

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): August 2, 2016

---

**GENERAL COMMUNICATION, INC.**

(Exact name of registrant as specified in its charter)

---

**State of Alaska**

(State or other Jurisdiction of  
Incorporation or organization)

---

**0-15279**

Commission File Number

---

**92-0072737**

(I.R.S Employer  
Identification No.)

---

**2550 Denali Street  
Suite 1000**

**Anchorage, Alaska**

(Address of principal executive offices)

---

**99503**

(Zip Code)

Registrant's telephone number, including area code: (907) 868-5600

---

**NONE**

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

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

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

## Section 2 - Financial Information

### Item 2.02 Results of Operations and Financial Condition

On August 2, 2016, General Communication, Inc. ("GCI") issued a press release announcing earnings for the three and six months ended June 30, 2016. A copy of the press release is attached as Exhibit 99.1.

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

The earnings release attached as Exhibit 99.1 discloses the non-GAAP financial measure of Adjusted EBITDA (defined as earnings plus cash received in excess of revenue recognized for long-term fixed roaming arrangements and imputed interest on financed devices before net interest expense, income taxes, depreciation and amortization expense, loss on extinguishment of debt, software impairment charge, derivative instrument unrealized income (loss), share-based compensation expense, accretion expense, loss attributable to non-controlling interest resulting from NMTC transactions, gains and impairment losses on equity and cost method investments, and other non-cash adjustments) for the three and six months ended June 30, 2016 and 2015 and the three months ended March 31, 2016. Adjusted EBITDA has been reconciled to the closely related GAAP financial measure, net income (loss), within the earnings release.

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

## Section 9 - Financial Statements and Exhibits

### Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit

| <u>Number</u> | <u>Description</u>  |
|---------------|---|
| 99.1          | Press Release issued by General Communication, Inc. on August 2, 2016 |

---

**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 hereunto duly authorized.

**GENERAL COMMUNICATION, INC.**

\_\_\_\_\_  
(Registrant)

Date: August 3, 2016

By /s/ Peter J. Pounds

\_\_\_\_\_  
Name: Peter J. Pounds

Title: Senior Vice President,  
Chief Financial Officer,  
and Secretary

(Principal Financial Officer)

---

## Exhibit Index

| Exhibit No. | Description   |
|-------------|---|
| 99.1        | Press Release issued by General Communication, Inc. on August 2, 2016 |

**GCI REPORTS SECOND QUARTER 2016 FINANCIAL RESULTS**

Consolidated Revenue of \$234 million

Adjusted EBITDA of \$79 million

**August 2, 2016, Anchorage, Alaska** - General Communication, Inc. ("GCI") (NASDAQ: GNCMA) announces its results for the second quarter of 2016.

**Operating and Financial Highlights**

Revenues in the first quarter were \$234 million, down six percent or \$14 million compared with the same period in 2015, and up \$3 million or one percent sequentially. Growth in GCI Business revenues were offset by anticipated year-over-year declines in wireless roaming and backhaul revenues. As previously reported, GCI recently entered into long-term roaming and backhaul agreements that smooth roaming and backhaul revenues more evenly throughout the year and over the life of our contracts, which makes year-over-year comparisons less meaningful this year.

Adjusted EBITDA in the second quarter was \$79 million, down \$9 million or ten percent when compared with the second quarter of 2015 and up \$1 million or one percent over the first quarter of 2016. The year-over-year decline in Adjusted EBITDA is due primarily to our roaming and backhaul agreements and spending related to our new billing system.

**Updates**

Alaska Fiscal Situation Update: The state government has not been able to adopt a workable long term fiscal plan in 2016. As a result, we have announced that we will be reducing 2017 capital expenditures by 20 to 25 percent from our 2016 forecast of \$210 million. This implies 2017 capital expenditures of \$158 to \$168 million.

Fiber Acquisition: On July 29th, we executed a Membership Interest Purchase Agreement to acquire Kodiak Kenai Cable Company, the owner of the Kodiak Kenai Fiber Link (KKFL), for \$20 million. KKFL is the only low-latency redundant fiber link between Anchorage, the Kenai Peninsula and Kodiak and ensures GCI has diverse, protected network capacity to these markets to support our current and future broadband requirements. Closing is subject to the usual regulatory approvals.

Tower Sale: Our previously announced agreement to sell our urban wireless tower and rooftop sites to Vertical Bridge closed on August 1st. We received proceeds of approximately \$90 million in the transaction.

**Wireless**

Wireless segment revenues were \$54 million for the quarter, a \$14 million or 21 percent decline year-over-year and a \$2 million or five percent gain sequentially. The year-over-

---

year decline is driven primarily by our long-term roaming and backhaul agreements. The sequential gain is due to new non-cash wireless license amortization which is accompanied by an equivalent increase in COGS.

Wireless segment Adjusted EBITDA, which includes a \$7.5 million adjustment for cash received from our new roaming agreements, was \$40 million for the quarter, declining 12 percent over the second quarter of 2015 and was flat compared with the first quarter of 2016. The year-over-year decline in Adjusted EBITDA was a result of our roaming and backhaul agreements. These agreements have eliminated most of the seasonality in this business.

The wireless segment revenue detail is as follows:

| (\$ millions)                 | 2Q16      | 2Q15      | 1Q16      |
|-------------------------------|-----------|-----------|-----------|
| Wholesale Wireless            | 17        | 21        | 18        |
| Roaming and Backhaul          | 23        | 34        | 20        |
| USF Support                   | 14        | 13        | 13        |
| <b>Total Wireless Revenue</b> | <b>54</b> | <b>68</b> | <b>51</b> |

## Wireline

Wireline segment revenues of \$180 million for the second quarter were flat, both sequentially and year-over-year. Declines in voice, video, and wireless were offset by gains in data.

Adjusted EBITDA for the quarter was \$39 million, down \$4 million or eight percent year-over-year and up \$1 million or two percent from the previous quarter. The year-over-year decline was a result of increased SG&A costs associated with our billing system project and allocation changes between segments.

### Wireline - Consumer

Consumer revenues of \$84 million in the second quarter are down \$5 million or six percent year-over-year and down \$1 million or one percent sequentially. Wireless revenues were down \$5 million year-over-year as we experienced ARPU compression associated with shifting the mix of our business to selling more equipment installment plans rather than subsidized handsets. Also affecting the year-over-year results was the loss of 2,900 video subscribers that drove revenues down by \$2 million as subscribers migrate away from linear video. This was offset by a gain of 4,700 cable modem subscribers and a five percent increase in data ARPUs, which increased revenue by \$3 million.

Total wireless subscribers were up 2,900 for the quarter on strong seasonal prepaid wireless growth. Consumer cable modems were down 800 in the seasonally challenged second quarter.

---

## **Wireline - GCI Business**

GCI Business is our new customer group, formed from the previous Business Services and Managed Broadband groups. Martin Cary, formerly our Vice President of Managed Broadband, has been promoted to Senior Vice President and General Manager of GCI Business where he will manage the integration of the various components into the new unit.

GCI Business revenues were \$96 million for the quarter. This is up \$6 million or six percent compared with the same period in 2015 and up \$1 million or one percent sequentially. Growth in data revenue on the TERRA network was slightly offset by downward pressure in the oil and gas sector, particularly in our time and materials business.

## **SG&A**

SG&A expenses were \$88 million during the quarter, up \$5 million or six percent over last year and flat sequentially. Progress towards our billing system conversion is on track, and spending associated with this project is reflected in the year-over-year increase in SG&A.

## **Other Events**

GCI repurchased 0.5 million shares of its Class A common stock during the second quarter at a cost of \$8 million, or \$16.09 per share.

Capital expenditures for the quarter totaled \$50 million, bringing the total for the year to \$84 million.

## **2016 Guidance**

GCI reiterates the following guidance for 2016:

- Revenue is expected to be between \$930 million and \$980 million in 2016.
- Adjusted EBITDA is expected to be between \$295 million and \$325 million.
- Capital expenditures are expected to be approximately \$210 million.

## Use of Non-GAAP Measure

Adjusted EBITDA is presented herein and is a non-GAAP measure. See our attached financials for a reconciliation of this non-GAAP measure to the nearest GAAP measure.

## Conference Call

The company will hold a conference call to discuss the financial results on Wednesday, August 3<sup>d</sup>, at 2:00 p.m. (Eastern). To access the call, call the conference operator between 1:45-2:00 p.m. (Eastern) at 844-850-0551 (International callers should dial +1-412-902-4197) and identify your call as "GCI".

---

In addition to dial-up access, GCI will make available net conferencing. To access the call via net conference, log on to [gci.com](http://gci.com) and follow the instructions.

A replay of the call will be available for 72-hours by dialing 877-344-7529, access code 10089273 (International callers should dial +1-412-317-0088).

#### Forward-Looking Statement Disclosure

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

#### About GCI

GCI is the largest Alaska-based and operated, integrated telecommunications provider, offering wireless, voice, data, and video services statewide. Learn more about GCI at [www.gci.com](http://www.gci.com).

#### Contacts:

Investors: Kyle Jones, 907.868.7105, [kjones@gci.com](mailto:kjones@gci.com)

Media: David Morris, 907.868.5396, [dmorris@gci.com](mailto:dmorris@gci.com)

# # #

---

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

(Amounts in thousands)

| ASSETS                                       | June 30,<br>2016 | December 31,<br>2015 |
|--|------------------|----------------------|
| <b>Current assets:</b>                       |                  |                      |
| Cash and cash equivalents                    | \$ 11,329        | 26,528               |
| Receivables                                  | 221,787          | 208,384              |
| Less allowance for doubtful receivables      | 2,392            | 3,630                |
| Net receivables                              | 219,395          | 204,754              |
| Prepaid expenses                             | 17,406           | 12,862               |
| Inventories                                  | 10,577           | 11,322               |
| Other current assets                         | 180              | 3,129                |
| Total current assets                         | 258,887          | 258,595              |
| Property and equipment                       | 2,453,655        | 2,384,530            |
| Less accumulated depreciation                | 1,369,634        | 1,290,149            |
| Net property and equipment                   | 1,084,021        | 1,094,381            |
| Goodwill                                     | 239,263          | 239,263              |
| Cable certificates                           | 191,635          | 191,635              |
| Wireless licenses                            | 92,347           | 86,347               |
| Other intangible assets, net of amortization | 70,091           | 69,290               |
| Other assets                                 | 30,980           | 27,429               |
| Total other assets                           | 624,316          | 613,964              |
| Total assets                                 | \$ 1,967,224     | 1,966,940            |

**GENERAL COMMUNICATION, INC. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

(Unaudited)

(Continued)

(Amounts in thousands)

| LIABILITIES AND STOCKHOLDERS' EQUITY  | June 30,<br>2016    | December 31,<br>2015 |
|---|---------------------|----------------------|
| <b>Current liabilities:</b>   |                     |                      |
| Current maturities of obligations under long-term debt and capital leases   | \$ 12,356           | 12,050               |
| Accounts payable  | 47,542              | 63,014               |
| Deferred revenue  | 34,340              | 34,128               |
| Accrued payroll and payroll related obligations   | 29,764              | 31,337               |
| Accrued liabilities   | 24,354              | 22,822               |
| Accrued interest (including \$2,304 and \$5,132 to a related party at June 30, 2016 and December 31, 2015, respectively)  | 10,834              | 13,655               |
| Subscriber deposits   | 1,035               | 1,242                |
| <b>Total current liabilities</b>  | <b>160,225</b>      | <b>178,248</b>       |
| <br>  |                     |                      |
| Long-term debt, net (including \$55,689 and \$54,810 to a related party at June 30, 2016 and December 31, 2015, respectively)   | 1,344,913           | 1,329,396            |
| Obligations under capital leases, excluding current maturities (including \$1,797 and \$1,824 due to a related party at June 30, 2016 and December 31, 2015, respectively)  | 55,065              | 59,651               |
| Deferred income taxes   | 111,301             | 106,145              |
| Long-term deferred revenue  | 114,705             | 93,427               |
| Other liabilities (including \$21,780 and \$32,820 for derivative stock appreciation rights with a related party at June 30, 2016 and December 31, 2015, respectively)  | 72,695              | 80,812               |
| <b>Total liabilities</b>  | <b>1,858,904</b>    | <b>1,847,679</b>     |
| <br>  |                     |                      |
| Commitments and contingencies   |                     |                      |
| Stockholders' equity:   |                     |                      |
| Common stock (no par):  |                     |                      |
| Class A. Authorized 100,000 shares; issued 34,991 and 35,593 shares at June 30, 2016 and December 31, 2015, respectively; outstanding 34,965 and 35,567 shares at June 30, 2016 and December 31, 2015, respectively | —                   | —                    |
| Class B. Authorized 10,000 shares; issued and outstanding 3,154 at June 30, 2016 and December 31, 2015; convertible on a share-per-share basis into Class A common stock  | 2,664               | 2,664                |
| Less cost of 26 Class A common shares held in treasury at June 30, 2016 and December 31, 2015   | (249)               | (249)                |
| Paid-in capital   | 11,746              | 6,631                |
| Retained earnings   | 63,395              | 79,217               |
| <b>Total General Communication, Inc. stockholders' equity</b>   | <b>77,556</b>       | <b>88,263</b>        |
| Non-controlling interests   | 30,764              | 30,998               |
| <b>Total stockholders' equity</b>   | <b>108,320</b>      | <b>119,261</b>       |
| <b>Total liabilities and stockholders' equity</b>   | <b>\$ 1,967,224</b> | <b>1,966,940</b>     |

**GENERAL COMMUNICATION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

| (Amounts in thousands, except per share amounts)   | Three Months Ended<br>June 30, |                 | Six Months Ended<br>June 30, |                 |
|--|--------------------------------|-----------------|------------------------------|-----------------|
|  | 2016                           | 2015            | 2016                         | 2015            |
| <b>Revenues:</b>   |                                |                 |                              |                 |
| Non-related party  | \$ 233,766                     | 247,528         | 464,864                      | 473,334         |
| Related party  | —                              | —               | —                            | 5,283           |
| Total revenues   | <u>233,766</u>                 | <u>247,528</u>  | <u>464,864</u>               | <u>478,617</u>  |
| <b>Cost of goods sold (exclusive of depreciation and amortization shown separately below):</b>                   |                                |                 |                              |                 |
| Non-related party  | 78,141                         | 79,256          | 154,432                      | 153,143         |
| Related party  | —                              | —               | —                            | 881             |
| Total cost of goods sold   | <u>78,141</u>                  | <u>79,256</u>   | <u>154,432</u>               | <u>154,024</u>  |
| <b>Selling, general and administrative expenses:</b>   |                                |                 |                              |                 |
| Non-related party  | 88,022                         | 83,047          | 175,668                      | 166,435         |
| Related party  | —                              | —               | —                            | 540             |
| Total selling, general and administrative expenses   | <u>88,022</u>                  | <u>83,047</u>   | <u>175,668</u>               | <u>166,975</u>  |
| Depreciation and amortization expense  | 48,072                         | 45,171          | 95,214                       | 90,406          |
| Software impairment charge   | —                              | 851             | —                            | 27,268          |
| Operating income   | <u>19,531</u>                  | <u>39,203</u>   | <u>39,550</u>                | <u>39,944</u>   |
| <b>Other income (expense):</b>   |                                |                 |                              |                 |
| Interest expense (including amortization of deferred loan fees)  | (19,362)                       | (20,605)        | (38,533)                     | (40,453)        |
| Related party interest expense   | (1,846)                        | (1,795)         | (3,677)                      | (2,932)         |
| Derivative instrument unrealized income (loss) with related party  | 6,510                          | (2,950)         | 11,040                       | (5,070)         |
| Loss on extinguishment of debt   | —                              | (27,700)        | —                            | (27,700)        |
| Impairment of equity method investment   | —                              | (12,593)        | —                            | (12,593)        |
| Other  | 587                            | 4,390           | 1,089                        | 1,243           |
| Other expense, net   | <u>(14,111)</u>                | <u>(61,253)</u> | <u>(30,081)</u>              | <u>(87,505)</u> |
| Income (loss) before income taxes  | 5,420                          | (22,050)        | 9,469                        | (47,561)        |
| Income tax (expense) benefit   | (2,122)                        | 6,293           | (5,189)                      | 13,079          |
| Net income (loss)  | <u>3,298</u>                   | <u>(15,757)</u> | <u>4,280</u>                 | <u>(34,482)</u> |
| Net income (loss) attributable to non-controlling interests  | (117)                          | (130)           | (234)                        | 414             |
| Net income (loss) attributable to General Communication, Inc.  | <u>\$ 3,415</u>                | <u>(15,627)</u> | <u>4,514</u>                 | <u>(34,896)</u> |
| Basic net income (loss) attributable to General Communication, Inc. common stockholders per Class A common share | <u>\$ 0.09</u>                 | <u>(0.41)</u>   | <u>0.12</u>                  | <u>(0.90)</u>   |
| Basic net income (loss) attributable to General Communication, Inc. common stockholders per Class B common share | <u>\$ 0.09</u>                 | <u>(0.41)</u>   | <u>0.12</u>                  | <u>(0.90)</u>   |
| Diluted net loss attributable to General Communication, Inc. common stockholders per Class A common share        | <u>\$ (0.01)</u>               | <u>(0.41)</u>   | <u>(0.05)</u>                | <u>(0.90)</u>   |
| Diluted net loss attributable to General Communication, Inc. common stockholders per Class B common share        | <u>\$ (0.01)</u>               | <u>(0.41)</u>   | <u>(0.05)</u>                | <u>(0.90)</u>   |
| Common shares used to calculate Class A basic EPS  | <u>33,308</u>                  | <u>34,887</u>   | <u>33,502</u>                | <u>35,548</u>   |
| Common shares used to calculate Class A diluted EPS  | <u>37,100</u>                  | <u>38,046</u>   | <u>37,427</u>                | <u>38,707</u>   |

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

(Amounts in thousands)

|  | Second Quarter 2016 |                     |          | Second Quarter 2015 |                     |          |
|--|---------------------|---------------------|----------|---------------------|---------------------|----------|
|  | Wireless<br>Segment | Wireline<br>Segment | Total    | Wireless<br>Segment | Wireline<br>Segment | Total    |
| <b>Revenues</b>  |                     |                     |          |                     |                     |          |
| Wireless   | \$ 53,875           | 17,973              | 71,848   | 67,940              | 22,952              | 90,892   |
| Data   | —                   | 108,007             | 108,007  | —                   | 98,895              | 98,895   |
| Video  | —                   | 31,645              | 31,645   | —                   | 33,542              | 33,542   |
| Voice  | —                   | 22,266              | 22,266   | —                   | 24,199              | 24,199   |
| Total  | 53,875              | 179,891             | 233,766  | 67,940              | 179,588             | 247,528  |
| <b>Cost of goods sold</b>  |                     |                     |          |                     |                     |          |
|  | 17,081              | 61,060              | 78,141   | 18,335              | 60,921              | 79,256   |
| Contribution   | 36,794              | 118,831             | 155,625  | 49,605              | 118,667             | 168,272  |
| <b>Less SG&amp;A</b>   | (4,171)             | (83,851)            | (88,022) | (4,032)             | (79,015)            | (83,047) |
| <b>Plus cash received in excess of revenue<br/>recognized for long-term roaming<br/>arrangements</b> | 7,500               | —                   | 7,500    | —                   | —                   | —        |
| <b>Plus share-based compensation</b>   | —                   | 2,683               | 2,683    | —                   | 2,613               | 2,613    |
| <b>Plus accretion</b>  | 211                 | 231                 | 442      | 154                 | 197                 | 351      |
| <b>Other</b>   | —                   | 812                 | 812      | —                   | (188)               | (188)    |
| <b>Adjusted EBITDA</b>   | \$ 40,334           | 38,706              | 79,040   | 45,727              | 42,274              | 88,001   |

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

(Amounts in thousands)

|   | Second Quarter 2016 |                     |           | First Quarter 2016  |                     |          |
|---|---------------------|---------------------|-----------|---------------------|---------------------|----------|
|   | Wireless<br>Segment | Wireline<br>Segment | Total     | Wireless<br>Segment | Wireline<br>Segment | Total    |
| Revenues  |                     |                     |           |                     |                     |          |
| Wireless  | \$ 53,875           | 17,973              | 71,848    | 51,462              | 16,798              | 68,260   |
| Data  | —                   | 108,007             | 108,007   | —                   | 106,971             | 106,971  |
| Video   | —                   | 31,645              | 31,645    | —                   | 33,409              | 33,409   |
| Voice   | —                   | 22,266              | 22,266    | —                   | 22,458              | 22,458   |
| Total   | 53,875              | 179,891             | 233,766   | 51,462              | 179,636             | 231,098  |
| Cost of goods sold  | 17,081              | 61,060              | 78,141    | 15,032              | 61,259              | 76,291   |
| Contribution  | 36,794              | 118,831             | 155,625   | 36,430              | 118,377             | 154,807  |
| Less SG&A   | (4,171)             | (83,851)            | (88,022)  | (4,011)             | (83,635)            | (87,646) |
| Plus cash received in excess of revenue<br>recognized for long-term roaming<br>arrangements | 7,500               | —                   | 7,500     | 7,500               | —                   | 7,500    |
| Plus share-based compensation   | —                   | 2,683               | 2,683     | —                   | 2,327               | 2,327    |
| Plus accretion  | 211                 | 231                 | 442       | 145                 | 247                 | 392      |
| Other   | —                   | 812                 | 812       | —                   | 726                 | 726      |
| Adjusted EBITDA   | \$ 40,334           | 38,706              | \$ 79,040 | 40,064              | 38,042              | 78,106   |

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

(Amounts in thousands)

|   | Six Months Ended June 30, 2016 |                     |                | Six Months Ended June 30, 2015 |                     |                |
|---|--------------------------------|---------------------|----------------|--------------------------------|---------------------|----------------|
|   | Wireless<br>Segment            | Wireline<br>Segment | Total          | Wireless<br>Segment            | Wireline<br>Segment | Total          |
| <b>Revenues</b>   |                                |                     |                |                                |                     |                |
| Wireless  | \$ 105,337                     | 34,771              | 140,108        | 127,144                        | 41,156              | 168,300        |
| Data  | —                              | 214,978             | 214,978        | —                              | 195,341             | 195,341        |
| Video   | —                              | 65,054              | 65,054         | —                              | 67,181              | 67,181         |
| Voice   | —                              | 44,724              | 44,724         | —                              | 47,795              | 47,795         |
| Total   | 105,337                        | 359,527             | 464,864        | 127,144                        | 351,473             | 478,617        |
| <b>Cost of goods sold</b>   | 32,113                         | 122,319             | 154,432        | 35,866                         | 118,158             | 154,024        |
| Contribution  | 73,224                         | 237,208             | 310,432        | 91,278                         | 233,315             | 324,593        |
| Less SG&A   | (8,182)                        | (167,486)           | (175,668)      | (8,534)                        | (158,441)           | (166,975)      |
| Plus cash received in excess of revenue<br>recognized for long-term roaming<br>arrangements | 15,000                         | —                   | 15,000         | —                              | —                   | —              |
| Plus share-based compensation   | —                              | 5,010               | 5,010          | —                              | 5,414               | 5,414          |
| Plus accretion  | 356                            | 478                 | 834            | 370                            | 431                 | 801            |
| Other   | —                              | 1,538               | 1,538          | —                              | (529)               | (529)          |
| <b>Adjusted EBITDA</b>  | <b>\$ 80,398</b>               | <b>76,748</b>       | <b>157,146</b> | <b>83,114</b>                  | <b>80,190</b>       | <b>163,304</b> |

**General Communication, Inc.**

**Non-GAAP Financial Reconciliation Schedule**

(Unaudited, Amounts in Thousands)

|   | Three Months Ended |                  |                   | Six Months Ended |                  |
|---|--------------------|------------------|-------------------|------------------|------------------|
|   | June 30,<br>2016   | June 30,<br>2015 | March 31,<br>2016 | June 30,<br>2016 | June 30,<br>2015 |
| Net income (loss)   | \$ 3,298           | (15,757)         | 982               | 4,280            | (34,482)         |
| Income tax expense (benefit)  | 2,122              | (6,293)          | 3,067             | 5,189            | (13,079)         |
| Income (loss) before income taxes   | 5,420              | (22,050)         | 4,049             | 9,469            | (47,561)         |
| Other (income) expense:   |                    |                  |                   |                  |                  |
| Interest expense (including amortization of deferred loan fees)                       | 19,362             | 20,605           | 19,171            | 38,533           | 40,453           |
| Related party interest expense  | 1,846              | 1,795            | 1,831             | 3,677            | 2,932            |
| Derivative instrument unrealized (income) loss with related party                     | (6,510)            | 2,950            | (4,530)           | (11,040)         | 5,070            |
| Loss on extinguishment of debt  | —                  | 27,700           | —                 | —                | 27,700           |
| Investments, net  | —                  | 12,593           | —                 | —                | 12,593           |
| Other   | (587)              | (4,390)          | (502)             | (1,089)          | (1,243)          |
| Other expense, net  | 14,111             | 61,253           | 15,970            | 30,081           | 87,505           |
| Operating income  | 19,531             | 39,203           | 20,019            | 39,550           | 39,944           |
| Plus depreciation and amortization expense  | 48,072             | 45,171           | 47,142            | 95,214           | 90,406           |
| Plus software impairment charge   | —                  | 851              | —                 | —                | 27,268           |
| Plus cash received in excess of revenue recognized for long-term roaming arrangements | 7,500              | —                | 7,500             | 15,000           | —                |
| Plus share-based compensation expense   | 2,683              | 2,613            | 2,327             | 5,010            | 5,414            |
| Plus accretion expense  | 442                | 351              | 392               | 834              | 801              |
| Other   | 812                | (188)            | 726               | 1,538            | (529)            |
| Adjusted EBITDA (Note 1)  | \$ 79,040          | 88,001           | 78,106            | 157,146          | 163,304          |

Note:

(1) Earnings plus cash received in excess of revenue recognized for long-term fixed roaming arrangements and imputed interest on financed devices before:

- Net interest expense,
- Income taxes,
- Depreciation and amortization expense,
- Loss on extinguishment of debt,
- Software impairment charge,
- Derivative instrument unrealized income (loss),
- Share-based compensation expense,
- Accretion expense,
- Loss attributable to non-controlling interest resulting from NMTC transactions,
- Gains and impairment losses on equity and cost method investments, and
- Other non-cash adjustments.

Adjusted EBITDA is not presented as an alternative measure of net income, operating income or cash flow from operations, as determined in accordance with accounting principles generally accepted in the United States of America. GCI's management uses Adjusted EBITDA to evaluate the operating performance of its business, and as a measure of performance for incentive compensation purposes. GCI believes

Adjusted EBITDA is useful to investors and other users of our financial information in understanding and evaluating operating performance as an analytical indicator of income generated to service debt and fund capital expenditures. In addition, multiples of current or projected Adjusted EBITDA are used to estimate current or prospective enterprise value. Adjusted EBITDA does not give effect to cash used for debt service requirements, and thus does not reflect funds available for investment or other discretionary uses. Adjusted EBITDA as presented herein may not be comparable to similarly titled measures reported by other companies.

---

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

(Amounts in thousands)

|          | Second Quarter 2016 |          |         | Second Quarter 2015 |          |         |
|----------|---------------------|----------|---------|---------------------|----------|---------|
|          | Consumer            | Business | Total   | Consumer            | Business | Total   |
| Revenues |                     |          |         |                     |          |         |
| Wireless | \$ 15,651           | 2,322    | 17,973  | 20,705              | 2,247    | 22,952  |
| Data     | 34,818              | 73,189   | 108,007 | 32,034              | 66,861   | 98,895  |
| Video    | 26,813              | 4,832    | 31,645  | 28,921              | 4,621    | 33,542  |
| Voice    | 6,764               | 15,502   | 22,266  | 7,729               | 16,470   | 24,199  |
| Total    | \$ 84,046           | 95,845   | 179,891 | 89,389              | 90,199   | 179,588 |

(Amounts in thousands)

|          | Second Quarter 2016 |          |         | First Quarter 2016 |          |         |
|----------|---------------------|----------|---------|--------------------|----------|---------|
|          | Consumer            | Business | Total   | Consumer           | Business | Total   |
| Revenues |                     |          |         |                    |          |         |
| Wireless | \$ 15,651           | 2,322    | 17,973  | 14,538             | 2,260    | 16,798  |
| Data     | 34,818              | 73,189   | 108,007 | 34,960             | 72,011   | 106,971 |
| Video    | 26,813              | 4,832    | 31,645  | 28,347             | 5,062    | 33,409  |
| Voice    | 6,764               | 15,502   | 22,266  | 7,042              | 15,416   | 22,458  |
| Total    | \$ 84,046           | 95,845   | 179,891 | 84,887             | 94,749   | 179,636 |

(Amounts in thousands)

|          | Six Months Ended June 30, 2016 |          |         | Six Months Ended June 30, 2015 |          |         |
|----------|--------------------------------|----------|---------|--------------------------------|----------|---------|
|          | Consumer                       | Business | Total   | Consumer                       | Business | Total   |
| Revenues |                                |          |         |                                |          |         |
| Wireless | \$ 30,189                      | 4,582    | 34,771  | 37,115                         | 4,041    | 41,156  |
| Data     | 69,778                         | 145,200  | 214,978 | 63,306                         | 132,035  | 195,341 |
| Video    | 55,160                         | 9,894    | 65,054  | 58,146                         | 9,035    | 67,181  |
| Voice    | 13,806                         | 30,918   | 44,724  | 15,530                         | 32,265   | 47,795  |
| Total    | \$ 168,933                     | 190,594  | 359,527 | 174,097                        | 177,376  | 351,473 |

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

|  | June 30,<br>2016 | June 30,<br>2015 | March 31,<br>2016 | June 30, 2016<br>as compared to |                   | June 30, 2016<br>as compared to |                   |
|--|------------------|------------------|-------------------|---------------------------------|-------------------|---------------------------------|-------------------|
|  |                  |                  |                   | June 30,<br>2015                | March 31,<br>2016 | June 30,<br>2015                | March 31,<br>2016 |
| <b><i>Wireline Segment</i></b>               |                  |                  |                   |                                 |                   |                                 |                   |
| <b><i>Consumer</i></b>                       |                  |                  |                   |                                 |                   |                                 |                   |
| Data   |                  |                  |                   |                                 |                   |                                 |                   |
| Cable modem subscribers                      | 127,000          | 122,300          | 127,800           | 4,700                           | (800)             | 3.8 %                           | (0.6)%            |
| Video  |                  |                  |                   |                                 |                   |                                 |                   |
| Basic subscribers                            | 110,000          | 112,900          | 112,200           | (2,900)                         | (2,200)           | (2.6)%                          | (2.0)%            |
| Digital programming tier subscribers         | 55,600           | 60,000           | 57,700            | (4,400)                         | (2,100)           | (7.3)%                          | (3.6)%            |
| HD/DVR converter boxes                       | 117,800          | 108,300          | 117,700           | 9,500                           | 100               | 8.8 %                           | 0.1 %             |
| Homes passed                                 | 249,500          | 249,600          | 253,100           | (100)                           | (3,600)           | — %                             | (1.4)%            |
| Voice  |                  |                  |                   |                                 |                   |                                 |                   |
| Local access lines in service                | 49,500           | 52,000           | 50,100            | (2,500)                         | (600)             | (4.8)%                          | (1.2)%            |
| <b><i>Business</i></b>                       |                  |                  |                   |                                 |                   |                                 |                   |
| Data   |                  |                  |                   |                                 |                   |                                 |                   |
| Cable modem subscribers                      | 13,000           | 14,400           | 12,800            | (1,400)                         | 200               | (9.7)%                          | 1.6 %             |
| Voice  |                  |                  |                   |                                 |                   |                                 |                   |
| Local access lines in service                | 46,200           | 47,200           | 46,400            | (1,000)                         | (200)             | (2.1)%                          | (0.4)%            |
| <b><i>Consumer and Business Combined</i></b> |                  |                  |                   |                                 |                   |                                 |                   |
| Wireless                                     |                  |                  |                   |                                 |                   |                                 |                   |
| Consumer Lifeline lines in service           | 28,400           | 28,400           | 28,000            | —                               | 400               | — %                             | 1.4 %             |
| Consumer prepaid lines in service            | 27,900           | 26,700           | 23,900            | 1,200                           | 4,000             | 4.5 %                           | 16.7 %            |
| Consumer postpaid lines in service           | 143,900          | 151,800          | 145,400           | (7,900)                         | (1,500)           | (5.2)%                          | (1.0)%            |
| Business postpaid lines in service           | 27,900           | 29,200           | 28,700            | (1,300)                         | (800)             | (4.5)%                          | (2.8)%            |
| Total wireless lines in service              | <u>228,100</u>   | <u>236,100</u>   | <u>226,000</u>    | <u>(8,000)</u>                  | <u>2,100</u>      | <u>(3.4)%</u>                   | <u>0.9 %</u>      |

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

|  | Three Months Ended |                  |                   | June 30, 2016<br>as compared to |                   | June 30, 2016<br>as compared to |                   |
|--|--------------------|------------------|-------------------|---------------------------------|-------------------|---------------------------------|-------------------|
|  | June 30,<br>2016   | June 30,<br>2015 | March 31,<br>2016 | June 30,<br>2015                | March 31,<br>2016 | June 30,<br>2015                | March 31,<br>2016 |
| <b><u>Wireline segment</u></b>                     |                    |                  |                   |                                 |                   |                                 |                   |
| <b>Consumer</b>                                    |                    |                  |                   |                                 |                   |                                 |                   |
| Video  |                    |                  |                   |                                 |                   |                                 |                   |
| Average monthly revenue per subscriber             | \$ 80.38           | \$ 84.60         | \$ 83.53          | \$ (4.22)                       | \$ (3.15)         | (5.0)%                          | (3.8)%            |
| <b>Combined Consumer and Business</b>              |                    |                  |                   |                                 |                   |                                 |                   |
| Data   |                    |                  |                   |                                 |                   |                                 |                   |
| Average monthly revenue per cable modem subscriber | \$ 88.32           | \$ 83.93         | \$ 87.81          | \$ 4.39                         | \$ 0.51           | 5.2 %                           | 0.6 %             |
| Wireless   |                    |                  |                   |                                 |                   |                                 |                   |
| Average monthly revenue per subscriber             | \$ 39.22           | \$ 47.26         | \$ 40.06          | \$ (8.04)                       | \$ (0.84)         | (17.0)%                         | (2.1)%            |