \$92.7 million in the second quarter of 2002. Earnings before interest, taxes, depreciation, amortization and accretion (EBITDA) increased to \$30.8 million for the second quarter of 2003, an increase of \$12.1 million when compared to second quarter 2002 EBITDA of \$18.7 million. EBITDA for the second quarter of 2002 included a charge of \$9.7 million increasing the company's reserve for bad debts due to the WorldCom bankruptcy. The EBITDA for the second quarter of 2003 includes a \$0.9 million non-recurring refund from an intrastate access cost pool that previously overcharged the company for access services. Revenues for the second quarter increased sequentially 3.3 percent to \$95.9 million as compared to revenues of \$92.8 million in the first quarter of 2003. GCI's second quarter EBITDA of \$30.8 million compares to EBITDA of \$28.9 million in the first quarter of 2003. EBITDA for the first quarter of 2003 included a net \$1.9 million refund from a local exchange carrier for access services rendered in previous years. GCI's second quarter 2003 revenues of \$95.9 million and EBITDA of \$30.8 million exceeded guidance for revenues of approximately \$92 million to \$95 million and EBITDA in excess of \$28.9 million, respectively.

"The detailed results for the second quarter demonstrate that the company continues to perform solidly on all fronts," said Ron Duncan, GCI president. "While long distance voice revenues are down from the prior year, the drop is almost completely offset by increased data and other business units revenue growth. Selling, general and administrative expenses as a percentage of revenues are stable and margins are increasing."

"We recently announced that MCI extended its Contract for Alaska Access Services for five years to July 2008. In addition, MCI received bankruptcy court approval for the settlement agreement that resolves all receivables with GCI. Under terms of that agreement, the balance of GCI's approximately \$11.1 million claim, will be paid to GCI in the form of a credit against future services purchased from MCI. We expect to fully utilize this amount within the next two

years. We are very pleased with the outcome of the settlement agreement and we look forward to continuing our strategic alliance with MCI."

The company's local services business added 2,900 access lines during the second quarter and now serves 101,900 access lines, an estimated 21 percent share of the total access line market in Alaska. GCI's statewide dial-up Internet platform decreased 1,300 customers to 70,300 customers during the second quarter as more customers continue to migrate to cable modems. More than 40,500 Internet customers are using GCI cable modem service, an increase of 1,900 over the first quarter of 2003. GCI cable television services now pass 200,405 homes and serve 137,230 basic subscribers. Basic subscribers increased sequentially by 947 subscribers from the first quarter of 2003. GCI serves 30,700 digital customers in Anchorage, Fairbanks, Juneau, Kenai, Soldotna and the Mat-Su Valley. Digital service was added to the Mat-Su Valley during the second quarter of 2003.

Highlights:

- Consolidated revenues increased 3.5 percent to \$95.9 million for the second quarter of 2003 as compared to \$92.7 million in 2002. Second quarter 2003 revenues increased approximately 3.3 percent sequentially over revenues of \$92.8 million in the first quarter of 2003.
- Consolidated EBITDA increased to \$30.8 million in the second quarter 2003 as compared to \$18.7 million in 2002. Consolidated EBITDA for the second quarter of 2002 included a charge of \$9.7 million increasing the company's reserve for bad debts. Consolidated second quarter EBITDA of \$30.8 million increased \$1.9 million sequentially, an increase of 6.6 percent, from \$28.9 million for the first quarter of 2003. Second quarter 2003 EBITDA of \$30.8 million includes a \$0.9 million non-recurring refund from an intrastate access cost pool that previously overcharged the company for access services.
- MCI and GCI resolved billing disputes that arose from the WorldCom bankruptcy proceedings and agreed to extend their service contract to July of 2008.
- Broadband, private line and other data revenues including high capacity leases increased 19.8 percent to \$21.2 million during the second quarter of 2003 as compared to \$17.7 million in the same period of 2002.
- GCI had approximately 101,900 local access lines in service at the end of the second quarter 2003 representing an increase of 2,900 access lines over the first quarter or an annualized sequential growth rate of 11.7 percent. The company estimates it has an approximate 21 percent share of the total access line market in Alaska. Approximately 87 percent of GCI's access lines are provisioned on its own facilities or on resold local loops.
- GCI serves approximately 92,200 Internet customers. GCI's statewide dial-up Internet platform decreased 1,300 customers to 70,300 customers during the second quarter as more customers continue to migrate to cable modems.
- The company had more than 40,500 cable modem customers at the end of the second quarter 2003, as compared to 31,200 at the end of the second quarter of 2002. GCI's cable modem penetration rate is one of the highest in the nation. More than 99 percent of GCI's cable customers are able to receive cable modem service.

- During the three months ending June 30, 2003 capital expenditures decreased to \$10.9 million as compared to \$20.1 million in second quarter of 2002. Interest expense increased approximately \$2.9 million during the second quarter of 2003 as compared to the second quarter of 2002 due to the refinancing of the company's senior debt in the fourth quarter of 2002. GCI generated approximately \$9.0 million of free cash flow during the second quarter before repayment of \$2.7 million of senior debt and payment of bank fees related to an amendment of its senior credit facility that extended its maturity to October 31, 2007.
- GCI estimates that third quarter revenues will total approximately \$95 million to \$97 million and EBITDA is expected to total approximately \$32 million.
- GCI has been advised by Ron Duncan, the company's CEO, that he intends to establish a 10b5-1 Plan for the sale of up to 285,000 shares of his GCI stock between September 1 and the end of the year.
- GCI will further discuss second quarter highlights and provide additional commentary during its Investor and Analyst Conference call on Thursday, July 31 at 2:00 p.m. EDT. More information about the call can be found at www.gci.com, click on "Investors."

Long Distance Results

Long distance and related revenues for the second quarter of 2003 decreased \$0.8 million or 1.4 percent to \$58.0 million as compared to \$58.8 million for the second quarter of 2002. Broadband, private line and dedicated data services revenues, product sales and long haul fiber lease revenues increased \$3.5 million offsetting most of the \$4.2 million decrease in switched minutes revenues. Switched minutes revenues decreased as a result of fewer minutes carried and lower rates. For the second quarter of 2003 long distance EBITDA totaled \$19.4 million as compared to \$9.1 million in the second quarter of 2002. EBITDA growth for the second quarter of 2003 is primarily attributable to the second quarter 2002 \$9.7 million bad debt charge for the WorldCom bankruptcy.

Long distance revenues of \$58.0 million for the second quarter of 2003 are up \$1.9 million, an increase of 3.0 percent, from \$56.3 million in the first quarter of 2003. Switched minutes, broadband, private line and dedicated data services revenues and long haul fiber lease revenues increased \$3.7 million sequentially from the first quarter of 2003, offsetting a \$1.4 million decrease in product sales revenues. Switched minutes revenues increased \$1.9 million sequentially from the first quarter of 2003 primarily due to the seasonal increase in minutes offset, in part, by slightly lower rates. Long distance EBITDA of \$19.4 million for the second quarter of 2003 increased 4.3 percent from \$18.6 million in the first quarter of 2003. The sequential increase in EBITDA is primarily attributable to increases in higher margin broadband, private line and other data revenues and decreases in lower margin equipment revenues.

Total minutes-of-use were down 5.3 percent in the second quarter of 2003 as compared to the second quarter of 2002 and were up 8.5 percent sequentially from the first quarter of 2003.

Revenues from broadband, private line and other data services including high capacity leases increased 19.8 percent to \$21.2 million during the second

quarter of 2003 as compared to \$17.7 million in the same period of 2002 and were up 8.2 percent from \$19.6 million in the first quarter of 2003. The increase in revenue results from growing demand for data services by commercial and governmental customers and others, and delivery of broadband services into rural Alaska.

The total number of billed long distance customers for the last month of the second quarter of 2003 increased 1.1 percent from the last month of the first quarter of 2003.

Cable Television Results

Cable television revenues for the second quarter increased 9.1 percent to \$23.9 million from \$21.9 million in the second quarter of 2002, and were up 2.1 percent from \$23.4 million in the first quarter of 2003. EBITDA increased 11.1 percent to \$11.0 million from \$9.9 million in the second quarter of 2002, and increased 3.8 percent from \$10.6 million in the second quarter of 2003. The increase in revenues and EBITDA is due, in part, to the increase in basic subscribers and more sales of higher margin products such as digital television and cable modem services.

Gross margins as a percentage of revenues increased by 79 basis points year-over-year and 85 basis points sequentially. The growth rate in higher value products such as digital cable service and cable modems is expected to help mitigate the margin effects of increasing programming and copyright costs.

As of June 30, 2003, the company's cable television operations passed 200,405 homes and served 137,230 basic subscribers (111,403 equivalent basic subscribers). Average revenue per equivalent basic subscriber increased 8.2 percent to \$70.99 for the second quarter of 2003 as compared to \$65.64 for the second quarter of 2002, and was up 2.2 percent from \$69.48 from the first quarter of 2003. The company added 947 basic subscribers to its system during the second quarter.

The company offers special interest digital cable television service in Anchorage, Fairbanks, Juneau, Kenai, Soldotna and the Mat-Su Valley area. GCI served 30,700 special interest digital customers at the end of the second quarter of 2003. During the second quarter of 2003, GCI began offering digital cable television in the Mat-Su Valley. GCI acquired the Mat-Su Valley cable system, which passes more than 13,500 homes and serves more than 7,800 basic subscribers, in the fourth quarter of 2001.

In October 2002 GCI, along with the other largest publicly traded multiple system operators, signed a pledge to support and adhere to new voluntary reporting guidelines on common operating statistics to provide investors and others with a better understanding of the company's operations. The operating statistics below include capital expenditures and customer information from cable television, cable telephony and cable modem services.

GCI's capital expenditures by standard reporting category for the six months ending June 30, 2003 and 2002 follow (amounts in thousands):

	2003	2002
Customer premise equipment ("CPE")	\$ 3,830	3,233
Commercial	171	325
Scalable infrastructure	459	2,199
Line extensions	243	242
Upgrade/rebuild	963	2,533
Support capital	263	4,118
	<u>\$ 5,929</u>	<u>12,650</u>

The standardized definition of a customer relationship is the number of customers that receive at least one level of service, encompassing voice, video, and data services, without regard to which services customers purchase. At June 30, 2003 and 2002 GCI's cable business had 124,318 and 123,257 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 June 30, 2003 and 2002 GCI's cable business had 177,793 and 166,432 revenue generating units, respectively. The increase in the revenue generating units of 4,512 and 3,852 from March 31, 2003 and 2002, respectively, is due to an increase in the number of hotels that subscribe to cable television services for their summer tourist season. Each hotel room is considered to be a revenue-generating unit.

Local Telephone Results

Local telephone service revenues for the second quarter increased 13.6 percent to \$9.2 million as compared to \$8.1 million in the second quarter of 2002, and increased 9.5 percent sequentially from \$8.4 million in the first quarter of 2003. The increase in sequential local service revenues is attributable to increasing customer counts and several one time revenue adjustments in the first quarter, none of which were individually material which reduced first quarter revenues below what they otherwise would have been.

Local services generated a \$1.0 million EBITDA loss for the second quarter, an increase of \$0.1 million over the \$0.9 million loss in the second quarter of 2002. The second quarter EBITDA loss of \$1.0 million compares to a \$1.2 million EBITDA loss in the first quarter of 2003. If the local telephone business was given credit for approximately \$1.7 million in access cost savings on calls placed by GCI long distance customers who are also GCI local customers, the company's local telephone business would have reported positive EBITDA. GCI's local telephone business has been generating positive cash flow on a stand-alone basis for several quarters.

GCI provided local service for approximately 101,900 access lines at the end of the second quarter of 2003, an increase of 2,900 access lines or 2.9 percent from the 99,000 access lines in service at the end of the first quarter of 2003. The company estimates it has attained a 21 percent share of the total access line market in Alaska.

Internet Access Results

At the end of the second quarter of 2003 GCI had 92,200 Internet customers. This includes 51,700 dial-up customers who do not have any form of cable modem service and 24,900 dial-up customers who also have cable modem

service. Approximately 6,300 of the dial-up customers who also have cable modem service have not activated their dial-up service. GCI had a total of 40,500 cable modem customers including 15,600 customers who do not have any GCI dial-up plan. The company added 9,300 cable modem customers at the end of the second quarter of 2003 when compared to the second quarter of 2002. GCI's cable modem penetration is one of the highest in the nation. GCI's statewide dial-up Internet platform decreased 1,300 customers to 70,300 customers during the second quarter of 2003 as more customers continue to migrate to cable modems.

GCI reported a total of 71,600 Internet customers at the end of the first quarter of 2003. This number was based on the total number of active dial-up customers. As noted above, not all cable modem customers paying for a dial-up plan have activated their dial-up service. When GCI first started selling cable modem service it was packaged in a way that almost all cable modem customers were also dial up customers. As GCI introduced new packages and plans and started promoting its new cable modem LiteSpeed service the number of cable modem customers without a dial up plan increased substantially. An internal audit during the second quarter revealed that these numbers had risen substantially enough that they should be reported separately. In future quarters GCI will report Internet customers in the format above.

Internet access revenues for the second quarter of 2003 totaled \$4.8 million, an increase of 23.1 percent year-over-year and 4.3 percent sequentially when compared to second quarter 2002 revenues of \$3.9 million and first quarter 2003 revenues of \$4.6 million. The increase in Internet access revenues is attributed to existing subscribers adding additional features and services, and customer migration from the dial-up platform to cable modem or GCI's LiveWire high speed service.

The second quarter EBITDA of \$1.4 million is an improvement of \$0.8 million over the EBITDA of \$0.6 million in the second quarter of 2002 and an improvement of \$0.4 million over the EBITDA of \$1.0 million in the first quarter of 2003. Internet access results continue to improve, reflecting increasing economies of scale, operating cost controls and migration of dial up customers to higher speed data service.

During the first quarter of 2003 GCI began offering a new cable modem service called LiteSpeed as an alternative product to dial-up Internet service and HyperNet 384/64 kilobit-per-second cable modem service priced at \$39.99 per month to GCI long distance customers. LiteSpeed is a 64/32 kilobit-per-second Internet service offered at \$24.99 per month to GCI long distance customers.

GCI began offering Internet access services during 1998 and its dial-up Internet service is offered in most major Alaska markets. Due to the completion of major cable plant upgrades, GCI can now offer cable modem service to 99 percent of its cable entertainment subscribers. GCI is now providing cable modem Internet access in the Anchorage, Fairbanks, Juneau, Valdez, Sitka, Nome, Seward, Kenai, Soldotna, Mat-Su Valley, Cordova, Petersburg, Wrangell, Homer, Bethel, Kodiak and Ketchikan.

Other Items

GCI has been advised by Ron Duncan, the company's CEO, that he intends to establish a plan under Section 10b5-1 of the Securities Act for the sale of approximately 230,000 to 285,000 shares of his GCI stock between September 1 and the end of the year.

Under the terms of the plan 150,000 shares would be sold in the open market during specific periods subject to market prices. A total of \$750,000 worth of stock would be sold back to GCI at the closing price on prescribed dates subject to market prices pursuant to the terms of Mr. Duncan's Loan Agreement with the company which provides for payment in either cash or stock.

The proceeds of Mr. Duncan's sale of stock to the company will be used in its entirety to reduce his debt to GCI. The majority of the proceeds from any open market sales will be used to reduce secured debt to a third party.

The U.S. Securities and Exchange Commission in 2000 enacted Rule 10b5-1, which permits executives to sell or buy their company's stock throughout the life of the 10b5-1 plan, regardless of the timing of financial release dates or other corporate developments.

GCI will host a conference call to discuss the quarter's results on Thursday, July 31 beginning at 2 p.m. (Eastern). To access the briefing on July 31, dial 877-709-5341 (international callers should dial 630-395-0019) and identify your call as "GCI." The call can also be accessed through web conferencing available at www.gci.com. A replay of the call will be available for 72-hours by dialing 888-566-0111, access code 7461 (international caller should dial 402-998-0995).

Based on revenues, GCI is the largest Alaska-based and operated integrated telecommunications provider and provides local, wireless, and long distance telephone, cable television, Internet and data communication services throughout Alaska. More information about the company can be found at www.gci.com.

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

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Non-GAAP Financial Reconciliation Schedule

(Amounts in Millions)

	Three Months Ended		
	June 30, 2003	June 30, 2002	March 31, 2003
EBITDA (Note 1)	\$ 30.8	18.7	28.9
Depreciation, amortization and accretion expense	12.8	13.9	13.5
Operating income	18.0	4.8	15.4
Other income (expense):			
Interest expense	(9.1)	(6.2)	(9.2)
Deferred loan and senior notes fee expense	(0.6)	(0.4)	(1.1)
Interest income	0.1	0.1	0.2
Other expense, net	(9.6)	(6.5)	(10.1)
Net income (loss) before income taxes and cumulative effect of a change in accounting principle	8.4	(1.7)	5.3
Income tax (expense) benefit	(3.6)	0.6	(2.2)
Net income (loss) before cumulative effect of a change in accounting principle	4.8	(1.1)	3.1
Cumulative effect of a change in accounting principle, net of income tax benefit of \$0.4	---	---	(0.5)
Net income (loss)	\$ 4.8	(1.1)	2.6

Non-GAAP Financial Reconciliation Schedule (continued)

(Amounts in Millions)

	Six Months Ended	
	June 30, 2003	June 30, 2002
EBITDA (Note 1)	\$ 59.7	43.8
Depreciation, amortization and accretion expense	26.3	27.9
Operating income	33.4	15.9
Other income (expense):		
Interest expense	(18.3)	(12.8)
Deferred loan and senior notes fee expense	(1.7)	(1.1)
Interest income	0.3	0.2
Other expense, net	(19.7)	(13.7)
Net income before income taxes and cumulative effect of a change in accounting principle	13.7	2.2
Income tax expense	(5.8)	(1.1)
Net income before cumulative effect of a change in accounting principle	7.9	1.1
Cumulative effect of a change in accounting principle, net of income tax benefit of \$0.4	(0.05)	---
Net income	\$ 7.4	1.1

Notes:

(1) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is the sum of Net Income (Loss), Net Other Expense, Taxes, and Depreciation, Amortization and Accretion. EBITDA is not presented as an alternative measure of Net Income (Loss), Operating income or cash flow from operations, as determined in accordance with Generally Accepted Accounting Principals (GAAP.) 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.

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

Assets	(Unaudited) June 30, 2003	December 31, 2002
(Amounts in thousands)		
Current assets:		
Cash and cash equivalents	\$ 17,977	\$ 11,940
Receivables:		
Trade	70,549	63,111
Employee	320	391
Other	2,621	3,093
	73,490	66,595
Less allowance for doubtful receivables	13,522	14,010
Net receivables	59,968	52,585
Prepaid and other current assets	9,938	9,171
Deferred income taxes, net	8,829	8,509
Notes receivable with related parties	1,059	697
Property held for sale	1,037	1,037
Inventories	408	400
Total current assets	99,216	84,339
Property and equipment in service, net of depreciation	376,838	381,394
Construction in progress	13,530	16,958
Net property and equipment	390,368	398,352
Cable certificates, net of amortization of \$26,775 and \$26,884 at June 30, 2003 and December 31, 2002, respectively	191,241	191,132
Goodwill, net of amortization of \$7,200 at June 30, 2003 and December 31, 2002	41,972	41,972
Other intangible assets, net of amortization of \$1,327 and \$1,848 at June 30, 2003 and December 31, 2002, respectively	3,393	3,460
Deferred loan and senior notes costs, net of amortization of \$5,999 and \$4,110 at June 30, 2003 and December 31, 2002, respectively	10,838	9,961
Notes receivable with related parties	5,060	5,142
Other assets, at cost, net of amortization of \$39 and \$24 at June 30, 2003 and December 31, 2002, respectively	5,282	4,424
Total other assets	257,786	256,091
Total assets	\$ 747,370	\$ 738,782

(Continued)

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

Liabilities and Stockholders' Equity	(Unaudited) June 30, 2003	December 31, 2002
(Amounts in thousands)		
Current liabilities:		
Current maturities of obligations under long-term debt and capital leases	\$ 22,900	\$ 1,857
Accounts payable	29,227	33,605
Deferred revenue	18,094	18,290
Accrued payroll and payroll related obligations	13,933	11,821
Accrued liabilities	8,000	5,763
Accrued interest	5,987	7,938
Subscriber deposits	758	889
Total current liabilities	<u>98,899</u>	<u>80,163</u>
Long-term debt, excluding current maturities	335,000	357,700
Obligations under capital leases, excluding current maturities	42,094	44,072
Obligations under capital leases due to related party, excluding current maturities	691	703
Deferred income taxes, net of deferred income tax benefit	21,902	16,061
Other liabilities, including accretion of \$1,629 and \$0 at June 30, 2003 and December 31, 2002, respectively	6,807	4,956
Total liabilities	<u>505,393</u>	<u>503,655</u>
Redeemable preferred stocks	<u>26,907</u>	<u>26,907</u>
Stockholders' equity		
Common stock (no par):		
Class A. Authorized 100,000 shares; issued 52,112 and 51,795 shares at June 30, 2003 and December 31, 2002, respectively	200,149	199,903
Class B. Authorized 10,000 shares; issued 3,874 and 3,875 shares at June 30, 2003 and December 31, 2002, respectively; convertible on a share-per-share basis into Class A common stock	3,273	3,274
Less cost of 338 and 317 Class A common shares held in treasury at June 30, 2003 and December 31, 2002, respectively	(1,917)	(1,836)
Paid-in capital	11,554	11,222
Notes receivable with related parties issued upon stock option exercise	(5,650)	(5,650)
Retained earnings	8,188	1,847
Accumulated other comprehensive loss	(527)	(540)
Total stockholders' equity	<u>215,070</u>	<u>208,220</u>
Commitments and contingencies		
Total liabilities and stockholders' equity	<u>\$ 747,370</u>	<u>\$ 738,782</u>

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	(Unaudited)		(Unaudited)	
	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
	(Amounts in thousands, except per share amounts)			
Revenues	\$ 95,939	92,740	188,716	180,950
Cost of sales and services	30,071	30,861	60,319	62,098
Selling, general and administrative expenses	34,294	32,585	67,287	63,886
Bad debt expense	802	10,616	1,399	11,197
Depreciation, amortization and accretion expense	12,800	13,912	26,301	27,870
Operating income	<u>17,972</u>	<u>4,766</u>	<u>33,410</u>	<u>15,899</u>
Other income (expense):				
Interest expense	(9,138)	(6,236)	(18,292)	(12,827)
Amortization of loan and senior notes fees	(625)	(371)	(1,698)	(1,128)
Interest income	165	155	331	228
Other expense, net	<u>(9,598)</u>	<u>(6,452)</u>	<u>(19,659)</u>	<u>(13,727)</u>
Net income (loss) before income taxes and cumulative effect of a change in accounting principle	8,374	(1,686)	13,751	2,172
Income tax (expense) benefit	<u>(3,564)</u>	<u>583</u>	<u>(5,846)</u>	<u>(1,063)</u>
Net income (loss) before cumulative effect of a change in accounting principle	4,810	(1,103)	7,905	1,109
Cumulative effect of a change in accounting principle, net of income tax benefit of \$367	<u>-</u>	<u>-</u>	<u>(544)</u>	<u>-</u>
Net income (loss)	<u>\$ 4,810</u>	<u>(1,103)</u>	<u>7,361</u>	<u>1,109</u>
Basic and diluted net income (loss) per common share:				
Net income (loss) before cumulative effect of a change in accounting principle	\$ 0.08	(0.03)	0.12	0.00
Cumulative effect of a change in accounting principle, net of income tax benefit of \$367	<u>-</u>	<u>-</u>	<u>(0.01)</u>	<u>-</u>
Net income (loss)	<u>\$ 0.08</u>	<u>(0.03)</u>	<u>0.11</u>	<u>0.00</u>