

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

FORM 8-K

CURRENT REPORT

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

Date of report (Date of earliest event reported): February 23, 2005

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 No.)
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) 868-5600

NONE

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

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

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

Section 2 - Financial Information

Item 2.02 Results of Operations and Financial Condition

On February 23, 2005, General Communication, Inc. (GCI) issued a press release announcing earnings for the three months and year ended December 31, 2004. 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, within the earnings release.

EBITDA is the sum of Net Income, Interest Expense, Amortization and Write-off of Loan and Senior Notes Fees, Interest Income, Income Tax Expense, and Depreciation, Amortization and Accretion. 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.

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits

- (a) Financial statements of businesses acquired: Not Applicable
- (b) Pro forma financial information: Not Applicable
- (c) Exhibit:

99.1 Press release dated February 23, 2005

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: February 23, 2005

By /s/

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. dated February 23, 2005.

February 23, 2005

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 2004 FINANCIAL RESULTS

- GCI repurchases \$41.3 million of equity from MCI
- Net income of \$21.3 million or \$0.34 per diluted share
- Consolidated revenues of \$424.8 million
- EBITDA of \$139.0 million, as adjusted

ANCHORAGE, AK -- GCI (NASDAQ:GNCMA) today reported its 2004 results with net income of \$21.3 million, or diluted earnings per share of \$0.34. The company's 2004 net income compares to income of \$15.5 million, or diluted earnings per share of \$0.24, in 2003. GCI recorded net income of \$2.3 million or \$0.04 per share on a diluted basis in the fourth quarter of 2004 that compares to net income of \$3.7 million or \$0.06 per share on a diluted basis for the fourth quarter of 2003.

GCI's revenues for 2004 increased to \$424.8 million, an increase of 8.7 percent over 2003 revenues of \$390.8 million. For the fourth quarter of 2004, revenues totaled \$105.5 million as compared to \$103.8 million in the fourth quarter of 2003, an increase of 1.6 percent. Sequentially, revenues decreased 1.0 percent from third quarter 2004 revenues of \$106.6 million.

Earnings before interest, taxes, depreciation and amortization (EBITDA) for 2004 totaled \$139.0 million as adjusted, to exclude \$6.1 million in bond premium expense. EBITDA for 2003 totaled \$126.9 million as adjusted, to exclude a \$5.4 million impairment charge related to the shut down of a first generation fiber to the lower 48. EBITDA for 2004 increased \$12.1 million or 9.5 percent over 2003. EBITDA for 2004 and 2003 included MCI bad debt recoveries of \$4.2 million and \$2.8 million, respectively.

Fourth quarter 2004 EBITDA totaled \$32.2 million and compares to \$36.5 million reported for the fourth quarter of 2003 as adjusted to exclude the \$5.4 million impairment charge. Excluding the MCI bad debt recoveries of \$0.8 million and \$2.2 million recorded in the fourth quarters of 2004 and 2003, respectively, EBITDA decreased \$2.9 million from the fourth quarter of 2003. The decrease in EBITDA for the fourth quarter is attributable in part to approximately \$1.6 million in expenses necessary to comply with the Sarbanes-Oxley Act of 2002 (SOX), increases in labor and benefits and special project revenue recognized in the fourth quarter of 2003. Sequentially, fourth quarter 2004 EBITDA of \$32.2 million decreased \$4.2 million from the third quarter 2004 EBITDA of \$36.7 million, after excluding the MCI bad debt recoveries of \$0.8 million and \$1.1 million in the fourth and third quarters of 2004, respectively. The decrease in EBITDA is attributable, in part, to increased SOX expenses incurred in the fourth quarter of 2004, certain credits recorded in the third quarter of 2004 and seasonality.

GCI continued its stock repurchase program during the fourth quarter of 2004 and first quarter of 2005. The company purchased 413,365 shares at an

average price of \$10.57. GCI has purchased a total of 583,965 shares since the inception of the program at an average price of \$10.17 per share. The company received senior lender approval to repurchase stock of up to \$10 million annually in November, 2004.

In addition to the stock repurchase program, the company purchased 3.8 million GCI Class A shares and \$10 million face value of GCI Series C Preferred Stock from MCI in a private transaction that closed December 7, 2004. The equity repurchase totaled \$41.3 million.

"This is our eighth consecutive year of record high revenues and EBITDA," said Ron Duncan, GCI president. "We had a busy and successful year. In addition to setting new financial records we refinanced \$320 million in Senior Notes at 7.25 percent, repurchased \$47.2 million of GCI equity, including \$41.3 million from MCI, completed the redundant leg of our undersea fiber, entered into a wireless agreement with Dobson Communication and launched our conversion of local phone services to our own cable facilities."

"Our 2004 results were solid as we grew all aspects of our businesses. While much of the rest of the telecom industry still remains weak, we are well positioned going into 2005. We anticipate revenues of \$430 million to \$440 million and EBITDA of approximately \$145 million including the expected recovery of most of the remaining \$3.7 million MCI receivable from 2002. For the first quarter of 2005 we expect revenues of \$105 million to \$107 million and EBITDA of approximately \$32 million to \$33 million, before any MCI recoveries."

Customer Highlights:

- The local services business added 6,000 net access lines during 2004 and at year-end had 112,100 total access lines in service representing an estimated 24 percent share of the total access line market in Alaska. GCI added 8,500 voice access lines after excluding approximately 2,500 Internet Service Provider dial-up lines that were turned down during 2004. The company added approximately 1,700 access lines in the fourth quarter of 2004.
- At the end of 2004, GCI had more than 8,000 Digital Local Phone Service (DLPS) lines in service and plans to provision approximately 25,000 additional lines by the end of 2005.
- GCI had 101,600 statewide Internet customers at the end of 2004, an increase of 5,900 subscribers as compared with 95,700 users at the end of 2003. 65,500 of these Internet customers are using GCI cable modem access services, an increase of 19,500 over the 46,000 at year-end 2003. The company added 500 Internet and 4,300 new cable modem subscribers during the fourth quarter of 2004.
- GCI cable television services pass 207,248 homes and serve 134,742 basic subscribers at the end of 2004. Basic subscribers increased by 392 from the fourth quarter of 2003 and increased by 484 from the third quarter of 2004.
- Digital programming tier subscribers at the end of 2004 total 46,100 an increase of 11,200 subscribers for the year. GCI added 3,500 new digital programming tier subscribers during the fourth quarter of 2004.
- Long-distance billable minutes increased 3.3 percent to 1.197 billion minutes for the year 2004 as compared to 2003. Minutes for the fourth

quarter of 2004 decreased 4.4 percent from the prior year. Minutes decreased 6.4 percent sequentially from the third quarter of 2004 due, in part, to seasonality.

Long Distance Results

Long distance and related revenues for 2004 were up 6.1 percent to \$250.5 million as compared to \$236.0 million for the prior year. Long distance EBITDA in 2004, as adjusted, totaled \$84.3 million, as compared to \$81.7 million, as adjusted, in 2003, an increase of 3.2 percent. The increase in year-over-year revenue is primarily attributable to an increase in managed services and data network services revenues. EBITDA growth for 2004 is primarily attributable to increased revenues.

For the fourth quarter of 2004, long distance revenues totaled \$60.5 million as compared to revenues of \$61.4 million in the fourth quarter of 2003 and \$63.2 million in the third quarter of 2004. Long distance revenues decreased 1.5 percent from the prior year and 4.3 percent sequentially. Long distance revenues year-over-year would have increased \$0.7 million excluding \$1.6 million of special project revenue recorded in the fourth quarter of 2003. The fourth quarter sequential revenue decreases are attributed in part to normal seasonal patterns and from carrying fewer minutes on the company's network for other common carriers. Long distance EBITDA decreased 25.4 percent for the fourth quarter of 2004 to \$17.3 million as compared to \$23.2 million, as adjusted, in the fourth quarter of the prior year and decreased \$7.1 million from \$24.4 million in the third quarter of 2004. Excluding the MCI bad debt recoveries of \$0.8 million in the fourth quarter of 2004 and \$1.1 million in the third quarter of 2004, EBITDA, as adjusted, would have decreased from the prior year and sequentially, \$4.5 million and \$6.8 million, respectively. The EBITDA decreases are attributable in part to fewer minutes carried on the company's network for other common carriers, \$1.6 million of special project revenue reported in the prior year, increases in contract labor, personnel costs and Sarbanes-Oxley related expenses.

Long-distance billable minutes increased 3.3 percent to 1.197 billion minutes for the year 2004 as compared to 2003. Long distance minutes-of-use in the fourth quarter of 2004 were down 4.4 percent as compared to the fourth quarter of 2003 and decreased 6.4 percent from the third quarter of 2004. The fourth quarter decrease in minutes from the same quarter a year ago is primarily due to fewer minutes carried on the company's network for other common carriers partially offset by an increase in retail minutes.

The total number of billed long distance customers at the end of 2004 increased to 91,300 from 85,600 at the end of 2003, and was up 1.1 percent from September, 2004.

Cable Television Results

Cable television revenues for the year increased 5.6 percent to \$101.4 million in 2004 from \$96.0 million in 2003. EBITDA increased 7.3 percent to \$45.4 million from \$42.3 million in 2003. The increase in revenues and EBITDA for the year is due primarily to an increase in the average revenue per subscriber as a result of increased penetration of packaged offerings, digital programming service and cable modem services. Also contributing to the growth was an increase in advertising revenue from the 2004 Olympics and the November 2004 elections.

Cable television revenues for the fourth quarter of 2004 increased 4.8 percent to \$26.2 million as compared to \$25.0 million in the fourth quarter of 2003, and increased 4.0 percent from \$25.2 million in the third quarter of 2004.

EBITDA increased 11.8 percent to \$12.3 million in the fourth quarter of 2004 as compared to \$11.0 million in the fourth quarter of 2003, and increased 16.0 percent from \$10.6 million in the third quarter of 2004. The increase in revenues and EBITDA year-over-year is due to the sales of higher value products such as The Ultimate Package, the digital programming tier and cable modem services.

Gross margin for the fourth quarter as a percentage of revenues increased by 84 basis points year-over-year and increased by 198 basis points sequentially. Increased sales of higher value products such as digital programming and cable modems is helping to mitigate the effects of continuing increases in program and copyright costs.

As of December 31, 2004, the company's cable and entertainment operations passed 207,248 homes and served 134,742 basic subscribers (107,843 equivalent basic subscribers). Homes passed increased 2.5 percent and basic subscribers increased by 392 during 2004. Average revenue per equivalent basic subscriber increased 6.5 percent to \$81.33 for the fourth quarter of 2004 as compared to \$76.34 for the fourth quarter of 2003, and increased 2.5 percent on a sequential basis. The company experienced an increase of 484 subscribers to its systems during the fourth quarter of 2004. GCI's packaged offering of long distance, local, Internet and cable television service appears to be mitigating the effects of DBS competition that accelerated during the fourth quarter of 2003.

The company offers digital programming tier(s) in Anchorage, Fairbanks, Juneau, Kenai, Soldotna, Ketchikan and the Mat-Su Valley area. GCI has 73 percent of its basic cable subscribers receiving service through a digital set-top box and 46,122 purchased the digital programming tier at the end of the fourth quarter of 2004. GCI now offers 10 channels of HDTV to customers in the Anchorage and Mat-Su Valley area.

The operating statistics below include capital expenditures and customer information from cable services and the components of local services and Internet services which offer services utilizing our cable services' facilities.

GCI's capital expenditures by standard reporting category for the year ending December 31, 2004 and 2003 follow (amounts in thousands):

	<u>2004</u>	<u>2003</u>
Customer premise equipment	\$ 16,772	10,713
Commercial	574	705
Scalable infrastructure	4,979	2,221
Line extensions	1,752	1,270
Upgrade/rebuild	9,476	3,800
Support capital	1,427	503
	<u>\$ 34,980</u>	<u>19,212</u>

The standard definition of a customer relationship is the number of customers who receive at least one level of service, encompassing voice, video, and data services, without regard to which services customers purchase. These relationships do not include local telephone customers except those served by the cable television plant. At December 31, 2004 and 2003, GCI's cable business had 122,700 and 121,900 customer relationships, respectively.

The standard definition of a revenue-generating unit is the sum of all primary analog video, digital video, cable modem and DLPS customers, not counting additional outlets. At December 31, 2004 and 2003, GCI's cable business had 208,300 and 180,400 revenue generating units, respectively. The increase in

the revenue generating units of 8,900 and 2,200 from September 30, 2004 and 2003, respectively, is due primarily to an increase in the number of cable modem customers partially offset by the seasonal decline in hotels that only subscribe to cable television services for the summer tourist season. Each hotel room is considered a revenue-generating unit.

Local Telephone Results

Local telephone service revenues for the year increased 20.5 percent to \$47.0 million as compared to \$39.0 million in 2003. Local services generated a \$0.4 million EBITDA loss for 2004, compared to a loss of \$2.5 million in 2003. The \$2.1 million improvement in EBITDA year-over-year is primarily related to increasing market share. If the local telephone business received credit for access cost savings on calls placed by GCI long distance customers who are also GCI local customers, the local telephone business would have reported positive EBITDA of \$6.7 million for 2004.

Local telephone service revenues totaled \$12.4 million in the fourth quarter of 2004 as compared to \$11.8 million in the prior year. Revenues increased \$0.9 million or 7.8 percent from the third quarter of 2004. Local services generated a EBITDA loss of \$0.4 million during the fourth quarter of 2004 as compared to the prior year fourth quarter EBITDA of \$0.7 million and as compared to the third quarter's EBITDA loss of \$0.8 million. The decrease in EBITDA of \$1.1 million for the fourth quarter of 2004 was due primarily to Universal Service Fund revenue accruals in the fourth quarter 2003.

GCI had 112,100 access lines in service at the end of 2004, an increase of 6,000 access lines or 5.7 percent over the year 2003. GCI added 8,500 voice access lines after excluding approximately 2,500 Internet Service Provider dial-up lines that were turned down during 2004. The company added approximately 1,700 local access lines in the fourth quarter, an increase of 1.5 percent over the third quarter of 2004. The company estimates it has attained a 24 percent local service market share in Alaska. Approximately 85 percent of GCI's access lines are provisioned on its own facilities or on resold local loops.

In early April 2004, GCI began converting customers to its DLPS technology. The rollout of DLPS enables GCI to avoid wholesale and loop rental charged by the incumbent local exchange carrier. At the end of 2004, GCI had more than 8,000 DLPS lines in service and plans to provision approximately 25,000 additional lines by the end of 2005.

Internet Access Results

As of December 31, 2004, GCI had 101,600 statewide Internet customers, an increase of 5,900 customers over the prior year 2003. GCI's total statewide Internet customers at the end of 2004 included 65,500 subscribers using cable modem access, an increase of 19,500 customers as compared to 46,000 cable modem customers at the end of 2003.

Internet access revenues for 2004 totaled \$26.0 million, an increase of 31.3 percent over 2003 revenues of \$19.8 million. Internet EBITDA for the year totaled \$9.6 million, an improvement of \$4.2 million as compared to \$5.4 million for 2003. The revenue and EBITDA increases results from more customers served, the migration of existing customers from dial-up to cable modem access and customers adding more features and services, increasing economies of scale, and effective operating cost controls.

Internet access revenues increased 16.4 percent to \$6.4 million in the fourth quarter of 2004 as compared to \$5.5 million for the fourth quarter of 2003. Internet access revenues decreased 4.5 percent from \$6.7 million in the

third quarter of 2004. Fourth quarter 2004 EBITDA of \$3.1 million is an improvement of \$1.5 million as compared to \$1.6 million in the fourth quarter of 2003, and is an improvement of \$0.7 million over the third quarter of 2004.

GCI added 500 new Internet subscribers and 4,300 cable modem customers in the fourth quarter of 2004.

Total cable modem revenues for the fourth quarter of 2004 increased 4.3 percent sequentially when compared to the third quarter of 2004 and increased 19.1 percent year-over-year. At the end of the fourth quarter of 2004 GCI's average revenue per cable modem (ARPM) was \$31.94 as compared to \$33.51 at the end of the third quarter of 2004 and \$37.63 at the end of the fourth quarter of 2003. The increase in sequential and year-over-year revenues is due to the increase in modem customers. The decline in ARPM is due to an increase in the percentage of total customers taking GCI's discounted cable modem products.

GCI began offering Internet access services during 1998 and its dial-up Internet service is offered in most major Alaska markets. GCI is the largest Internet access provider in Alaska.

Other Items

During 2004, core capital expenditures totaled \$80.4 million, as compared to \$46.0 million in 2003. GCI recorded \$32.2 million in capital expenditures related to the new undersea fiber during 2004.

GCI will hold a conference call to discuss 2004 results, including the fourth quarter, on Thursday, February 24, 2005 beginning at 2 p.m. (Eastern). To access the briefing on February 24, call the MCI conference operator between 1:50 p.m. and 2 p.m. (Eastern) at 888-455-3614. (International callers should dial 312-470-0009) and identify your call as "GCI." In addition to the conference call, GCI will make available net conferencing. To access the call via net conference, log on to www.gci.com and follow the instructions. The call will be archived online for two weeks. A replay of the call will be available at 4 p.m. (Eastern) for 72-hours by dialing 866-435-1327, access code 7461 (International callers should dial 203-369-1023.)

GCI is the largest Alaska-based and operated integrated telecommunications provider. A pioneer in bundled services, GCI 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 statement sections of Form 10-K and 10-Q filed with the Securities and Exchange Commission.

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GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Amounts in thousands)	Assets	(Unaudited)	
		December 31,	
		2004	2003
Current assets:			
Cash and cash equivalents		\$ 31,452	10,435
Receivables		74,429	70,235
Less allowance for doubtful receivables		2,317	1,954
Net receivables		72,112	68,281
Prepaid and other current assets		10,336	12,159
Deferred income taxes, net		5,549	7,195
Property held for sale		2,282	2,173
Inventories		1,215	1,513
Notes receivable from related parties		475	1,885
Total current assets		123,421	103,641
Property and equipment in service, net of depreciation		432,249	369,039
Construction in progress		22,505	33,618
Net property and equipment		454,754	402,657
Cable certificates		191,241	191,241
Goodwill		41,972	41,972
Other intangible assets, net of amortization of \$1,625 and \$1,656 at December 31, 2004 and 2003, respectively		6,265	4,195
Deferred loan and senior notes costs, net of amortization of \$2,602 and \$5,308 at December 31, 2004 and 2003, respectively		10,341	5,757
Notes receivable from related parties		3,345	4,281
Other assets		9,508	9,276
Total other assets		262,672	256,722
Total assets		\$ 840,847	763,020

(Continued)

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Continued)

(Amounts in thousands)	(Unaudited)	
Liabilities, Redeemable Preferred Stock, and Stockholders' Equity	December 31,	
	2004	2003
Current liabilities:		
Current maturities of obligations under capital leases and long-term debt	\$ 6,407	5,139
Accounts payable	28,742	34,133
Deferred revenue	16,253	21,275
Accrued payroll and payroll related obligations	15,350	17,545
Accrued interest	8,747	8,645
Accrued liabilities	6,849	8,156
Subscriber deposits	437	651
Total current liabilities	82,785	95,544
Long-term debt	436,969	345,000
Obligations under capital leases, excluding current maturities	32,750	38,959
Obligation under capital lease due to related party, excluding current maturity	672	677
Deferred income taxes, net of deferred income tax benefit	40,767	24,168
Other liabilities	8,385	6,366
Total liabilities	602,328	510,714
Redeemable preferred stock	4,249	25,664
Stockholders' equity		
Common stock (no par):		
Class A. Authorized 100,000 shares; issued 51,825 and 52,589 shares at December 31, 2004 and 2003, respectively	186,883	202,362
Class B. Authorized 10,000 shares; issued 3,862 and 3,868 shares at December 31, 2004 and 2003, respectively; convertible on a share-per-share basis into Class A common stock	3,248	3,269
Less cost of 426 and 338 Class A common shares held in treasury at December 31, 2004 and 2003, respectively	(2,922)	(1,917)
Paid-in capital	14,957	12,836
Notes receivable with related parties issued upon stock option exercise	(3,016)	(4,971)
Retained earnings	35,120	15,371
Accumulated other comprehensive loss	-	(308)
Total stockholders' equity	234,270	226,642
Commitments and contingencies		
Total liabilities, redeemable preferred stock, and stockholders' equity	\$ 840,847	763,020

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2004, 2003 AND 2002

(Amounts in thousands, except per share amounts)	(Unaudited)		
	2004	2003	2002
Revenues	\$ 424,826	390,797	367,842
Cost of goods sold (exclusive of depreciation, amortization and accretion shown separately below)	139,563	125,383	123,564
Selling, general and administrative expenses	147,360	138,693	129,029
Bad debt expense (recovery)	(1,074)	(178)	13,124
Impairment charge	-	5,434	-
Depreciation, amortization and accretion expense	63,113	53,388	56,400
Operating income	<u>75,864</u>	<u>68,077</u>	<u>45,725</u>
Other income (expense):			
Interest expense	(27,586)	(34,745)	(29,316)
Loss on early extinguishment of debt	(6,136)	-	-
Amortization and write-off of loan and senior notes fees	(3,790)	(7,732)	(4,612)
Interest income	363	560	525
Other expense, net	<u>(37,149)</u>	<u>(41,917)</u>	<u>(33,403)</u>
Net income before income taxes and cumulative effect of a change in accounting principle	38,715	26,160	12,322
Income tax expense	<u>17,463</u>	<u>10,074</u>	<u>5,659</u>
Net income before cumulative effect of a change in accounting principle	21,252	16,086	6,663
Cumulative effect of a change in accounting principle, net of income tax benefit of \$367	<u>-</u>	<u>(544)</u>	<u>-</u>
Net income	<u>\$ 21,252</u>	<u>15,542</u>	<u>6,663</u>
Basic net income per common share:			
Net income before cumulative effect of a change in accounting principle	\$ 0.35	0.25	0.08
Cumulative effect of a change in accounting principle, net of income tax benefit of \$367	<u>-</u>	<u>(0.01)</u>	<u>-</u>
Net income	<u>\$ 0.35</u>	<u>0.24</u>	<u>0.08</u>
Diluted net income per common share:			
Net income before cumulative effect of a change in accounting principle	\$ 0.34	0.25	0.08
Cumulative effect of a change in accounting principle, net of income tax benefit of \$367	<u>-</u>	<u>(0.01)</u>	<u>-</u>
Net income	<u>\$ 0.34</u>	<u>0.24</u>	<u>0.08</u>
Common shares used to calculate basic EPS	<u>56,989</u>	<u>55,675</u>	<u>55,081</u>
Common shares used to calculate diluted EPS	<u>58,196</u>	<u>56,440</u>	<u>55,665</u>

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

Traditional Summary

	Year Ended December 31, 2004					Year Ended December 31, 2003				
	Long Distance	Cable	Local Services	Internet	Combined	Long Distance	Cable	Local Services	Internet	Combined
Revenues	\$ 250,463	101,437	46,957	25,969	424,826	235,953	96,004	38,998	19,842	390,797
Cost of goods sold (exclusive of depreciation, amortization and accretion shown separately below)	76,525	26,959	29,088	6,991	139,563	69,771	25,988	23,761	5,863	125,383
Contribution	173,938	74,478	17,869	18,978	285,263	166,182	70,016	15,237	13,979	265,414
Selling, general and administrative expenses	91,598	28,100	18,285	9,377	147,360	85,285	27,101	17,718	8,589	138,693
Bad debt expense (recovery)	(2,006)	932	-	-	(1,074)	(829)	651	-	-	(178)
EBITDA, as adjusted	84,346	45,446	(416)	9,601	138,977	81,726	42,264	(2,481)	5,390	126,899
Less loss on early extinguishment of debt	6,136	-	-	-	6,136	-	-	-	-	-
Less impairment charge	-	-	-	-	-	5,434	-	-	-	5,434
EBITDA	78,210	45,446	(416)	9,601	132,841	76,292	42,264	(2,481)	5,390	121,465
Add loss on early extinguishment of debt	6,136	-	-	-	6,136	-	-	-	-	-
Less depreciation, amortization and accretion expense	35,150	19,038	4,941	3,984	63,113	28,831	17,296	3,553	3,708	53,388
Operating income (loss)	\$ 49,196	26,408	(5,357)	5,617	75,864	47,461	24,968	(6,034)	1,682	68,077

Integrated Summary EBITDA, as Adjusted
(Unaudited)

	Year Ended December 31, 2004				Year Ended December 31, 2003			
	Voice	Data	Video	Combined	Voice	Data	Video	Combined
Traditional Summary EBITDA, as Adjusted:								
Long Distance	\$ 84,346			84,346	81,726			81,726
Cable			45,446	45,446			42,264	42,264
Local Services	(416)			(416)	(2,481)			(2,481)
Internet		9,601		9,601		5,390		5,390
	83,930	9,601	45,446	138,977	79,245	5,390	42,264	126,899
EBITDA, as Adjusted, Reallocations:								
Long Distance	(47,958)	47,958		-	(37,045)	37,045		-
Cable		10,759	(10,759)	-		9,636	(9,636)	-
Local Services	(239)	239		-	(109)	109		-
Integrated Summary EBITDA, as Adjusted	\$ 35,733	68,557	34,687	138,977	42,091	52,180	32,628	126,899

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

Traditional Summary

	Three Months Ended December 31, 2004					Three Months Ended December 31, 2003				
	Long	Local			Combined	Long	Local			Combined
	Distance	Cable	Services	Internet		Distance	Cable	Services	Internet	
Revenues	\$ 60,532	26,194	12,399	6,377	105,502	61,432	24,995	11,787	5,540	103,754
Cost of goods sold (exclusive of depreciation, amortization and accretion shown separately below)	18,410	6,648	7,904	1,723	34,685	18,799	6,553	6,316	1,526	33,194
Contribution	42,122	19,546	4,495	4,654	70,817	42,633	18,442	5,471	4,014	70,560
Selling, general and administrative expenses	25,069	7,120	4,870	1,589	38,648	21,645	7,315	4,816	2,368	36,144
Bad debt expense (recovery)	(197)	169	-	-	(28)	(2,226)	116	-	-	(2,110)
EBITDA, as adjusted	17,250	12,257	(375)	3,065	32,197	23,214	11,011	655	1,646	36,526
Impairment charge	-	-	-	-	-	5,434	-	-	-	5,434
EBITDA	17,250	12,257	(375)	3,065	32,197	17,780	11,011	655	1,646	31,092
Less depreciation, amortization and accretion expense	8,132	4,966	2,014	1,242	16,354	8,045	3,855	941	1,179	14,020
Operating income (loss)	\$ 9,118	7,291	(2,389)	1,823	15,843	9,735	7,156	(286)	467	17,072

Integrated Summary EBITDA

(Unaudited)

	Three Months Ended December 31, 2004				Three Months Ended December 31, 2003			
	Voice	Data	Video	Combined	Voice	Data	Video	Combined
Traditional Summary EBITDA:								
Long Distance	\$ 17,250			17,250	23,214			23,214
Cable			12,257	12,257			11,011	11,011
Local Services	(375)			(375)	655			655
Internet		3,065		3,065		1,646		1,646
	16,875	3,065	12,257	32,197	23,869	1,646	11,011	36,526
EBITDA Reallocations:								
Long Distance	(11,435)	11,435		-	(11,448)	11,448		-
Cable		2,679	(2,679)	-		2,469	(2,469)	-
Local Services	(98)	98		-	(26)	26		-
Integrated Summary EBITDA	\$ 5,342	17,277	9,578	32,197	12,395	15,589	8,542	36,526

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

Traditional Summary

	Three Months Ended December 31, 2004					Three Months Ended September 30, 2004				
	Long	Local			Combined	Long	Local			Combined
	Distance	Cable	Services	Internet		Distance	Cable	Services	Internet	
Revenues	\$ 60,532	26,194	12,399	6,377	105,502	63,195	25,210	11,548	6,669	106,622
Cost of goods sold (exclusive of depreciation, amortization and accretion shown separately below)	18,410	6,648	7,904	1,723	34,685	16,463	6,897	7,816	1,700	32,876
Contribution	42,122	19,546	4,495	4,654	70,817	46,732	18,313	3,732	4,969	73,746
Selling, general and administrative expenses	25,069	7,120	4,870	1,589	38,648	22,863	7,433	4,486	2,542	37,324
Bad debt expense (recovery)	(197)	169	-	-	(28)	(522)	241	-	-	(281)
EBITDA	17,250	12,257	(375)	3,065	32,197	24,391	10,639	(754)	2,427	36,703
Less depreciation, amortization and accretion expense	8,132	4,966	2,014	1,242	16,354	8,752	4,702	964	879	15,297
Operating income (loss)	\$ 9,118	7,291	(2,389)	1,823	15,843	15,639	5,937	(1,718)	1,548	21,406

Integrated Summary EBITDA

(Unaudited)

	Three Months Ended December 31, 2004				Three Months Ended September 30, 2004			
	Voice	Data	Video	Combined	Voice	Data	Video	Combined
Traditional Summary EBITDA								
Long Distance	\$ 17,250			17,250	24,391			24,391
Cable			12,257	12,257			10,639	10,639
Local Services	(375)			(375)	(754)			(754)
Internet		3,065		3,065		2,427		2,427
	16,875	3,065	12,257	32,197	23,637	2,427	10,639	36,703
EBITDA, Reallocations:								
Long Distance	(11,435)	11,435		-	(13,000)	13,000		-
Cable		2,679	(2,679)	-		2,578	(2,578)	-
Local Services	(98)	98		-	(53)	53		-
Integrated Summary EBITDA	\$ 5,342	17,277	9,578	32,197	10,584	18,058	8,061	36,703

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

	Three Months Ended		
	December 31, 2004	December 31, 2003	September 30, 2004
EBITDA, as adjusted (Note 1) \$	32.2	36.5	36.7
Impairment charge	---	(5.4)	---
EBITDA (Note 2)	32.2	31.1	36.7
Depreciation, amortization and accretion expense	(16.4)	(14.0)	(15.3)
Operating income	15.8	17.1	21.4
Other income (expense):			
Interest expense	(7.3)	(7.6)	(6.7)
Amortization and write-off of loan and senior notes fee expense	(0.4)	(5.4)	(0.4)
Interest income	0.1	0.1	0.1
Other expense, net	(7.6)	(12.9)	(7.0)
Net income before income taxes	8.2	4.2	14.4
Income tax expense	(5.9)	(0.5)	(5.1)
Net income \$	2.3	3.7	9.3

	Year Ended	
	December 31, 2004	December 31, 2003
EBITDA, as adjusted (Note 1) \$	139.0	126.9
Loss on early extinguishment of debt	(6.1)	---
Impairment charge	---	(5.4)
EBITDA (Note 2)	<u>132.9</u>	<u>121.5</u>
Depreciation, amortization and accretion expense	(63.1)	(53.4)
Loss on early extinguishment of debt	6.1	---
Operating income	<u>75.9</u>	<u>68.1</u>
Other income (expense):		
Interest expense	(27.6)	(34.8)
Loss on early extinguishment of debt	(6.1)	---
Amortization and write-off of loan and senior notes fee expense	(3.8)	(7.7)
Interest income	0.3	0.5
Other expense, net	<u>(37.2)</u>	<u>(42.0)</u>
Net income before income taxes and cumulative effect of a change in accounting principle	38.7	26.1
Income tax expense	<u>(17.4)</u>	<u>(10.1)</u>
Net income before cumulative effect of a change in accounting principle	21.3	16.0
Cumulative effect of a change in accounting principle, net of income tax benefit of \$0.4	---	(0.5)
Net income	<u>\$ 21.3</u>	<u>15.5</u>

Notes:

- (1) EBITDA (as defined in Note 2 below) before deducting Loss on Early Extinguishment of Debt during the year ended December 31, 2004 and Impairment Charge during the three months and year ended December 31, 2003.
- (2) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is the sum of Net Income, Interest Expense, Amortization and Write-off of Loan and Senior Notes Fees, Interest Income, Income Tax Expense, and Depreciation, Amortization and Accretion 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.