

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

SCHEDULE 13D

(Rule 13d-101)

**INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT
TO RULE 13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO RULE
13d-2(a)**

(Amendment No. 2)

General Communication, Inc.

(Name of Issuer)

**Class A Common Stock, no par value
Class B Common Stock, no par value**

(Title of Class of Securities)

**Class A Common Stock: 369385 10 9
Class B Common Stock: 369385 20 8**

(CUSIP Number)

Scott D. Sullivan
Chief Financial Officer
WorldCom, Inc.
500 Clinton Center Drive
Clinton, Mississippi 39056
(601) 460-5600

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box:

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

(Continued on following pages)
(Page 1 of 18 Pages)

1	NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY) WorldCom, Inc. 58-1521612		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input type="checkbox"/>		

3	SEC USE ONLY	
4	SOURCE OF FUNDS* Class A Common Stock: WC/OO Class B Common Stock: WC	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) []	
6	CITIZENSHIP OR PLACE OF ORGANIZATION WorldCom, Inc. Georgia	
NUMBER OF SHARES	7	SOLE VOTING POWER Class A Common Stock: 750,000*
BENEFICIALLY OWNED BY	8	SHARED VOTING POWER Class A Common Stock: 8,384,842* Class B Common Stock: 1,275,791
EACH REPORTING	9	SOLE DISPOSITIVE POWER Class A Common Stock: 750,000*
PERSON WITH	10	SHARED DISPOSITIVE POWER Class A Common Stock: 8,384,842* Class B Common Stock: 1,275,791
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON Class A Common Stock: 9,134,842* Class B Common Stock: 1,275,791	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS BEFORE FILLING OUT) []	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) Class A Common Stock: 18.1%* Class B Common Stock: 32.7%	
14	TYPE OF REPORTING PERSON* CO	

* Includes 750,000 shares of Class A Common Stock issuable upon conversion of 9,000 shares of Series C Convertible Redeemable Accreting Preferred Stock owned by WorldCom directly and 83,333 shares of Class A Common Stock issuable upon conversion of 1,000 shares of Series C Convertible Redeemable Accreting Preferred Stock owned by WorldCom indirectly through MCI WORLDCOM Network Services, Inc. based on a liquidation preference of \$1,000 and a conversion price of \$12 and 50,000 shares of Class A Common Stock issuable upon exercise of options to purchase Class A Common Stock which vest in four equal annual installments beginning June 28, 2001.

CUSIP No. 369385 10 9 CUSIP No. 369385 20 8	Schedule 13D	Page 3 of 18 Pages
--	--------------	--------------------

1	NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY) MCI WORLDCOM Network Services, Inc. 13-2745892 (f/k/a MCI Telecommunications Corporation)	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) [] (b) []	
3	SEC USE ONLY	
4	SOURCE OF FUNDS* Class A Common Stock: WC/OO Class B Common Stock: WC	

5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) []	
6	CITIZENSHIP OR PLACE OF ORGANIZATION MCI WORLDCOM Network Services, Inc. Delaware (f/k/a MCI Telecommunications Corporation)	
NUMBER OF SHARES	7	SOLE VOTING POWER None
BENEFICIALLY OWNED BY	8	SHARED VOTING POWER Class A Common Stock: 8,384,842** Class B Common Stock: 1,275,791
EACH REPORTING	9	SOLE DISPOSITIVE POWER None
PERSON WITH	10	SHARED DISPOSITIVE POWER Class A Common Stock: 8,384,842** Class B Common Stock: 1,275,791
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON Class A Common Stock: 8,384,842** Class B Common Stock: 1,275,791	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS BEFORE FILLING OUT) []	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) Class A Common Stock: 16.9%** Class B Common Stock: 32.7%	
14	TYPE OF REPORTING PERSON* CO	

** Includes 83,333 shares of Class A Common Stock issuable upon conversion of 1,000 shares of Series C Convertible Redeemable Accreting Preferred Stock based on a liquidation preference of \$1,000 and a conversion price of \$12 and 50,000 shares of Class A Common Stock issuable upon exercise of options to purchase Class A Common Stock which vest in four equal annual installments beginning June 28, 2001.

CUSIP No. 369385 10 9 CUSIP No. 369385 20 8	Schedule 13D	Page 4 of 18 Pages
--	--------------	--------------------

1	NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY) MCI Communications Corporation 13-2745892	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) [] (b) []	
3	SEC USE ONLY	
4	SOURCE OF FUNDS* Class A Common Stock: WC/OO Class B Common Stock: WC	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) []	
6	CITIZENSHIP OR PLACE OF ORGANIZATION MCI Communications Corporation Delaware	
NUMBER OF SHARES	7	SOLE VOTING POWER None

BENEFICIALLY OWNED BY	8	SHARED VOTING POWER Class A Common Stock: 8,384,842*** Class B Common Stock: 1,275,791
EACH REPORTING	9	SOLE DISPOSITIVE POWER None
PERSON WITH	10	SHARED DISPOSITIVE POWER Class A Common Stock: 8,384,842*** Class B Common Stock: 1,275,791
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON Class A Common Stock: 8,384,842*** Class B Common Stock: 1,275,791	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS BEFORE FILLING OUT) <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) Class A Common Stock: 16.9%*** Class B Common Stock: 32.7%	
14	TYPE OF REPORTING PERSON* CO	

*** Includes 83,333 shares of Class A Common Stock issuable upon conversion of 1,000 shares of Series C Convertible Redeemable Accreting Preferred Stock based on a liquidation preference of \$1,000 and a conversion price of \$12 and 50,000 shares of Class A Common Stock issuable upon exercise of options to purchase Class A Common Stock which vest in four equal annual installments beginning June 28, 2001.

CUSIP No. 369385 10 9 CUSIP No. 369385 20 8	Schedule 13D	Page 5 of 18 Pages
--	--------------	--------------------

Preliminary Statement:

This Amendment No. 2 amends and restates in its entirety the Schedule 13D (the "Schedule 13D") dated May 24, 1993, as amended by Amendment No. 1 dated November 20, 1996 (as so amended, this "Schedule").

Item 1 Security and Issuer.

This Schedule relates to the Class A Common Stock, no par value ("Class A Stock"), and the Class B Common Stock, no par value ("Class B Stock") of General Communication, Inc., an Alaska corporation (the "Issuer"), whose principal executive offices are located at 2550 Denali Street, Suite 1000, Anchorage, Alaska 99503.

Item 2 Identity and Background.

WorldCom, Inc. ("WorldCom") is a Georgia corporation. The principal business of it and its subsidiaries is communications services. In September 1998, WorldCom acquired MCI Communications Corporation, a Delaware corporation ("MCI"), pursuant to the merger (the "Merger") of MCI with and into a wholly owned subsidiary of WorldCom. Upon consummation of the Merger, the acquisition subsidiary was renamed MCI Communications Corporation ("MCIC") which became a wholly owned subsidiary of WorldCom. MCIC and MCI WORLDCOM Network Services, Inc. (f/k/a MCI Telecommunications Corporation), a Delaware corporation ("Network Services" and together with WorldCom and MCIC, the "Reporting Persons"), are direct and indirect, wholly-owned subsidiaries of WorldCom, respectively. The principal business and principal office of each Reporting Person are located at 500 Clinton Center Drive, Clinton, Mississippi 39056.

During the past five years, none of the Reporting Persons nor, to the best of their knowledge, any of the directors or executive officers of any of the Reporting Persons, has had any criminal convictions, and none has been subject to a judgment, decree or final order of a judicial or administrative body of competent jurisdiction enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Certain information pertaining to executive officers and directors of each Reporting Person is set forth on Appendix A attached hereto and incorporated herein by reference.

Item 3 Source and Amount of Funds or Other Consideration.

On May 14, 1993, Network Services purchased 6,251,509 shares of Class A Stock and the 1,275,791 shares of Class B Stock pursuant to the Stock Purchase Agreement, dated March 31, 1993 (the "Stock Purchase Agreement"), between the Issuer and Network Services, a copy of which is filed as Exhibit 1 to the Schedule 13D and incorporated herein by reference, for an aggregate purchase price of \$13,280,000. The funds for the purchases were provided from the general working capital of Network Services.

CUSIP No. 369385 10 9 CUSIP No. 369385 20 8	Schedule 13D	Page 6 of 18 Pages
--	--------------	--------------------

On October 31, 1996, Network Services purchased 2,000,000 shares of Class A Stock (the "Additional Class A Stock") pursuant to the Stock Purchase Agreement (the "1996 Stock Purchase Agreement"), dated as of September 13, 1996, by and between the Issuer and Network Services, a copy of which is filed as Exhibit 5 to this Schedule and incorporated herein by reference. The aggregate purchase price for the Additional Class A Stock was \$13,000,000 in cash, which was provided from the general working

capital of Network Services.

On June 30, 2001 the Issuer completed the acquisition of WorldCom's 85% controlling interest in Kanas Telecom, Inc. ("Kanas"), which owns the 800-mile fiber optic cable system that extends from Prudhoe Bay, Alaska to Valdez, Alaska via Fairbanks. In connection with the acquisition, the Issuer issued to WorldCom and Network Services shares of Series C Convertible Redeemable Accreting Preferred Stock ("Series C Preferred Stock") valued at \$10,000,000, consisting of 9,000 and 1,000 shares of Series C Preferred Stock, respectively.

The Series C Preferred Stock is convertible into a number of shares of the Issuer's Class A Stock equal to the liquidation preference divided by the conversion price. As of June 30, 2001, the liquidation preference was \$1,000 per share of Series C Preferred Stock and the conversion price was \$12. The Series C Preferred Stock is non-voting, and pays a 6% per annum quarterly cash dividend. The Issuer may redeem the Series C Preferred Stock at any time in whole but not in part. Mandatory redemption is required at any time after the fourth anniversary date at the option of holders of 80% of the outstanding shares of the Series C Preferred Stock. The redemption price is \$1,000 per share plus the amount of all accrued and unpaid dividends, whether earned or declared, through the redemption date. In the event of the liquidation of the Issuer, the holders of Series C Preferred Stock are entitled receive an amount equal to the redemption price before any distribution or payment is made upon junior securities. The redemption amount on June 30, 2001 was \$10,000,000.

The foregoing is only a summary of certain terms and conditions of the acquisition of, and the provisions of, the Series C Preferred Stock and is qualified in its entirety by reference to the Agreement for the Purchase and Sale of a Controlling Interest of Kanas (the "Purchase Agreement") and the Statement of Stock Designation filed as exhibits to this Schedule, which agreements are incorporated by reference herein.

In June 2000, the Issuer made option grants to certain directors or to the company for which each may have been employed. The option grants to Ronald R. Beaumont and Stephen R. Mooney were made to WorldCom Ventures, Inc., a wholly owned indirect subsidiary of WorldCom. Each option was for 25,000 shares of Class A Stock with an exercise price of \$7.50 per share. The options vest in four equal annual installments and expire if not exercised within ten years of their grant.

Item 4 Purpose of Transaction.

The Issuer continues to have significant business relationships with WorldCom, including the following:

CUSIP No. 369385 10 9 CUSIP No. 369385 20 8	Schedule 13D	Page 7 of 18 Pages
--	--------------	--------------------

- Under the WorldCom Traffic Carriage Agreement, the Issuer agrees to terminate all Alaska-bound WorldCom long distance traffic and WorldCom agrees to terminate all of the Issuer's long distance traffic terminating in every state outside of Alaska except Washington, Oregon and Hawaii;
- WorldCom licenses certain service marks to the Issuer for use in Alaska;
- WorldCom has purchased certain service marks of the Issuer; and
- The parties agree to share some communications network resources and various marketing, engineering and operating resources.

The Issuer handles WorldCom's 800 traffic originating in Alaska and terminating in another state and handles traffic for WorldCom's calling card customers when they are in Alaska, while WorldCom originates calls for the Issuer's calling card customers when they are in any state outside of Alaska.

Revenues of the Issuer attributed to WorldCom in 2000 and 1999, and MCI in 1998 totaled \$53.1 million, \$43.7 million and \$39.5 million, or 18.1%, 15.6% and 16.0% of total revenues of the Issuer, respectively. In conjunction with the purchase of Kanas, the Issuer negotiated a contract amendment to the carrier agreement with WorldCom in March 2001. The amendment extends the contract term for five years to March 2006 and reduces the rate to be charged by the Issuer for certain WorldCom traffic over the extended term of the contract.

Pursuant to the Voting Agreement described in Item 6 below (the "Voting Agreement"), the Reporting Persons have nominated two individuals who are currently serving as directors of the Issuer.

The shares of Class A Stock, Class B Stock and Series C Preferred Stock were acquired for investment purposes. While the Reporting Persons have no present intention of acquiring or influencing control of the Issuer, except as described in Items 4 and 6, they intend to monitor their investments in the Issuer and take actions consistent with their best interests. Subject to market conditions and other factors, the Reporting Persons are exploring opportunities to sell all or a portion of the shares including, without limitation, in privately negotiated or open market transactions, pursuant to a registration statement filed under the Securities Act of 1933, through their registration rights described in Item 6, pursuant to Rule 144 under the Securities Act of 1933, as amended, or otherwise. This Schedule does not constitute an offer to sell, or a solicitation of an offer to buy, any such shares. Any shares sold in a private placement transaction would not be registered under the Securities Act, and such shares in such case may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. Any transaction involving a public offering would only be made by means of a prospectus, and would be subject to a registration statement being filed and declared effective.

CUSIP No. 369385 10 9 CUSIP No. 369385 20 8	Schedule 13D	Page 8 of 18 Pages
--	--------------	--------------------

Item 5 Interest in Securities of the Issuer.

Network Services and MCIC presently own beneficially 8,384,842 shares of Class A Stock and 1,275,791 shares of Class B Stock as of July 30, 2001, approximately 16.9% of the presently outstanding shares of Class A Stock and 32.7% of the presently outstanding shares of Class B Stock, based upon a total of 49,625,647 outstanding shares of Class A Stock and 3,893,583 outstanding shares of Class B Stock as of July 30, 2001, as represented by the Issuer in its Form 10-Q for the Quarterly Period Ended June 30, 2001. Included in these shares are 50,000 shares of Class A Stock issuable upon exercise of options with an exercise price of \$7.50 per share which vest in four equal annual installments beginning June 28, 2001 held by WorldCom Ventures, Inc., a wholly owned subsidiary of Network Services.

WorldCom presently owns beneficially 9,134,842 shares of Class A Stock and 1,275,791 shares of Class B Stock as of July 30, 2001, approximately 18.1% of the presently outstanding shares of Class A Stock and 32.7% of the presently outstanding shares of Class B Stock, based upon a total of 49,625,647 outstanding shares of Class A Stock and 3,893,583 outstanding shares of Class B Stock as of July 30, 2001, as represented by the Issuer in its Form 10-Q for the Quarterly Period Ended June 30, 2001.

Network Services, MCIC (through Network Services) and WorldCom (through MCIC) have the power to vote or direct the vote and the power to dispose or to direct the disposition of the securities of the Issuer owned by Network Services.

Additionally, WorldCom presently owns beneficially 750,000 shares of Class A Stock issuable upon conversion of the Series C Preferred Stock. WorldCom has the power

to vote or direct the vote and the power to dispose or to direct the disposition of the securities of the Issuer owned by WorldCom.

To the best of the knowledge of the Reporting Persons, none of the executive officers and directors of any of the Reporting Persons listed in Appendix A of this Schedule is a beneficial owner of shares of Class A Stock or Class B Stock.

Except as described in Appendix B or elsewhere in this Schedule, no Reporting Person or, to the best of the knowledge of the Reporting Persons, any of the executive officers or directors of any of the Reporting Persons, has effected any transactions in Class A Stock or Class B Stock in the past 60 days.

Item 6 Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer.

Voting Agreement

Two officers or employees of WorldCom serve as directors of the Issuer pursuant to a Voting Agreement. The Voting Agreement provided that each party to the agreement must vote the party's Issuer common stock for the nominees of the other parties in the election of directors to the board of directors of the Issuer and on other matters to which the parties unanimously agree. As of the April 10, 2001, the parties to the Voting Agreement and the number of directors which each party could nominate under these terms were as follows:

CUSIP No. 369385 10 9 CUSIP No. 369385 20 8	Schedule 13D	Page 9 of 18 Pages
--	--------------	--------------------

- two directors nominated by WorldCom;
- one director nominated by Mr. Duncan; and
- one director nominated by Mr. Walp.

Pursuant to the Voting Agreement, WorldCom, or Network Services, nominated Ronald R. Beaumont and Stephen R. Mooney to serve as directors of the Issuer. Under its terms, the Voting Agreement continued until the earlier of completion of the annual shareholder meeting of the Issuer in June 2001 or until there is only one party to the Voting Agreement. The annual meeting of the Issuer was held in June 2001 and the Voting Agreement is no longer in effect.

Registration Rights Agreement

The Issuer is a party to an amended and restated registration rights agreements ("Amended and Restated Registration Rights Agreement") with Network Services and WorldCom regarding Class A Stock, Class B Stock and Series C Preferred Stock pursuant to which the Issuer is required to effect no more than four registrations at the request of a holder, with each request to cover Registerable Shares (as defined below) having an aggregate market value of at least \$1.5 million. The basic terms of the Amended and Restated Registration Rights Agreement are as follows:

If the Issuer proposes to register any of its securities under the Securities Act of 1933, as amended ("Securities Act") for its own account or for the account of other shareholders, the Issuer must notify all of the holders under the Amended and Restated Registration Rights Agreement of the Issuer's intent to register such common stock. In addition, the Issuer must allow the holders an opportunity to include their shares ("Registerable Shares") in that registration.

Each holder also has the right, under certain circumstances, to require the Issuer to register all or any portion of such holder's Registerable Shares under the Securities Act. The Amended and Restated Registration Rights Agreement is subject to certain limitations and restrictions including the right of the Issuer to limit the number of Registerable Shares included in the registration. Generally, the Issuer is required to pay all registration expenses in connection with each registration of Registerable Shares pursuant to the Amended and Restated Registration Rights Agreement.

CUSIP No. 369385 10 9 CUSIP No. 369385 20 8	Schedule 13D	Page 10 of 18 Pages
--	--------------	---------------------

The Amended and Restated Registration Rights Agreement supersedes and replaces the Registration Rights Agreement dated March 31, 1993, and the Registration Rights Agreement dated October 31, 1996.

The foregoing is only a summary of certain terms and conditions of the Voting Agreement, the Amended and Restated Registration Rights Agreement, the Stock Purchase Agreement, the 1996 Stock Purchase Agreement, the Purchase Agreement and the Series C Preferred Stock and is qualified in its entirety by reference to the Voting Agreement, the Amended and Restated Registration Rights Agreement, Purchase Agreement and Statement of Stock Designation filed as exhibits to this Schedule, which agreements are incorporated by reference herein.

Except as set forth in response to Item 3, Item 4 and this Item 6, none of the Reporting Persons, nor, to the best of the knowledge of any of the Reporting Persons, any person named in Appendix A hereto, has any contracts, arrangements, understandings or relationships (legal or otherwise) with any person with respect to any securities of the Issuer, including, but not limited to, any contracts, arrangements, understandings or relationships concerning the transfer or the voting of any such securities, finder's fees, joint ventures, loan or option arrangements, put or calls, guarantees of profits, division of profits or loss, or the giving or withholding of proxies.

Item 7 Material to be Filed as Exhibits.

Attached hereto or incorporated herein as exhibits are the following documents:

1. Stock Purchase Agreement, dated as of March 31, 1993, between the Issuer and Network Services. (Incorporated by reference to Exhibit 1 to Schedule 13D dated May 24, 1993.)
2. Form of Voting Agreement, dated March 31, 1993, by and between Network Services, Ronald A. Duncan, Robert M. Walp, and WestMarc Communications, Inc. (Incorporated by reference to Exhibit 2 to Schedule 13D dated May 24, 1993.)
3. Registration Rights Agreement, dated March 31, 1993, between the Issuer and Network Services. (Incorporated by reference to Exhibit 3 to Schedule 13D dated May 24, 1993.)
4. Joint Filing Agreement, dated November 9, 2001, among MCIC, Network Services and WorldCom.

5. Stock Purchase Agreement, dated as of September 13, 1996, by and between Network Services and Issuer. (Incorporated by reference to Exhibit 5 to Schedule 13D dated November 20, 1996.)

6. Voting Agreement, dated as of October 31, 1996, by and between Network Services, TCI GCI, Inc., Prime II Management, L.P., Ronald Duncan and Robert M. Walp. (Incorporated by reference to Exhibit 6 to Schedule 13D dated November 20, 1996.)

CUSIP No. 369385 10 9 CUSIP No. 369385 20 8
--

Schedule 13D

Page 11 of 18 Pages

7. Registration Rights Agreement, dated as of October 31, 1996, between the Issuer and Network Services. (Incorporated by reference to Exhibit 7 to Schedule 13D dated November 20, 1996.)

8. Agreement for the Purchase and Sale of a Controlling Interest of Kanas Telecom, Inc., dated as of February 21, 2001, by and among the Issuer, Network Services and WorldCom.

9. Statement of Stock Designation regarding Series C Preferred Stock.

10. Amended and Restated Registration Rights Agreement, dated as of June 30, 2001, by and among the Issuer, Network Services and WorldCom.

11. Notice of Grant of Stock Options and Option Agreement between General Communication, Inc. and WorldCom Ventures, Inc. relating to options granted in consideration of the services of the directors nominated by the Reporting Persons.

12. Notice of Grant of Stock Options and Option Agreement between General Communication, Inc. and WorldCom Ventures, Inc. relating to options granted in consideration of the services of the directors nominated by the Reporting Persons.

CUSIP No. 369385 10 9 CUSIP No. 369385 20 8
--

Schedule 13D

Page 12 of 18 Pages

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: November 9, 2001

WORLDCOM, INC.

By: /s/ Scott D. Sullivan

Name: Scott D. Sullivan
Title: Chief Financial Officer

MCI WORLDCOM Network Services, INC.

By: /s/ Scott D. Sullivan

Name: Scott D. Sullivan
Title: Chief Financial Officer

MCI Communications Corporation, INC.

By: /s/ Scott D. Sullivan

Name: Scott D. Sullivan
Title: Chief Financial Officer

CUSIP No. 369385 10 9 CUSIP No. 369385 20 8
--

Schedule 13D

Page 13 of 18 Pages

INFORMATION CONCERNING THE DIRECTORS AND EXECUTIVE OFFICERS OF WORLDCOM, INC., MCI WORLDCOM NETWORK SERVICES, INC. AND MCI COMMUNICATIONS CORPORATION

Part I. Directors and Executive Officers of WorldCom, Inc. ("WorldCom"). Set forth below are the name, current business address, citizenship and the present principal occupation or employment and material occupations, positions, offices or employments for the past five years of each director and executive officer of WorldCom. The principal address of WorldCom and, unless otherwise indicated below, the current business address for each individual listed below is 500 Clinton Center Drive, Clinton, Mississippi 39056, U.S.A. Each such person is a citizen of the United States. Unless otherwise indicated, each occupation set forth opposite the individual's name refers to employment with WorldCom.

Name and Current Business Address

Present Principal Occupation or Employment; Material Positions Held During the Past Five Years

CLIFFORD I. ALEXANDER, JR.
Alexander & Associates, Inc.
400 C. Street, N.E.
Washington, D.C. 20002
U.S.A.

Mr. Alexander has been a director of WorldCom since the merger with MCI on September 14, 1998. Mr. Alexander has been President of Alexander & Associates, Inc., management consultants, since 1981. Mr. Alexander was Chairman and Chief Executive Officer of The Dun & Bradstreet Corporation, a provider of business-to-business credit, marketing and purchasing information and commercial receivables management services, from October 1999 through October 2000. Mr. Alexander is also Chairman of Moody's Corporation and a director of Dreyfus 3rd Century Fund, Dreyfus General Family of Funds, Mutual of America Life Insurance Company, American Home Products Corporation and IMS Health Incorporated.

James C. Allen
3023 Club Drive
Destin, FL 32541
U.S.A.

Mr. Allen has been a director of WorldCom since March 1998. Mr. Allen is currently an investment director and member of the general partner of Meritage Private Equity Fund, a venture capital fund specializing in the telecommunications industry. Mr. Allen is the former Vice Chairman and Chief Executive Officer of Brooks Fiber Properties where he served in such capacities from 1993 until its merger with WorldCom in January 1998. Mr. Allen served as President and Chief Operating Officer of Brooks Telecommunications Corporation, a founder of Brooks Fiber Properties, from April 1993 until it was merged with Brooks Fiber Properties in January 1996. Mr. Allen serves as a director of Completel LLC, Xspedius, Inc., David Lipscomb University and Family Dynamics Institute.

JUDITH AREEN Georgetown University Law Center
600 New Jersey Avenue, N.W.
Washington, D.C. 20001
U.S.A.

Ms. Areen has been a director of WorldCom since the MCI merger. Ms. Areen has been Executive Vice President for Law Center Affairs and Dean of the Law Center, Georgetown University, since 1989. She has been a Professor of Law, Georgetown University, since 1976. U.S.A.

CUSIP No. 369385 10 9
CUSIP No. 369385 20 8

Schedule 13D

Page 14 of 18 Pages

Name and Current Business Address

Present Principal Occupation or Employment; Material Positions Held During the Past Five Years

CARL J. AYCOCK
123 South Railroad Avenue
Brookhaven, MS 39601
U.S.A.

Mr. Aycock has been a director of WorldCom since 1983. Mr. Aycock served as Secretary of WorldCom from 1987 to 1995 and was the Secretary and Chief Financial Officer of Master Corporation, a motel management and ownership company, from 1989 until 1992. Subsequent to 1992, Mr. Aycock has been self employed as a financial administrator.

Ronald R. Beaumont
1950 Stemmons Freeway
Dallas, TX 75207

Mr. Beaumont has been Chief Operating Officer of the WorldCom group since December 2000. From 1998 to December 2000 Mr. Beaumont served as the President and Chief Executive Officer of WorldCom's Operations and Technology unit. From December 1996 to 1998, Mr. Beaumont was President of WorldCom Network Services, a subsidiary of WorldCom. Prior to December 1996, Mr. Beaumont was President and Chief Executive Officer of a subsidiary of MFS Communications.

MAX E. BOBBITT
100 Beachview Drive
Pent House North
Vero Beach, FL 32963
U.S.A.

Mr. Bobbitt has been a director of WorldCom since 1992. Mr. Bobbitt is currently a director of Verso Technologies, Inc., and Metromedia China Corporation. From July 1998 to the present, Mr. Bobbitt has been a telecommunications consultant. From March 1997 until July 1998, Mr. Bobbitt served as President and Chief Executive Officer of Metromedia China Corporation. From January 1996 until March 1997, Mr. Bobbitt was President and Chief Executive Officer of Asian American Telecommunications Corporation, which was acquired by Metromedia China Corporation in February 1997.

BERNARD J. EBBERS

Mr. Ebbers has been President and Chief Executive Officer of WorldCom since April 1985. Mr. Ebbers has served as a director of WorldCom since 1983.

FRANCESCO GALESÌ
The Galesi Group
435 East 52nd Street
New York, NY 10022
U.S.A.

Mr. Galesi has been a director of WorldCom since 1992. Mr. Galesi is the Chairman and Chief Executive Officer of the Galesi Group, which includes companies engaged in real estate, telecommunications and oil and gas exploration and production. Mr. Galesi serves as a director of Keystone Property Trust.

STILES A. KELLETT, JR.
Kellett Investment Corporation
200 Galleria Parkway, Suite 1800
Atlanta, GA 30339
U.S.A.

Mr. Kellett has served as a director of WorldCom since 1981. Mr. Kellett has been Chairman of Kellett Investment Corp. since 1995. Mr. Kellett serves as a director of Netzee, Inc., Air2web and Virtual Bank.

**Name and Current
 Business Address**

**Present Principal Occupation or Employment;
 Material Positions Held During the Past Five Years**

GORDON S. MACKLIN
 8212 Burning Tree Road
 Bethesda, MD 20817
 U.S.A.

Mr. Macklin has been a director of WorldCom since the MCI merger. Mr. Macklin is currently a corporate financial advisor. From 1993 until 1998, Mr. Macklin served as Chairman of White River Corporation, an information services company. Mr. Macklin is also a director of White Mountains Insurance Group, Ltd., Overstock.com, Martek Biosciences Corporation, MedImmune, Inc., Spacehab, Inc., and director, trustee or managing general partner, as the case may be, of 48 of the investment companies in the Franklin Templeton Group of Funds. Mr. Macklin was formerly Chairman of Hambrecht and Quist Group and President of the National Association of Securities Dealers, Inc.

BERT C. ROBERTS, JR.
 WorldCom, Inc.
 1801 Pennsylvania Avenue, N.W.
 Washington, D.C., 20006
 U.S.A.

Mr. Roberts has been the Chairman of the Board and a director of WorldCom since the MCI merger. From 1992 until the MCI merger, Mr. Roberts served as Chairman of the Board of MCI. Mr. Roberts was Chief Executive Officer of MCI from December 1991 to November 1996. He was President and Chief Operating Officer of MCI from October 1985 to June 1992 and President of MCI Telecommunications Corporation, a subsidiary of MCI, from May 1983 to June 1992. Mr. Roberts is a director of The News Corporation Limited, Championship Auto Racing Teams, Inc., Valence Technology, Inc., and CAPCure.

JOHN W. SIDGMORE
 WorldCom, Inc.
 22001 Loudoun County Parkway
 Ashburn, VA 20147
 U.S.A.

Mr. Sidgmore has been the Vice Chairman of the Board and a director of WorldCom since December 1996. From December 1996 until the MCI merger, Mr. Sidgmore served as Chief Operations Officer of WorldCom. Mr. Sidgmore was President and Chief Operating Officer of MFS Communications Company, Inc. from August 1996 until December 1996. He was Chief Executive Officer of UUNET Technologies, Inc. from June 1994 until October 1998, and President of UUNET from June 1994 to August 1996 and from January 1997 to September 1997. Mr. Sidgmore is a director of MicroStrategy Incorporated.

SCOTT D. SULLIVAN

Mr. Sullivan has been a director of WorldCom since 1996. Mr. Sullivan serves as Chief Financial Officer and Secretary of WorldCom.

Part II. Directors and Executive Officers of MCI WORLDCOM Network Services, Inc. ("Network Services"). Set forth below are the name, current business address, citizenship and the present principal occupation or employment and material occupations, positions, offices or employments for the past five years of each director and executive officer of Network Services. The principal address of Network Services is 500 Clinton Center Drive, Clinton, MS 39056, U.S.A. The current business address for each individual listed below is 500 Clinton Center Drive, Clinton, Mississippi 39056. Each person listed below is a citizen of the United States. The position set forth opposite the individual's name refers to a position with Network Services.

**Name and Current
 Business Address**

**Present Principal Occupation or Employment;
 Material Positions Held During the Past Five Years**

BERNARD J. EBBERS

Director, President and Chief Executive Officer. (See Part I Above)

SCOTT D. SULLIVAN

Secretary, Treasurer and Chief Financial Officer. (See Part I Above)

Part III. Directors and Executive Officers of MCI Communications Corporation ("MCIC"). Set forth below are the name, current business address, citizenship and the present principal occupation or employment and material occupations, positions, offices or employments for the past five years of each director and executive officer of MCIC. The principal address of MCIC is 500 Clinton Center Drive, Clinton, MS 39056, U.S.A. The current business address for each individual listed below is 500 Clinton Center Drive, Clinton, Mississippi 39056. Each person listed below is a citizen of the United States. The position set forth opposite the individual's name refers to a position with MCIC.

**Name and Current
 Business Address**

**Present Principal Occupation or Employment;
 Material Positions Held During the Past Five Years**

BERNARD J. EBBERS

Director, President and Chief Executive Officer. (See Part I Above)

SCOTT D. SULLIVAN

Secretary, Treasurer and Chief Financial Officer. (See Part I Above)

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
1.	Stock Purchase Agreement, dated as of March 31, 1993, between the Issuer and Network Services. (Incorporated by reference to Exhibit 1 to Schedule 13D dated May 24, 1993.)
2.	Form of Voting Agreement, dated March 31, 1993, by and between Network Services, Ronald A. Duncan, Robert M. Walp, and WestMarc Communications, Inc. (Incorporated by reference to Exhibit 2 to Schedule 13D dated May 24, 1993.)
3.	Registration Rights Agreement, dated March 31, 1993, between the Issuer and Network Services. (Incorporated by reference to Exhibit 3 to Schedule 13D dated May 24, 1993.)
4.	Joint Filing Agreement, dated November 9, 2001, between MCIC, Network Services and WorldCom.
5.	Stock Purchase Agreement, dated as of September 13, 1996, by and between Network Services and Issuer. (Incorporated by reference to Exhibit 5 to Schedule 13D dated November 20, 1996.)
6.	Voting Agreement, dated as of October 31, 1996, by and between Network Services, TCI GCI, Inc., Prime II Management, L.P., Ronald Duncan and Robert M. Walp. (Incorporated by reference to Exhibit 6 to Schedule 13D dated November 20, 1996.)
7.	Registration Rights Agreement, dated as of October 31, 1996, between the Issuer and Network Services. (Incorporated by reference to Exhibit 7 to Schedule 13D dated November 20, 1996.)
8.	Agreement for the Purchase and Sale of a Controlling Interest of Kanas Telecom, Inc., dated as of February 21, 2001, by and among the Issuer, Network Services and WorldCom.
9.	Statement of Stock Designation regarding Series C Preferred Stock.
10.	Amended and Restated Registration Rights Agreement, dated as of June 30, 2001, by and among the Issuer, Network Services and WorldCom.
11.	Notice of Grant of Stock Options and Option Agreement between General Communication, Inc. and WorldCom Ventures, Inc. relating to options granted in consideration of the services of the directors nominated by the Reporting Persons.
12.	Notice of Grant of Stock Options and Option Agreement between General Communication, Inc. and WorldCom Ventures, Inc. relating to options granted in consideration of the services of the directors nominated by the Reporting Persons.

AGREEMENT REGARDING JOINT FILING

The undersigned, for good and valuable consideration, hereby agree that they shall jointly file an acquisition statement under Section 13(d) of the Securities Exchange Act of 1934, as amended, with respect to the acquisition by the undersigned of shares of common stock of General Communication, Inc., an Alaska corporation, and that they shall cooperate with each other regarding the filing, and when appropriate, amending of such acquisition statement.

Dated as of November 9, 2001.

WORLDCOM, INC.

By: /s/ Scott D.Sullivan
Name: Scott D. Sullivan
Title: Chief Financial Officer

MCI WORLDCOM Network Services, INC.

By: /s/ Scott D.Sullivan
Name: Scott D. Sullivan
Title: Chief Financial Officer

MCI Communications Corporation, INC.

By: /s/ Scott D.Sullivan
Name: Scott D. Sullivan
Title: Chief Financial Officer

**AGREEMENT FOR THE PURCHASE AND SALE
OF A CONTROLLING INTEREST OF KANAS TELECOM, INC.**

This Agreement (the "Agreement"), dated as of February 21, 2001, is among **GENERAL COMMUNICATION, INC.**, an Alaska corporation ("GCI"), **MCI WORLDCOM NETWORK SERVICES, INC.**, a Delaware corporation ("Network Services") and **WORLDCOM, INC.**, a Georgia corporation ("WorldCom" and together with the foregoing, each a "Party" and collectively, the "Parties").

Recitals:

- A.** Collectively, WorldCom and Network Services own a controlling interest of Kanas Telecom, Inc., an Alaska corporation ("Kanas").
- B.** Kanas is party to a Telecommunications Service Agreement, effective May 31, 1996, known as TAPS 6220 ("TAPS 6220") with Alyeska Pipeline Service Company ("Alyeska").
- C.** Since Network Services' acquisition of its interest in Kanas in March 2000, GCI has been responsible for the management of the day-to-day business of Kanas.
- D.** Kanas and Alyeska are in the process of negotiating the resolution of disputes existing under TAPS 6220 and a replacement telecommunications service agreement.
- E.** Following the execution of a new agreement between Kanas and Alyeska and the receipt of required regulatory approvals, GCI desires to acquire, and WorldCom and Network Services desire to sell to GCI, their interests in Kanas.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth below, the parties, intending to be legally bound, hereby agree as follows:

**ARTICLE I
DEFINITIONS**

For purposes of this Agreement, the following terms have the meanings specified or referred to in this Article I:

"Affiliate" shall mean with respect to any Person, (i) each Person that controls, is controlled by or is under common control with any such Person or any Affiliate of such Person, (ii) each of such Person's officers, directors, joint venturers, members and partners and (iii) such Person's spouse, children, siblings and parents. For purposes of this definition, "control" of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of its management of policies, whether through the ownership of voting interests, by contract or otherwise.

"Alyeska" shall have the meaning assigned to that term in Recital B of this Agreement.

"Claim" shall mean a claim pursuant to Article VI for which a party is entitled, or may become entitled, to indemnification under this Agreement.

"CL Notes" shall mean the notes of Kanas dated December 17, 1999 in the following principal sums originally issued to Credit Lyonnais, New York Branch and subsequently endorsed to WorldCom: (i) \$85,400,000 and (ii) \$896,575.17.

"Closing" shall have the meaning assigned to that term in Section 4.1 of this Agreement.

"Closing Date" shall have the meaning assigned to that term in Section 4.1 of this Agreement.

"CL Security Interests" shall mean the liens in the assets of Kanas, and related interests, originally created under the instruments listed on Exhibit A and subsequently assigned to WorldCom.

"Encumbrance" shall mean any charge, claim, community property interest, condition, equitable interest, lien, option, pledge, security interest, right of first refusal, or restriction of any kind, including any restriction on use, voting, transfer, receipt of income, or exercise of any other attribute of ownership.

"GCI" shall have the meaning assigned to that term in the preamble of this Agreement.

"Governmental Body" shall mean any:

- (a) nation, state, county, city, town, village, district or other jurisdiction of any nature;
- (b) federal, state, local, municipal, foreign, or other government;
- (c) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal);
- (d) multi-national organization or body; or

(e) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature.

“**Kanas**” shall have the meaning assigned to that term in Recital A of this Agreement.

“**Kanas Interests**” shall have the meaning assigned to that term in Section 2.1 of this Agreement.

2

“**Kanas Shares**” shall mean the 42,500 shares of common stock of Kanas presently owned, in the aggregate, by WorldCom and Network Services.

“**Legal Requirement**” shall mean any federal, state, local, municipal, or other administrative order, constitution, law, ordinance, principle of common law, regulation or statute. The foregoing shall be deemed to include laws and regulations relating to the federal patent, copyright, and trademark laws, state trade secret and unfair competition laws.

“**Network Services**” shall have the meaning assigned to that term in the preamble of this Agreement.

“**Party**” and “**Parties**” shall have the meanings assigned to those terms in the preamble of this Agreement.

“**Person**” shall mean any individual, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union, or other entity or Governmental Body.

“**RCA**” shall mean the Regulatory Commission of Alaska.

“**SEC**” shall mean the United States Securities and Exchange Commission.

“**Securities Act**” shall mean the Securities Act of 1933, as amended and the rules and regulations thereunder.

“**Series C Preferred Stock**” shall mean a newly-created series of preferred stock of GCI known as Series C Convertible Redeemable Accreting Preferred Stock, and having the rights, designations and preferences as set forth in the Statement of Stock Designation attached hereto as Exhibit B.

“**TAPS 6220**” shall have the meaning assigned to that term in Recital B of this Agreement.

“**WorldCom**” shall have the meaning assigned to that term in the preamble of this Agreement.

“**WorldCom Note**” shall mean the Restated Subordinated Demand Note of Kanas to be dated as of the Closing Date in the principal amount of \$3,000,000 payable to Network Services, and all other rights and documents related thereto.

3

ARTICLE II

PURCHASE AND SALE OF KANAS

2.1. **Purchase and Sale.** Subject to the terms and conditions of this Agreement, on the Closing Date WorldCom shall cause the sale, transfer, conveyance, assignment and delivery to GCI, and GCI shall purchase and accept from WorldCom and Network Services, free and clear of all Encumbrances, the following (collectively, the “Kanas Interests”):

- (i) the Kanas Shares;
- (ii) the CL Notes and the related CL Security Interests; and
- (iii) the WorldCom Note.

GCI acknowledges and agrees that the Guaranty Agreement of WorldCom, dated June 25, 1999 (the “Guaranty”) in favor of Credit Lyonnais, New York Branch, as Administrative Agent is not included among the CL Security Interests, and GCI shall have no interest under such Guaranty.

2.2. **Purchase Price.** The purchase of the Kanas Interests shall be paid for by the issuance to WorldCom and Network Services of 9,000 and 1,000 shares of the Series C Preferred Stock, respectively.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

3.1. **By all Parties.** Each of the Parties to this Agreement does represent and warrant to the others as follows:

(a) It is a corporation, validly existing and in good standing under the laws of its jurisdiction of incorporation. It has full corporate power and authority to execute, deliver and perform its obligations under this Agreement and all agreements, instruments and documents contemplated hereby, and all corporate action necessary for such execution, delivery and performance has been duly taken. This Agreement has been duly executed and delivered and is a legal, valid and binding obligation of such party enforceable in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally, and subject to general equitable principles and to limitations on the availability of equitable relief.

4

(b) The execution and delivery of this Agreement and any other agreements, instruments and documents to be executed and delivered by such Party pursuant hereto do not, and the performance and consummation by such Party of the transactions contemplated hereby and thereby, including in the case of GCI, the issuance of the shares of Series C Preferred Stock, will not, conflict with or result in any breach or violation of or default, termination, forfeiture or lien under any terms or provisions of such Party's charter documents or any statute, rule, regulation, judicial or governmental decree, order or judgment, or any material agreement to which such Party is a party or by which it is subject.

(c) Except for the approval by the RCA, with whose requirements the parties, as applicable, shall promptly comply with best commercially reasonable efforts, no consent, authorization, approval, order, license, certificate or permit or act of or from, or declaration or filing with, any Governmental Body or any other Person, is required for the execution, delivery or performance by such Party of this Agreement or any of the other agreements, instruments and documents being or to be executed and delivered hereunder or in connection herewith or for the consummation of the transactions contemplated hereby or thereby.

3.2. **By GCI.** GCI represents and warrants to WorldCom and Network Services as follows:

(a) As of the date hereof and after giving effect to the issuance of the shares of Series C Preferred Stock as contemplated by this Agreement, the authorized and issued and outstanding capital stock of GCI will be as follows, except for such changes resulting from the exercise of outstanding stock options or the exercise of conversion rights pertaining to GCI's Series B Preferred Stock:

	Class A Common	Class B Common	Series B Preferred	Series C Preferred
Authorized	100,000,000	100,000,000	35,000	15,000
Issued and Outstanding	48,664,781	3,902,297	20,000	10,000

(b) The shares of Series C Preferred Stock, when issued pursuant to this Agreement, will have been duly authorized, validly issued and fully paid and non-assessable, and not subject to any preemptive rights.

(c) GCI has timely filed all forms and reports required to be filed by it pursuant to the Securities Exchange Act of 1934, as amended since December 31, 1999 (collectively, the "SEC Reports"). The SEC Reports were prepared in compliance with the applicable requirements of law and did not as of their respective dates contain any untrue statement of material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

(d) The audited financial statements of GCI included in the SEC Reports and the unaudited interim financial statements for periods subsequent to such audited statements, including the footnotes thereto, are correct and complete, were prepared in accordance with generally accepted accounting principles, consistently applied (except as otherwise stated in the financial statements) and present fairly the consolidated financial position of GCI and its subsidiaries as of the dates thereof, and the results of operations, changes in shareholders' equity and cash flows for the periods indicated.

5

(e) Since December 31, 1999, GCI has not suffered a material adverse change in its business, properties or financial condition taken as a whole.

(f) GCI acknowledges that since the date of WorldCom's purchase of its interest in Kanas, GCI has been responsible for managing the business and affairs of Kanas and the maintenance and enhancements to the telecommunications network owned and operated by Kanas. GCI further acknowledges and agrees that it has had an adequate opportunity to examine the business and financial records of Kanas and to conduct such due diligence regarding the business, operations and assets of Kanas as it has deemed appropriate. GCI is acquiring the Kanas Interests based upon its own familiarity with the business, operations and assets of Kanas and not in reliance upon any representation or warranty by WorldCom with respect to the foregoing.

3.3. **By WorldCom and Network Services.** WorldCom and Network Services represent and warrant to GCI as follows:

(a) WorldCom or Network Services, as applicable, has good and marketable title to the Kanas Interests, free and clear of

Encumbrances of any kind.

(b) Each of WorldCom and Network Services is acquiring the shares of Series C Preferred Stock for investment for its own account and not with a view to the distribution thereof within the meaning of the Securities Act.

(c) Each of WorldCom and Network Services understands that the shares of Series C Preferred Stock will have a restrictive legend, and will not be registered under the Securities Act or under any state securities laws and that such shares will be issued in reliance on an exemption from the registration requirements of the Securities Act and applicable state law. It further understands that such shares cannot be transferred without compliance with the registration requirements of the Securities Act and applicable state securities laws, unless an exemption from such registration requirements is available.

(d) Each of WorldCom and Network Services is an "accredited investor" as defined in Rule 501 under the Securities Act.

6

ARTICLE IV

THE CLOSING

4.1. **Closing Date.** The closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of General Communication, Inc., Anchorage, Alaska as soon as is practicable following the satisfaction or waiver of the conditions in Sections 4.2 and 4.3 (the "Closing Date").

4.2. **Conditions Precedent to the Obligations of WorldCom and Network Services.** The obligations of WorldCom and Network Services to sell, assign and transfer the Kanas Interests to GCI is subject to the satisfaction, at or prior to the Closing, of each of the following conditions (any of which may be waived by WorldCom, in whole or in part):

(a) *Accuracy of GCI's Representations and Warranties.* All representations and warranties by GCI must have been accurate in all material respects as of the date of this Agreement, and must be accurate in all material respects as of the Closing Date as if made on the Closing Date.

(b) *GCI's Performance.* All of the covenants and obligations that GCI is required to perform or to comply with pursuant to this Agreement at or prior to the closing must have been duly performed and complied with in all material respects.

(c) Intentionally deleted.

(d) *Closing Deliveries.* GCI shall have delivered or caused the delivery to WorldCom and Network Services of the following:

(i) a certificate representing 1,000 shares of the Series C Preferred Stock in the name of Network Services and a certificate representing 9,000 shares of the Series C Preferred Stock in the name of WorldCom;

(ii) a written opinion of Bonnie J. Paskvan, Esq., corporate counsel to GCI, dated as of the Closing Date, addressed to WorldCom and Network Services;

(iii) (A) a certified copy of the resolutions of the board of directors of GCI authorizing and approving this Agreement and the consummation of the transactions contemplated hereby; (B) a copy of the Bylaws of GCI certified by GCI's Secretary; and (C) a copy of the Articles of Incorporation of GCI certified by the Department of Community and Economic Development of the State of Alaska;

(iv) a good standing certificate for GCI, dated as close as practicable to the Closing Date, issued by the Department of Community and Economic Development of the State of Alaska; and

7

(v) evidence of a commitment from one or more financial institutions for the financing of Kanas capital improvements in the amount of at least \$20 million which shall not require a guaranty or other form of credit enhancement from WorldCom or any of its subsidiaries.

(e) *Kanas - Alyeska Agreement.* Kanas and Alyeska shall have entered into a new telecommunications services agreement which shall not impose any obligations on WorldCom or any of its subsidiaries.

(f) *Settlement Agreement.* TAPS 6220 shall have been terminated and Alyeska shall have released WorldCom, Able Telcom Holding Corp. ("Able"), and Adesta Communications, Inc. ("Adesta"), and their respective subsidiaries, directors, officers and employees from any and all claims which Alyeska may have under TAPS 6220, in form and substance satisfactory to WorldCom.

(g) *Action against Surety.* Alyeska shall have dismissed, with prejudice, the action known as Alyeska Pipeline Service Company v. The Aetna Casualty & Surety Company, Case No. A00 336, pending in the United States District Court for the District of Alaska and shall

have released the surety from any liability under the bonds which are the subject of such action.

(h) *Agreement by Kanas.* Kanas shall have covenanted, for the benefit of WorldCom, that it will not assert any claim against Bracknell Corporation ("Bracknell"), Able or Adesta, or any of their respective direct and indirect subsidiaries, that could subject WorldCom to a claim for indemnification under that certain Amended and Restated Commitment Agreement dated as of December 22, 2000 between Bracknell and WorldCom.

(i) *Registration Rights Agreement.* WorldCom, Network Services and GCI shall have executed and delivered an amended and restated registration rights agreement.

(j) *Absence of Litigation.* No action, suit or proceeding before any court or any Governmental Body, pertaining to the transactions contemplated by this Agreement or to its consummation, shall have been instituted or threatened against GCI, WorldCom or Network Services on or before the Closing Date.

(k) *Approval of Documentation.* The form and substance of all certificates, instruments, opinions and other documents delivered by GCI under this Agreement shall be satisfactory in all reasonable respects to WorldCom and its counsel.

(l) *No Prohibition.* Neither the consummation nor the performance of any of the transactions contemplated by this Agreement will directly or indirectly (with or without notice or lapse of time), materially contravene, or conflict with, or result in a material violation of, or cause WorldCom or any Affiliate of WorldCom to suffer any material adverse consequence under, any applicable Legal Requirement.

8

4.3. **Conditions Precedent to the Obligations of GCI.** GCI's obligation to purchase the items listed in Section 2.1 and to take the other actions required to be taken by it at the Closing is subject to the satisfaction, at or prior to the Closing, of each of the following conditions (any of which may be waived by GCI, in whole or in part):

(a) *Accuracy of WorldCom's Representations and Warranties.* All representations and warranties by WorldCom and Network Services in this Agreement must have been accurate in all material respects as of the date of this Agreement, and must be accurate in all material respects as of the Closing Date as if made on the Closing Date.

(b) *Performance by WorldCom and Network Services.* All of the covenants and obligations that WorldCom and Network Services are required to perform or to comply with pursuant to this Agreement at or prior to the Closing must have been duly performed and complied with in all material respects.

(c) Intentionally deleted.

(d) *RCA Compliance.* The RCA shall have approved the sale of the controlling interest of Kanas by WorldCom and Network Services to GCI.

(e) *Closing Deliveries.* WorldCom and Network Services shall have delivered or caused the delivery to GCI of the following:

(i) certificates representing 42,500 shares of the common stock of Kanas, together with stock powers, duly endorsed in blank;

(ii) the CL Notes and the WorldCom Note, each endorsed to the order of GCI, without recourse;

(iii) instruments of assignment of the CL Security Interests, in recordable form, as appropriate;

(iv) resignations by Stephen Mooney, Reginald Chesson and Richard Zwicker as directors and, as applicable, officers of Kanas; and

(v) a written opinion of in-house corporate , counsel to WorldCom, dated as of the Closing Date, addressed to GCI.

(f) *MCI Carrier Agreement.* WorldCom and GCI shall have executed and delivered the Sixth Amendment to the MCI Carrier Agreement dated January 1, 1993, extending the term of such agreement to and including March 31, 2006 and containing pricing and other terms and conditions reasonably acceptable to GCI.

(g) *Alyeska Release.* Alyeska shall have released Kanas and its subsidiaries, directors, officers, and employees from any and all claims which Alyeska may have under TAPS 6220 prior to the date of such agreement

9

(h) *Absence of Litigation.* No action, suit or proceeding before any court or any Governmental Body, pertaining to the transaction contemplated by this Agreement or to its consummation, shall have been instituted or threatened against WorldCom or Network Services on or before the Closing Date.

(i) *Approval of Documentation.* The form and substance of all certificates, instruments, opinions and other documents delivered by

WorldCom or Network Services under this Agreement shall be satisfactory in all reasonable respects to GCI and its counsel.

(j) *No Prohibition.* Neither the consummation nor the performance of any of the transactions contemplated by this Agreement will directly or indirectly (with or without notice or lapse of time), materially contravene, or conflict with, or result in a material violation of, or cause GCI or any Affiliate of GCI to suffer any material adverse consequence under any applicable Legal Requirement.

ARTICLE V

TERMINATION

5.1 **Termination Events.** This Agreement may, by notice given prior to the Closing, be terminated:

(a) by WorldCom, if (i) any of the conditions in Section 4.2 have not been satisfied by July 31, 2001 or if satisfaction of such a condition is or becomes impossible (other than through the failure of WorldCom to comply with its obligations under this Agreement) and WorldCom has not waived such condition on or before such date; (ii) if WorldCom, in its sole discretion, determines to institute litigation by Kanas against Alyeska pertaining to TAPS 6220; (iii) if Alyeska institutes litigation against Kanas or WorldCom pertaining to TAPS 6220 (with the exception of any litigation commenced solely for the purpose of preservation of rights and the prosecution of which is concensually stayed); or (iv) if GCI ceases to finance the working capital needs of Kanas;

(b) by GCI, if (i) any of the conditions in Section 4.3 has not been satisfied by July 31, 2001 or if satisfaction of such a condition is or becomes impossible (other than through the failure of GCI to comply with its obligation under this Agreement) and GCI has not waived such condition on or before such date; or (ii) if either Kanas or Alyeska institutes litigation pertaining to TAPS 6220 (with the exception of any litigation commenced solely for the purpose of preservation of rights and the prosecution of which is concensually stayed); or

(c) by mutual consent of WorldCom and GCI.

5.2 **Effect of Termination.** Each party's right of termination under Section 5.1 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies. If this Agreement is terminated pursuant to Section 5.1, all further obligations of the parties under this Agreement will terminate; provided, however, that if this Agreement is terminated by a party because of one or more of the conditions to the terminating party's obligation under this Agreement is not satisfied as a result of the other party's failure to comply with its obligations under this Agreement, the terminating party's right to pursue all legal remedies will survive such termination unimpaired.

10

ARTICLE VI

INDEMNIFICATION; REMEDIES

6.1 **Indemnification by GCI.** GCI shall defend, indemnify and hold harmless WorldCom, Network Services and each of their respective Affiliates, employees, successors and assigns (WorldCom, Network Services and such persons, collectively, "WorldCom's Indemnified Persons"), and shall reimburse WorldCom's Indemnified Persons, for, from and against each and every demand, claim, loss (which shall include any diminution in value), liability, judgment, damage, cost and expense (including, without limitation, interest, penalties, costs of preparation and investigation, and the reasonable fees, disbursements and expenses of attorneys, accountants and other professional advisors) (collectively, "Losses") imposed on or incurred by WorldCom's Indemnified Persons, directly or indirectly, relating to, resulting from or arising out of:

(a) any inaccuracy in any representation or warranty in any respect, whether or not WorldCom's Indemnified Persons relied thereon or had knowledge thereof, or any breach or nonfulfillment of any covenant, agreement or other obligation of GCI under this Agreement, or any certificate or other document delivered or to be delivered pursuant hereto; and

(b) the business conducted by and operations of Kanas following the Closing Date.

6.2 **Indemnification by WorldCom.** WorldCom shall defend, indemnify and hold harmless GCI, its Affiliates, employees, successors and assigns (GCI and such persons, collectively, "GCI's Indemnified Persons"), and shall reimburse GCI's Indemnified Persons, for, from and against all Losses imposed on or incurred by GCI's Indemnified Persons, directly or indirectly, relating to, resulting from or arising out of:

(a) any inaccuracy in any representation or warranty in any respect, whether or not GCI's Indemnified Persons relied thereon or had knowledge thereof, or any breach or nonfulfillment of any covenant, agreement or other obligation of WorldCom or Network Services under this Agreement or any certificate or other document delivered or to be delivered pursuant hereto; and

(b) for the period prior to the Closing Date, actions or inactions in its capacity as a shareholder of Kanas.

6.3 **Undisputed Claims.** A party (the "Indemnified Party") shall assert a Claim that it is entitled to, or may become entitled to, indemnification under this Agreement by giving written notice of its Claim to the party or parties that are, or may become, required to indemnify the Indemnified Party (the "Indemnifying Party"), providing reasonable details of the facts giving rise to the Claim and a statement of the Indemnified Party's Loss in connection with the Claim, to the extent such Loss is then known to the Indemnified Party and, otherwise,

an estimate of the amount of the Loss that it reasonably anticipates that it will incur or suffer. If the Indemnifying Party does not object to the Claim during the twenty (20) day period following the date of delivery of the Indemnified Party's notice of its Claim (the "Objection Period"), the Claim shall be considered undisputed and the Indemnified Party shall be entitled to recover the amount of its Loss. The fact that a Claim is not disputed by the Indemnifying Party shall not constitute an admission or create any inference that the asserted Claim is valid for any purpose other than the indemnity obligation of the Indemnifying Party as to such Claim pursuant to this Article VI.

11

6.4. **Disputed Claims.** If the Indemnifying Party gives notice to the Indemnified Party within the Objection Period that the Indemnifying Party objects to the Claim, then (a) the parties shall attempt in good faith to resolve their differences during the thirty (30) day period following the date of delivery of the Indemnifying Party's notice of its objection (the "Resolution Period"), and (b) if the parties fail to resolve their disagreement during the Resolution Period, either party may unilaterally submit the disputed Claim for resolution in accordance with Section 7.2.

6.5. **Notice and Defense of Third-Party Claims.** If any action, claim or proceeding shall be brought or asserted under this Article VI against an Indemnified Party in respect of which indemnity may be sought under this Article VI from an Indemnifying Party or any successor thereto, the Indemnified Person shall give prompt written notice of such action or claim to the Indemnifying Person who shall assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Person and the payment of all expenses; except that any delay or failure to so notify the Indemnifying Person shall relieve the Indemnifying Person of its obligations hereunder only to the extent, if at all, that it is prejudiced by reason of such delay or failure. The Indemnified Person shall have the right to employ separate counsel in any of the foregoing actions, claims or proceedings and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the Indemnified Person unless both the Indemnified Person and the Indemnifying Person are named as parties and the Indemnified Person shall in good faith determine that representation by the same counsel is inappropriate. In the event that the Indemnifying Person, within ten days after notice of any such action or claim, fails to assume the defense thereof, the Indemnified Person shall have the right to undertake the defense, compromise or settlement of such action, claim or proceeding for the account of the Indemnifying Person, subject to the right of the Indemnifying Person to assume to the defense of such action, claim or proceeding with counsel reasonably satisfactory to the Indemnified Person at any time prior to the settlement, compromise or final determination thereof. Anything in this Article VI to the contrary notwithstanding, the Indemnifying Person shall not, without the Indemnified Person's prior written consent, settle or compromise any action or claim or proceeding or consent to entry of any judgment with respect to any such action or claim except such that requires solely the payment of money damages by the Indemnifying Person and that includes as an unconditional term thereof the release by the claimant or the plaintiff of the Indemnified Person from all liability in respect of such action, claim or proceeding.

12

ARTICLE VII

MISCELLANEOUS

7.1 **Notices.** All notices, requests, demands and other communications hereunder shall be given in writing and shall be: (a) personally delivered; (b) sent by telecopier, facsimile transmission (with a conforming copy sent via regular U.S. mail), or other electronic means of transmitting written documents; or (c) sent to the parties at their respective addresses indicated herein by registered or certified U.S. mail, return receipt requested and postage prepaid, or by private overnight mail courier service. The respective addresses to be used for all such notices, demands or requests are as follows:

If to WorldCom or Network Services, to:

C/o WorldCom Venture Fund, Inc.
1133 19th Street, N.W.
Washington, D.C. 20036
Attention: Mr. Stephen Mooney

(with a copy to)

Lawrence A. Goldman, Esq.
Gibbons, Del Deo, Dolan,
Griffinger & Vecchione
One Riverfront Plaza
Newark, New Jersey 07102-5497

or to such other person or address as WorldCom shall furnish to GCI in writing.

If to GCI, to:

General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, AK 99503-2781
Attention: Ronald Duncan, President

(with a copy to)

Bonnie J. Paskvan, Esq.
General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, AK 99503-2781

or to such other person or address as GCI shall furnish to WorldCom in writing.

If personally delivered pursuant hereto, such communication shall be deemed delivered upon actual receipt; if electronically transmitted pursuant hereto, such communication shall be deemed delivered the next business day after transmission, and sender shall bear the burden of

proof of delivery; if sent by overnight courier pursuant hereto, such communication shall be deemed delivered upon receipt; and if sent by U.S. mail pursuant hereto, such communication shall be deemed delivered as of the date of delivery indicated on the receipt issued by the relevant postal service, or, if the addressee fails or refuses to accept delivery, as of the date of such failure or refusal. Any party to this Agreement may change its address for the purposes of this Agreement by giving notice thereof in accordance with this Section 7.1.

7.2. **Arbitration.** The parties hereby agree that any dispute regarding the rights and obligations of any party under this Agreement must be resolved by arbitration pursuant to this Section 7.2. Within seven (7) days of any party's written notice to the other of its desire to submit any dispute to arbitration, the parties will meet to attempt to amicably resolve their differences and, failing such resolution, the parties may submit the matter to mandatory and binding arbitration with the American Arbitration Association ("AAA"), under its Commercial Dispute Resolution Procedures and the United States Arbitration Act, 9 U.S.C. §1-16. The issue(s) in dispute shall be settled by arbitration in Seattle, Washington, by a panel of three arbitrators (the "Panel"). The only issue(s) to be determined by the Panel will be those issues specifically submitted to the Panel. The Panel will not extend, modify or suspend any of the terms of this Agreement. Judgment upon the award rendered by the Panel may be entered by any court having jurisdiction thereof. The written judgment shall be promptly issued and be in accordance with Alaska law and the relevant facts. A determination of the Panel shall be by majority vote.

13

Promptly following receipt of the request for arbitration, AAA shall convene the parties in person or by telephone to attempt to select the arbitrators by agreement of the parties. If agreement is not reached, GCI shall select one arbitrator and WorldCom shall select one other arbitrator. These two arbitrators shall select a third arbitrator. If these two arbitrators are unable to select the third arbitrator by mutual agreement, AAA shall submit to the parties a list of not less than eleven (11) candidates. Such list shall include a brief statement of each candidate's qualifications. Each party shall number the candidates in order of preference, shall note any objection they may have to any candidate, and shall deliver the list so marked back to AAA. Any party failing without good cause to return the candidate list so marked within ten (10) days after receipt shall be deemed to have assented to all candidates listed thereon. AAA shall designate the arbitrator willing to serve for whom the parties collectively have indicated the highest preference and who does not appear to have a conflict of interest. If a tie should result between two candidates, AAA may designate either candidate.

This agreement to arbitrate is specifically enforceable. Judgment upon any award rendered by the Panel may be entered in any court having jurisdiction. The decision of the Panel within the scope of the submission is final and binding on all parties, and any right to judicial action on any matter subject to arbitration hereunder hereby is waived (unless otherwise provided by applicable law), except suit to enforce this arbitration award or in the event arbitration is not available for any reason. If the rules of the AAA differ from those of this Section 7.2, the provisions of this Section 7.2 will control. The costs and fees of arbitration shall be paid one-half by each of WorldCom and GCI, and each party shall otherwise be responsible for its own professional costs and expenses in connection with the arbitration.

7.3. **Disclosures and Announcements.** The timing and content of all disclosures to third parties and public announcements concerning the transactions provided for in this Agreement, by WorldCom or GCI, shall be subject to the approval of the other in all essential respects which shall not be unreasonably withheld or delayed; provided, however, that the other party's approval shall not be required as to any statements and other information that either WorldCom or GCI may make pursuant to any rule or regulation or as required by law.

7.4. **Assignment, Parties in Interest.** Except as expressly provided herein, the rights and obligations of a Party hereunder may not be assigned, transferred or encumbered without the prior written consent of the other Parties. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of the Parties hereto. GCI may assign this Agreement for security purposes to its lenders.

14

7.5. **Further Assurance.** From time to time, at GCI's request and without further consideration, WorldCom or Network Services, as applicable, will execute and deliver to GCI such documents and take such other actions as GCI may reasonably request in order to vest in GCI good, valid and marketable title to the Kanas Interests being transferred hereunder.

7.6. **Law Governing Agreement.** This Agreement shall be construed and interpreted according to the internal laws of the State of Alaska.

7.7. **Amendment and Modification.** The Parties may amend, modify and supplement this Agreement in such manner as may be agreed upon by them in writing.

7.8. **Entire Agreement.** This Agreement embodies the entire agreement among the Parties hereto with respect to the transactions contemplated herein, and there have been and are no agreements, representations or warranties between the parties other than those set forth or provided for herein.

7.9. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

7.10. **Headings.** The headings in this Agreement are inserted for convenience only and shall not constitute a part hereof.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by each of the parties by duly authorized representatives, on the date first above written.

GENERAL COMMUNICATION, INC.

By: _____
Name: Ronald A. Duncan
Title: President

WORLDCOM, INC.

By: _____
Name: David Myers
Title: Senior Vice President; Comptroller

MCI WORLDCOM NETWORK SERVICES, INC.

By: _____
Name: David Myers
Title:

Exhibit A

CL Security Interests

(a) Deed of Trust, Security Agreement and Financing Statement dated as of November 1, 1996 from Kanas Telecom, Inc. to Stewart Title Company of Alaska, Inc., as Trustee for the benefit of Credit Lyonnais, New York Branch, in its capacity as Administrative Agent, as Beneficiary and filed as follows:

<u>Recording District</u>	<u>Recording Date</u>	<u>Recording Information</u>
Barrow	11/15/96	#96-2147, Book 86, Pages 838-901
Chitina	11/15/96	#96-0988, Book 47, Pages 370-434
Fairbanks	11/15/96	#96-23198, Book 979, Pages 554-617
Ft. Gibbons	11/15/96	#96-558, Book 9, Pages 835-899
Rampart	11/15/96	#96-28, Book 7, Pages 124-187
Valdez	11/18/96	#96-1108, Book 130, Pages 592-656

(b) First Amendment to Deed of Trust, Security Agreement and Financing Statement dated as of November 21, 1997 from Kanas Telecom, Inc. to Stewart Title Company of Alaska, Inc., as Trustee for the benefit of Credit Lyonnais, New York Branch, in its capacity as Administrative Agent, as Beneficiary and filed as follows:

<u>Recording District</u>	<u>Recording Date</u>	<u>Recording Information</u>
Barrow	2/23/98	#98-400, Book 95, Pages 935-941
Chitina	2/23/98	Book 50, Page 664
Fairbanks	2/23/98	#98-3622, Book 1051, Pages 142-148
Ft. Gibbons	2/23/98	#98-6, Book 10, Pages 212-218

Rampart	2/23/98	#98-6, Book 7, Pages 542-548
Valdez	2/23/98	#98-166, Book 134, Pages 611-617

17

(c) Second Amendment to Deed of Trust, Security Agreement and Financing Statement dated as of June 25, 1999 from Kanas Telecom, Inc. to Stewart Title Company of Alaska, Inc., as Trustee for the benefit of Credit Lyonnais, New York Branch, in its capacity as Administrative Agent, as Beneficiary and filed as follows:

18

<u>Recording District</u>	<u>Recording Date</u>	<u>Recording Information</u>
Barrow	7/6/99	#00-1381, Book 107, Pages 619-626
Chitina	7/12/99	#000546, Book 54, Pages 702-709
Fairbanks	7/6/99	#016827, Book 1149, Pages 55-62
Ft. Gibbons	7/6/99	#270, Book 10, Pages 615-623
Rampart	7/6/99	#26, Book 7, Pages 693-701
Valdez	7/12/99	#669, Book 139, Pages 758-765

(d) Financing Statement executed in connection with item (a) above filed as follows:

<u>Recording District</u>	<u>Recording Date</u>	<u>Recording Information</u>
Barrow	11/15/96	#96-2148, Book 86, Pages 902-966 #96-2149
Chitina	11/15/96	#96-0989, Book 47, Pages 435-500 #96-0990
Fairbanks	11/15/96	#96-23199, Book 979, Pages 618-682 #96-23200
Ft. Gibbons	11/15/96	#96-559, Book 9, Pages 900-965 #96-560
Rampart	11/15/96	#96-29, Book 7, Pages 188-252 #96-30
Valdez	11/15/96	#96-1109, Book 130, Pages 657-723 #96-1110
Secretary of State of Alaska	7/6/96	#466236

(e) Security Agreement dated as of November 1, 1996 from Kanas Telecom, Inc. for the benefit of Credit Lyonnais, New York Branch, as Administrative Agent.

(f) Financing Statement executed in connection with item (e) above filed with the Secretary of State of Alaska on November 15, 1996 as #423308.

(g) Pledge Agreements dated as of November 1, 1996 from each of MFS Network Technologies, Inc. (now known as Adesta Communications, Inc.), Ahtna, Inc., Arctic Slope Regional Corporation and Chugach Alaska Corporation and related stock certificates, stock powers and financing statements.

(h) Subordination Agreement dated as of November 1, 1996 from MFS Network Technologies, Inc. (now known as Adesta Communications, Inc.) for the benefit of Credit Lyonnais, New York Branch, As Administrative Agent.

19

Exhibit B
Statement of Designations
GCI Series C Preferred Stock

20

STATEMENT OF STOCK DESIGNATION

Setting forth a copy of a resolution creating and authorizing the issuance of a series of preferred stock designated as "Series C Convertible Redeemable Accreting Preferred Stock" adopted by the board of directors of General Communication, Inc.

Pursuant to AS 10.06.315 and 10.06.320 of the Alaska Statutes

We, the undersigned officers of General Communication, Inc., an Alaska corporation ("Company"), hereby state and otherwise certify that, on November 16, 2000 the board of directors of the Company, pursuant to authority vested in it by Article IV of the Company's Restated Articles of Incorporation and in accordance with AS 10.06.315 and 10.06.318 of the Alaska Statutes, duly adopted the following resolution creating a series of preferred stock designated as "Series C Convertible Redeemable Accreting Preferred Stock":

RESOLUTION

"WHEREAS, General Communication, Inc. is authorized through its Restated Articles of Incorporation to issue up to 100 million shares of Class A Common Stock, 10 million shares of Class B Common Stock, and up to 1 million shares of Preferred Stock, issuable from time to time in one or more series;

"WHEREAS, the Board of Directors of the Company is authorized, within the limitations and restrictions contained in the Restated Articles of Incorporation, to fix or alter the dividend rate, conversion rate, voting rights, redemption prices, and liquidation preferences of any wholly unissued series of Preferred Stock, the number of shares constituting any such series, the designation of such series, and other terms and conditions of the issuance of such stock;

WHEREAS, the Company, through its Board of Directors, approved a statement of stock designation pursuant to Article IV of the Restated Articles of Incorporation and that statement was filed of record with the Alaska Department of Community and Economic Development on or about April 28, 1999 pursuant to authority set forth in AS 10.06.315, 10.06.318, and 10.06.320 of the Alaska Statutes, and the board subsequently authorized the issuance of up to 35,000 shares of Series B Preferred Stock under that designation, and the Company does not presently have outstanding any other shares of its Preferred Stock;

RESOLVED, that, pursuant to authority granted to and vested in the Board of Directors by Article IV of the Restated Articles of Incorporation of the Company and in accordance with AS 10.06.315 and 10.06.318 of the Alaska Statutes, the board hereby approves and otherwise directs the designation, from the shares of Preferred Stock authorized under those Articles, of a new series of Preferred Stock of the Company to consist of 15,000 shares to be known as Series C Convertible Redeemable Accreting Preferred Stock ("Series C Preferred Stock") and hereby fixes the designation, rights, preferences, privileges, and restrictions of the shares of that series, in addition to the designation, rights, preferences, privileges and restrictions set forth in those articles which are directly applicable to the Preferred Stock as follows:

Preface. Series C Convertible Redeemable Accreting Preferred Stock. Of the 1,000,000 shares of Preferred Stock, authorized pursuant to Article IV of the Restated Articles of Incorporation of the Company, 15,000 shall be designated Series C Convertible Redeemable Accreting Preferred Stock, with the rights, preferences, privileges and restrictions set forth in this paragraph.

Section 1. Definitions. For purposes of the following Sections, the following definitions shall apply:

"Bankruptcy Event" shall mean the occurrence of any of the following: (i) a court or governmental agency having appropriate jurisdiction shall enter a decree or order for relief in respect of the Company in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Company or for any substantial part of its property or ordering the winding up or liquidation of its affairs; (ii) there shall be commenced against the Company an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or any case, proceeding or other action for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Company or for any substantial part of its property or for the winding up or liquidation of its affairs, and such involuntary case or other case, proceeding or other action shall remain undismissed, undischarged or unbonded for a period of sixty (60) consecutive days; (iii) the Company shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consent to the entry of an order for relief in an involuntary case under any such law, or consent to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Company or for any substantial part of its property or make any general assignment for the benefit of creditors; or (iv) the Company shall be unable to, or shall admit in writing to its inability to, pay its debts generally as they become due.

"Board" shall mean the Board of Directors of the Company.

"Business Day" shall mean a day on which banks and foreign exchange markets are open for the transaction of business in New York, New York as relevant to the determination to be made or action to be taken.

"Change of Control" shall mean the occurrence of one or more of the following events: (a) the acquisition by any person (other than Ronald A. Duncan or WorldCom, Inc.), or two or more persons acting in concert, of shares representing greater than 33% of the total combined voting power of the Company, (b) prior to the second anniversary of the Issue Date Ronald A. Duncan resigns or is removed from his position as Chief Executive Officer of the Company, other than as a result of death or disability, and is not replaced within sixty (60) days of such resignation or removal with a person acceptable to the holders of a majority of the outstanding Series C Preferred Stock; or (c) prior to the second anniversary of the Issue Date, Ronald A. Duncan or his heirs transfers, sells or in any way disposes of a material amount of the capital stock of the Company owned by him as of the date hereof such that his beneficial ownership (as determined under Rule 13d-3 of the United States Securities and Exchange Commission, or any successor rule) falls below 1.93% of the Common Stock of the Company or 4.7% of the voting power of the Company. A Change of Control shall be deemed to occur as of the effective date of the first event, action or transaction leading to one of the results described above.

"Class A Common Stock" shall mean the Class A Common Stock of the Company.

"Class B Common Stock" shall mean the Class B Common Stock of the Company.

"Common Stock" shall mean, collectively, the Class A Common Stock and Class B Common Stock of the Company.

"Company" shall mean General Communication, Inc.

"Conversion Price" shall have the meaning ascribed to such term in Section 7(b) hereof.

"Distribution" shall mean the declaration or payment of any dividend (whether in cash, shares of Series B Preferred Stock, or otherwise) on or in respect of any shares of any class of capital stock of any person, other than dividends payable solely in shares of common stock of such person; the purchase, redemption, or other retirement of any shares of any class of capital stock of any person, directly or indirectly through a subsidiary or otherwise; the return of capital by any person to its shareholders as such; or any other distribution on or in respect of any shares of any class of capital stock of any person.

"Issue Date" shall mean the first date upon which shares of Series C Preferred Stock are issued.

"Junior Securities" shall mean the Common Stock and other shares of capital stock of the Company, whether presently outstanding or hereafter issued, which by its terms is junior to the Series C Preferred Stock. A class or series of Junior Securities shall rank junior to the Series C Preferred Stock as to dividend rights or rights on liquidation if the holders of shares of Series C Preferred Stock shall be entitled to dividend payments or payments of amounts distributable upon liquidation, dissolution or winding up of the affairs of this Company, as the case may be, in preference or priority to the holders of shares of such class or series.

"Lien" shall mean any mortgage, lien, pledge, charge, security interest, or other encumbrance of any kind, whether or not filed, recorded or otherwise perfected under applicable law (including, any conditional sale or other title retention agreement and any lease deemed to constitute a security interest and any option or other agreement to give any security interest).

"Liquidation Preference" shall have the meaning set forth in Section 3(a) hereof.

"Mandatory Redemption Date" shall have the meaning ascribed thereto in Section 4(b) hereof.

"Parity Securities" shall mean any class or series of stock of this Company, whether now existing or hereafter created, ranking on a parity basis with the Series C Preferred Stock as to dividend rights or rights on liquidation. Stock of any class or series shall rank on a parity basis as to dividend rights or rights on liquidation with the Series C Preferred Stock, whether or not the dividend rates, dividend payment dates or liquidation prices per share are different from those of the Series C Preferred Stock, if the holders of shares of such class or series shall be entitled to dividend payments or payments of amounts distributable upon liquidation, dissolution or winding up of the affairs of this Company, as the case may be, in proportion to their respective accumulated and accrued and unpaid dividends or liquidation prices, respectively, without preference or priority, one over the other, as between the holders of shares of such class or series and the holders of Series C Preferred Stock. No class or series of capital stock that ranks junior to the Series C Preferred Stock as to rights on liquidation shall rank or be deemed to rank on a parity basis with the Series C Preferred Stock as to dividend rights unless the instrument creating or evidencing such class or series of capital stock otherwise expressly provides.

"Payment Date" shall have the meaning ascribed thereto in Section 4(c) and Section 4(d) hereof.

"Redemption Price" shall have the meaning ascribed thereto in Section 4(e) hereof.

"Senior Securities" shall mean the Series B Preferred Stock and other shares of capital stock of the Company which by its terms is senior to the Series C Preferred Stock. Stock of any class or series shall rank senior to the Series C Preferred Stock as to dividend rights or rights on liquidation if the holders of shares of such class or series shall be entitled to dividend payments or payments of amounts distributable

upon dissolution, liquidation or winding up of the affairs of this Company, as the case may be, in preference or priority to the holders of shares of Series C Preferred Stock. No class or series of capital stock that ranks on a parity basis with or junior to the Series C Preferred Stock as to rights on liquidation shall rank or be deemed to rank prior to the Series C Preferred Stock as to dividend rights, notwithstanding that the dividend rate or dividend payment dates thereof are different from those of the Series C Preferred Stock, unless the instrument creating or evidencing such class or series of capital stock otherwise expressly provides.

"Series B Preferred Stock" shall mean the Series B Convertible Redeemable Accreting Preferred Stock of the Company.

"Series C Preferred Stock" shall mean the Series C Convertible Redeemable Accreting Preferred Stock of the Company.

"Subsidiary" of a person shall mean (i) any corporation of which 51% percent or more of the Voting Stock, or any partnership of which 51% or more of outstanding partnership interests, is at any time owned by the person, or by one or more Subsidiaries of such person, or by such person and one or more Subsidiaries of such person, and (ii) any other entity which is controlled or capable of being controlled by such person or by one or more Subsidiaries of such person or by such person and one or more Subsidiaries of such person.

"Triggering Event" shall mean (i) a Change of Control, (ii) a Bankruptcy Event, (iii) the liquidation or dissolution of the Company, or (iv) the merger of the Company with or into, or the consolidation of the Company with any other entity or the sale by the Company of all or substantially all of the assets of the Company, where the terms of such merger, consolidation or sale would significantly and adversely affect the rights and preferences of the Series C Preferred Stock.

"Voting Stock" shall mean any shares having general voting power in electing the board of directors of any person (irrespective of whether or not at the time stock of any other class or classes has or might have voting power by reason or the happening of any contingency).

Section 2. Dividends.

(a) **Right to Dividends.** Dividends on each share of Series C Preferred Stock shall accumulate and accrue from the Issue Date and shall accrue from day to day thereafter, compounding quarterly (to the extent unpaid), whether or not earned or declared, at a rate of 6.0% per annum on the stated amount of \$1,000 per share until paid, subject to Section 4(i) hereof. Subject to the prior preferences and other rights of any Senior Securities, Dividends accruing pursuant to this Section 2(a) shall be payable quarterly in arrears upon declaration by the Board in cash, on the last day of each of March, June, September and December. Dividends shall be cumulative so that, if all accrued dividends shall not have been paid, such accrued and unpaid dividends shall first be fully paid before any dividend or other distribution shall be paid or declared and set apart for any Junior Securities.

(b) **Priority.** Until such time as all current and accrued dividends on the Series C Preferred Stock and any Parity Securities for all periods from and after the Issue Date shall have been paid (i) no dividend whatsoever (other than a dividend payable solely in Common Stock) shall be paid or declared, and no Distribution shall be made, on any Junior Securities, and (ii) no shares of Junior Securities shall be purchased, redeemed or acquired by the Company, and no monies shall be paid into or set aside or made available for a sinking fund for the purchase, redemption or acquisition thereof other than shares of Junior Securities purchased, redeemed or acquired by the Company to fund the Company's deferred compensation arrangements.

Section 3. Liquidation Rights of Series C Preferred Stock.

(a) **Preference.** In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the holders of the then-outstanding shares of Series C Preferred Stock shall be entitled to be paid out of the assets of the Company available for distribution to its shareholders, whether such assets are capital, surplus or earnings, in an amount (the "Liquidation Preference") equal to \$1,000 per share plus an amount equal to all accrued and unpaid dividends thereon, whether or not earned or declared, to and including the date full payment shall be tendered to the holders of the then-outstanding shares of Series C Preferred Stock with respect to such liquidation, dissolution or winding up, and no more. The Liquidation Preference at the date of payment of all shares of Series C Preferred Stock outstanding shall be paid (i) before any distribution or payment upon any such liquidation, dissolution or winding up of this Company is made upon any Junior Securities, (ii) on a *pari passu* basis with any such payment made to the holders of any Parity Securities, and (iii) after any such payment is made upon any Senior Securities. The holders of Series C Preferred Stock shall be entitled to no other or further distribution of or participation in any remaining assets of this Company after receiving the full preferential amounts provided for in the preceding sentence. If upon any liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary, the assets to be distributed to the holders of the then-outstanding shares of Series C Preferred Stock and any Parity Securities shall be insufficient to permit the payment to such shareholders of the full preferential amounts to which they are entitled, then, after payment to holders of Senior Securities, all of the remaining assets of the Company shall be distributed ratably to the holders of the then-outstanding shares of Series C Preferred Stock and any Parity Securities on the basis of the full preferential amounts to which the shares of Series C Preferred Stock and such Parity Securities would otherwise respectively be entitled. The (i) merger or consolidation of the Company with or into any other entity or entities where the Company is not the surviving entity (other than a merger solely for the purpose of changing the Company's state of incorporation) or in which in excess

of 50% of the Company's voting power is transferred, or (ii) the sale or transfer by the Company of all or substantially all of its assets, shall be deemed to be a liquidation, dissolution and winding up of the Company within the meaning of this Section 3.

(b) **Remaining Assets.** After the payment or distribution to the holders of the then-outstanding shares of Series C Preferred Stock and any Parity Securities of the full preferential amounts to which they are entitled, the holders of the then-outstanding shares of Junior Securities shall be entitled to receive ratably all remaining assets of the Company.

Section 4. Redemption.

(a) **Optional Redemption.** At any time after the Issue Date, the Company may, at its option, upon provision of written notice at least sixty (60) days prior to the date set for redemption, redeem the Series C Preferred Stock, in whole but not in part, at the Redemption Price hereinafter specified.

(b) **Mandatory Redemption.** The Company shall redeem all outstanding shares of Series C Preferred Stock at the Redemption Price hereinafter specified (i) at any time after the fourth anniversary of the Issue Date, at the option of holders of 80% of the outstanding shares of the Series C Preferred Stock, exercised by giving written notice to the Company or (ii) upon the occurrence of a Triggering Event (the date of receipt of written notice, or the date of a Triggering Event being the, "Mandatory Redemption Date").

(c) **Optional Redemption Notice.** The Company shall, not less than sixty (60) days prior to the Payment Date for an optional redemption pursuant to Section 4(a), give written notice to each holder of record of shares of Series C Preferred Stock that the Company has determined to exercise its optional redemption rights hereunder. This notice shall state the number of then-outstanding shares of Series C Preferred Stock to be redeemed, the Redemption Price, including the amount of dividends included in such price and the calculation thereof, the Payment Date and the time, place and manner in which the holder is to surrender to the Company the certificate or certificates representing the shares of Series C Preferred Stock to be redeemed. "Payment Date," for purposes of this Section 4(c), shall mean the date set by the Company with respect to an optional redemption designated by the Company for payment of the Redemption Price.

(d) **Mandatory Redemption Notice.** The Company shall provide prompt, but in no event later than two (2) Business Days after the Mandatory Redemption Date, notice to the holders of the Series C Preferred Stock of the Mandatory Redemption Date. Such notice shall state the Redemption Price, including the amount of dividends included in such price and the calculation thereof, and the Payment Date, place and manner in which the holders are to surrender to the Company the certificates representing shares of Series C Preferred Stock to be redeemed. "Payment Date," for purposes of this Section 4(d), shall mean the date no later than the tenth (10th) Business Day after the Mandatory Redemption Date designated by the Company for payment of the Redemption Price.

(e) **Redemption Price.** In all events, the Redemption Price of the Series C Preferred Stock (the "Redemption Price") shall be an amount per share equal to \$1,000 plus the amount of all accrued and unpaid dividends thereon, whether or not earned or declared, to and including the Payment Date.

(f) **Payment of Redemption Price and Surrender of Stock.** On the Payment Date, the Redemption Price of the Series C Preferred Stock shall be paid to the holders of the Series C Preferred Stock. On or before the Payment Date, each holder of shares of Series C Preferred Stock to be redeemed shall surrender the certificate or certificates representing such shares to the Company, duly endorsed, together with such other instruments as the Company may reasonably require to insure that such shares of Series C Preferred Stock are duly and validly transferred to the Company, free of all Liens, and on the Payment Date the Redemption Price for such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof, and each surrendered certificate shall be canceled and retired.

(g) **Insufficient Funds.** If the funds of the Company legally available for redemption of Series C Preferred Stock on the Payment Date with respect to a Mandatory Redemption Date are insufficient to redeem all of the Series C Preferred Stock that are subject to redemption pursuant to Section 4(b) and any Parity Securities being redeemed on such date, those funds that are so available will be used to redeem the maximum possible number of such shares of the Series C Preferred Stock and any Parity Securities ratably among the holders thereof on the basis of the liquidation preference of such securities. At the earliest time thereafter as additional funds of the Company are legally available for redemption of Series C Preferred Stock in the manner provided above, such funds will be immediately used to redeem the balance of such Series C Preferred Stock and any Parity Securities subject to redemption.

(h) **Deposit of Funds.** At least three (3) Business Days prior to a Payment Date, the Company shall deposit with any bank or trust company in the United States, having a capital and surplus of at least \$700,000,000 as a trust fund, a sum equal to the aggregate Redemption Price, with irrevocable instructions and authority to the bank or trust company to pay, on or after the Payment Date, the Redemption Price to the respective holders of then-outstanding shares of Series C Preferred Stock upon the surrender of their share certificates. The deposit shall constitute full payment of the shares to their holders; provided, that, until all shares of Series C Preferred Stock are redeemed and full payment made therefor, the holders thereof shall continue to be considered shareholders with respect to such shares and shall have all rights with respect

thereto, including the right to receive from the bank or trust company payment of the Redemption Price of the shares, without interest, upon surrender of their certificates therefor. Any monies so deposited and unclaimed at the end of one year from the Payment Date shall be released or repaid to the Company, after which the holders of shares of Series C Preferred Stock called for redemption shall be entitled to receive payment of the Redemption Price only from the Company.

(i) **Accrual of Dividends.** Unless the Company defaults in making the payment of the Redemption Price in accordance with Section 4(h) hereof, dividends on Series C Preferred Stock subject to redemption will cease to accrue on and after the Payment Date.

(j) **Waiver.** At any time after receiving notice of Mandatory Redemption and prior to two Business Days before the Payment Date, the holders of Series C Preferred Stock may, by written consent of holders of at least 80% of the then outstanding Series C Preferred Stock, waive the redemption of the Series C Preferred Stock as to such mandatory redemption event in which case the Company shall not be obligated to redeem the shares of Series C Preferred Stock as to such redemption event. Upon receipt of any such waiver, the Company shall promptly provide written notice to all holders of Series C Preferred Stock.

Section 5. Voting Rights.

The holders of shares of Series C Preferred Stock shall not have any voting rights.

Section 6. Restrictions and Limitations.

So long as any shares of Series C Preferred Stock remain outstanding, the Company shall not, directly or indirectly, without the written consent of the holders of 80% of the then-outstanding shares of Series C Preferred Stock:

(a) Purchase, redeem or otherwise acquire for value (or pay into or set aside as a sinking fund for such purpose) any Junior Securities or any warrant, option or right to purchase any Junior Securities, other than purchases of shares of Junior Securities for the purpose of funding deferred compensation arrangements;

(b) Declare or pay any dividends on or declare or make any other Distribution, direct or indirect (other than a dividend payable solely in shares of Class A Common Stock), on account of Junior Securities or set apart any sum for any such purpose;

(c) Amend its Articles of Incorporation in any manner that would significantly and adversely affect the rights or preferences of the Series C Preferred Stock, provided, however, the foregoing shall not restrict the company from issuing additional series of preferred stock, senior to the Series C Preferred Stock, without the consent of holders of the Series C Preferred Stock; or

(d) Issue any additional shares of Series C Preferred Stock after the Issue Date.

Section 7. Conversion.

The holders of Series C Preferred Stock shall have the following conversion rights:

(a) **Right to Convert.** Each share of Series C Preferred Stock shall be convertible, at any time at the option of the holder thereof, into fully paid and nonassessable shares of Class A Common Stock. Such conversion right shall continue to apply to any share of Series C Preferred Stock called for redemption pursuant to Section 4 hereof until the close of business on the Business Day immediately preceding the applicable Payment Date.

(b) **Conversion Price.** Each share of Series C Preferred Stock shall initially be convertible into that number of shares of Class A Common Stock determined by dividing the then Liquidation Preference of such share of Series C Preferred Stock by the then conversion price, as adjusted pursuant to this Section 7, which conversion price shall initially be equal to \$12.00 per share (the "Conversion Price").

(c) **Mechanics of Conversion.** Each holder of Series C Preferred Stock who desires to convert the same into shares of Class A Common Stock shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Company or of any transfer agent for the Series C Preferred Stock or Class A Common Stock, and shall give written notice to the Company at such office that such holder elects to convert the same and shall state therein the number of shares of Series C Preferred Stock being converted. Thereupon the Company shall promptly issue and deliver to such holder a certificate or certificates for the number of shares of Class A Common Stock to which such holder is entitled. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the certificate representing the shares of Series C Preferred Stock to be converted, and the person entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Class A Common Stock on such date.

(d) **Adjustment for Stock Splits and Combinations.** If the Company at any time or from time to time after the Issue Date effects

a subdivision of the outstanding Class A Common Stock, the Conversion Price then in effect immediately before that subdivision shall be proportionately decreased, and, conversely, if the Company at any time or from time to time after the Issue Date combines the outstanding shares of Class A Common Stock into a smaller number of shares, the Conversion Price then in effect immediately before that combination shall be proportionately increased. Any adjustment under this subsection (d) shall become effective at the open of business on the date the subdivision or combination becomes effective.

(e) Adjustment for Certain Dividends and Distributions. If the Company at any time or from time to time after the Issue Date makes, or fixes a record date for the determination of holders of Class A Common Stock entitled to receive, a dividend or other Distribution payable in additional shares of Class A Common Stock, then and in each such event the Conversion Price then in effect shall be reset as of the time of such issuance or, in the event such record date is fixed, as of the open of business on such record date, by multiplying the Conversion Price then in effect by a fraction (1) the numerator of which is the total number of shares of Class A Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and (2) the denominator of which shall be the total number of shares of Class A Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Class A Common Stock issuable in payment of such dividend or Distribution; provided, however, that if such record date is fixed and such dividend is not fully paid or if such Distribution is not fully made on the date fixed therefor, the Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the Conversion Price shall be adjusted pursuant to this subsection (e) as of the time of actual payment of such dividends or Distributions.

(f) Adjustments for Other Dividends and Distributions. In the event the Company at any time or from time to time after the Issue Date makes, or fixes, a record date for the determination of holders of Class A Common Stock entitled to receive, a dividend or other Distribution payable in securities of the Company other than shares of Common Stock, then and in each such event provision shall be made so that the holders of Series C Preferred Stock shall receive upon conversion thereof, in addition to the number of shares of Common Stock receivable thereupon, the amount of securities of the Company which they would have received had their Series C Preferred Stock been converted into Class A Common Stock on the date of such event and had they thereafter, during the period from the date of such event to and including the conversion date, retained such securities receivable by them as aforesaid during such period, subject to all other adjustments called for during such period under this Section 7 with respect to the rights of the holders of the Series C Preferred Stock.

10

(g) Adjustment for Reclassification, Exchange and Substitution. In the event that at any time or from time to time after the Issue Date, the Class A Common Stock issuable upon the conversion of the Series C Preferred Stock is changed into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification or otherwise (other than a subdivision or combination of shares or stock dividend or a reorganization, merger, consolidation or sale of assets, provided for elsewhere in this Section 7), then and in any such event each holder of Series C Preferred Stock shall have the right thereafter to convert such stock into the kind and amount of stock and other securities and property receivable upon such recapitalization, reclassification or other change, by holders of the maximum number of shares of Class A Common Stock into which such shares of Series C Preferred Stock could have been converted immediately prior to such recapitalization, reclassification or change, all subject to further adjustment as provided herein.

(h) Reorganizations, Mergers, Consolidations or Sales of Assets. If at any time or from time to time after the Issue Date there is a capital reorganization of the Class A Common Stock (other than a recapitalization, subdivision, combination, reclassification or exchange of shares provided for elsewhere in this Section 7) or a merger or consolidation of the Company with or into another corporation, or the sale of all or substantially all of the Company's properties and assets to any other person, then, as a part of such reorganization, merger, consolidation or sale, provision shall be made so that the holders of the Series C Preferred Stock shall thereafter be entitled to receive upon conversion of the Series C Preferred Stock the number of shares of stock or other securities or property to which a holder of the number of shares of Class A Common Stock deliverable upon conversion would have been entitled on such capital reorganization, merger, consolidation, or sale. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 7 with respect to the rights of the holders of the Series C Preferred Stock after the reorganization, merger, consolidation or sale to the end that the provisions of this Section 7 (including adjustment of the Conversion Price then in effect and the number of shares purchasable upon conversion of the Series C Preferred Stock) shall be applicable after that event and be as nearly equivalent as may be practicable.

(i) Accountants' Certificate of Adjustment. In each case of an adjustment or readjustment of the Conversion Price, the Company, at its expense, shall cause independent public accountants of recognized standing selected by the Company (who may be the independent public accountants then auditing the books of the Company) to compute such adjustment or readjustment in accordance with the provisions hereof and prepare a certificate showing such adjustment or readjustment, and shall mail such certificate, by first class mail, postage prepaid, to each registered holder of the Series C Preferred Stock at the holder's address as shown in the Company's books. The certificate shall set forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based, including a statement of (1) the Conversion Price at the time in effect, and (2) the type and amount, if any, of other property which at the time would be received upon conversion of the Series C Preferred Stock.

11

(j) Notices of Record Date. In the event of (i) any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other Distribution, or (ii) any capital reorganization

of the Company, any reclassification or recapitalization of the capital stock of the Company, any merger or consolidation of the Company with or into any other corporation, or any transfer of all or substantially all of the assets of the Company to any other person or any voluntary or involuntary dissolution, liquidation or winding up of the Company, the Company shall mail to each holder of Series C Preferred Stock at least ten (10) days prior to the record date specified therein, a notice specifying (1) the date on which any such record is to be taken for the purpose of such dividend or Distribution and a description of such dividend or Distribution, (2) the date on which any such reorganization, reclassification, transfer, consolidation, merger, dissolution, liquidation or winding up is expected to become effective, and (3) the date, if any, that is to be fixed, as to when the holders of record of Class A Common Stock (or other securities) shall be entitled to exchange their shares of Class A Common Stock (or other securities) for securities or other property deliverable upon such reorganization, reclassification, transfer, consolidation, merger, dissolution, liquidation or winding up.

Section 8. No Reissuance of Series C Preferred Stock.

No share of Series C Preferred Stock acquired by the Company upon conversion, by reason of redemption, purchase, or otherwise shall be reissued, and all such shares shall be canceled, retired and eliminated from the shares which the Company shall be authorized to issue.

RESOLVED FURTHER, that the president of the Company or any vice president designated by him and the secretary of the Company or any assistant secretary of the Company are hereby authorized and directed to take those steps necessary to cause the issuance and sale of the Series C Preferred Stock including to execute a statement to be filed in accordance with the requirements of AS 10.06.320 of the Alaska Statutes.”

IN WITNESS WHEREOF, the Company has caused this Statement of Stock Designation to be duly executed on its behalf at Anchorage, Alaska as of this ___ day of _____, 2001.

GENERAL COMMUNICATION, INC.

By: _____

Ronald A. Duncan
Its: President

By: _____

John M. Lowber
Its: Secretary

AMENDED AND RESTATED
REGISTRATION RIGHTS AGREEMENT

This Amended and Restated Registration Rights Agreement (“Agreement”), dated as of this 30th day of June, 2001, is among General Communication, Inc., an Alaska corporation (“GCI”), MCI WORLDCOM Network Services, Inc., a Delaware corporation, as successor in interest to MCI Telecommunications Corporation, a Delaware corporation (“Network Services”), and WorldCom, Inc., a Georgia corporation (“WorldCom”).

RECITALS

- A. In 1993, Network Services acquired Six Million Two Hundred Fifty One Thousand Five Hundred Nine (6,251,509) shares of GCI’s Class A and One Million Two Hundred Seventy Five Thousand Seven Hundred Ninety One (1,275,791) shares of GCI’s Class B Common Stock, no par value.
- B. In 1996, Network Services acquired Two Million (2,000,000) shares of GCI’s Class A Common Stock, no par value.
- C. As of this date, WorldCom acquired Nine Thousand (9,000) and Network Services acquired One Thousand (1,000), respectively, for a total of Ten Thousand (10,000) shares, of GCI’s Series C Convertible Redeemable Accreting Preferred Stock (“Series C Preferred Stock”) issued.
- D. All such above-described shares of GCI’s Class A Common Stock, Class B Common Stock and Series C Preferred Stock which Network Services and/or WorldCom now own(s) and any securities issued in exchange for or in respect of such stock, whether pursuant to a stock dividend, stock split, stock reclassification or otherwise, are collectively referred to in this Agreement as the “Registrable Shares.”
- E. This Agreement supersedes and replaces the Registration Rights Agreements between GCI and Network Services dated as of March 31, 1993 and as of October 31, 1996. GCI hereunder grants registration rights to WorldCom and Network Services and any successor or assign thereof as the holder of all or any portion of the Registrable Shares. WorldCom and Network Services, and such successors and assigns, are referred to in this Agreement as the “Holders,” or, individually as a “Holder.”

AGREEMENT

In consideration of the premises and the mutual covenants contained in this Agreement, the parties agree as follows:

1. **Demand Registration.**

(a) Only if and as required to permit resales of the Registrable Shares by Holders, Holders shall at any time and from time to time, have the right to require registration under the Securities Act of 1933, as amended (“Securities Act”), of all or any portion of the Registrable Shares on the terms and subject to the conditions set forth in this Agreement.

(b) Upon receipt by GCI of a Holder's written request for registration, GCI shall (i) promptly notify each other Holder in writing of its receipt of such initial written request for registration, and (ii) as soon as is practicable, but in no event more than sixty (60) days after receipt of such written request, file with the Securities and Exchange Commission (“Commission”), and use its best efforts to cause to become effective, a registration statement under the Securities Act (“Registration Statement”) which shall cover the Registrable Shares specified in the initial written request and any other written request from any other Holder received by GCI within twenty (20) days of GCI giving the notice specified in clause (i) hereof.

(c) If so requested by any Holder requesting participation in a public offering or distribution of Registrable Shares pursuant to this Section 1 or Section 2 of this Agreement (“Selling Holder”), the Registration Statement shall provide for delayed or continuous offering of the Registrable Shares pursuant to Rule 415 promulgated under the Securities Act or any similar rule then in effect (“Shelf Offering”). If so requested by the Selling Holders, the public offering or distribution of Registrable Shares under this Agreement shall be pursuant to a firm commitment underwriting, the managing underwriter of which shall be an investment banking firm selected and engaged by the Selling Holders and approved by GCI, which approval shall not be unreasonably withheld. GCI shall enter into the same underwriting agreement as shall the Selling Holders, containing representations, warranties and agreements not substantially different from those customarily made by an issuer in underwriting agreements with respect to secondary distributions. GCI, as a condition to fulfilling its obligations under this Agreement, may require the underwriters to enter into an agreement in customary form indemnifying GCI against any Losses (as defined in Section 6) that arise out of or are based upon an untrue statement or an alleged untrue statement or omission or alleged omission in the Disclosure Documents (as defined in Section 6) made in reliance upon and in conformity with written information furnished to GCI by the underwriters specifically for use in the preparation thereof.

(d) Each Selling Holder may, before such a Registration Statement becomes effective, withdraw its Registrable Shares from sale, should the terms of sale not be reasonably satisfactory to such Selling Holder; if all Selling Holders who are participating in such registration so withdraw, however, such registration shall be deemed to have occurred for the purposes of Section 4 of this Agreement, unless such Selling Holders pay (pro rata, in proportion to the number of Registrable Shares requested to be included) within twenty (20) days after any such withdrawal, all of GCI’s out-of-pocket expenses incurred in connection with such registration.

(e) Notwithstanding the foregoing, GCI shall not be obligated to effect a registration pursuant to this Section 1 during the period starting with the date sixty (60) days prior to GCI's estimated date of filing of, and ending on a date six (6) months following the effective date of, a registration statement pertaining to an underwritten public offering of equity securities for GCI's account, provided that (i) GCI is actively employing in good faith all reasonable efforts to cause such registration statement to become effective and that GCI's estimate of the date of filing on such registration statement is made in good faith, and (ii) GCI shall furnish to the Holders a certificate signed by GCI's President stating that in the Board of Directors' good-faith judgment, it would be seriously detrimental to GCI or its shareholders for a Registration Statement to be filed in the near future; and in such event, GCI's obligations to file a Registration Statement shall be deferred for a period not to exceed six (6) months.

2. **Incidental Registration.** Each time that GCI proposes to register any of its equity securities under the Securities Act (other than (a) a registration effected solely to implement an employee benefit or stock option plan, (b) to sell shares obtained under an employee benefit or stock option plan or a transaction to which Rule 145 or any other similar rule of the Commission under the Securities Act is applicable or (c) a registration effected pursuant to Section 10.1 of the General Communication, Inc. Preferred Stock Purchase Agreement dated April 30, 1999 for which the holders of securities relating to such registration have demanded that only their securities be included in such registration), GCI will give written notice to the Holders of its intention to do so. Each of the Selling Holders may give GCI a written request to register all or some of its Registrable Shares in the registration described in GCI's written notice as set forth in the foregoing sentence, provided that such written request is given within twenty (20) days after receipt of any such GCI notice. Such request will state (i) the amount of Registrable Shares to be disposed of and the intended method of disposition of such Registrable Shares, and (ii) any other information GCI reasonably requests to properly effect the registration of such Registrable Shares. Upon receipt of such request, GCI will use its best efforts promptly to cause all such Registrable Shares intended to be disposed of to be registered under the Securities Act so as to permit their sale or other disposition (in accordance with the intended methods set forth in the request for registration), unless (i) the sale is a firmly underwritten public offering and GCI determines reasonably and in good faith in writing that the inclusion of such securities would adversely affect the offering or materially increase the offering's costs or (ii) inclusion of such Registrable Shares is prohibited pursuant to the terms and conditions of any other registration rights agreement granting other GCI equity security holders the right to demand registration. In the case of clause (i) or (ii) above, such Registrable Shares and all other securities to be registered, other than those to be offered for GCI's account or those required to be included pursuant to the terms and conditions of any other registration rights agreement granting other GCI equity security holders the right to request registration, shall be excluded to the extent the underwriter determines. The total number of secondary shares included in such registration shall be shared pro rata by all security holders having contractual registration rights (other than those security holders having priority in a registration pursuant to the terms and conditions of any other registration rights agreement with GCI, whose securities shall be included first in the number of secondary shares that may be included in such registration) based upon the amount of GCI's securities requested by such security holders to be sold thereunder. GCI's obligations under this Section 2 shall apply to a registration to be effected for securities to be sold for GCI's account as well as a registration statement which includes securities to be offered for the account of other holders of GCI equity securities having contractual registration rights. Nothing in this Agreement shall give WorldCom or Network Services priority in its rights to register the Class A common stock issuable upon conversion of the Series C Preferred Stock over the Class A common stock issuable upon conversion of GCI's Series B Convertible Preferred Stock issued to Toronto Dominion Investments, Inc., and Prime VIII, L.P. under that Series B Preferred Registration Rights Agreement dated April 30, 1999.

3

In connection with a registration to be effected pursuant to this Section 2, the Selling Holders shall enter into the same underwriting agreement as shall GCI and the other selling security holders, if any, provided that such underwriting agreement contains representations, warranties and agreements on the part of the Selling Holders that are not substantially different from those customarily made by selling-security holders in underwriting agreements with respect to secondary distributions.

If, at any time after giving notice of GCI's intention to register any of its securities under this Section 2 and prior to the effective date of the registration statement filed in connection with such registration, GCI shall determine for any reason not to register such securities, GCI may, at its election, give notice of such determination to Holder and thereupon will be relieved of its obligation to register the Registrable Shares in connection with such registration.

3. **Expenses of Registration.** GCI shall pay all costs and expenses incident to GCI's performance of or compliance with this Agreement, including, without limitation, all expenses incurred in connection with the registration of the Registrable Shares, fees and expenses of compliance with Securities or blue sky laws, printing expenses, messenger, delivery and shipping expenses and fees and expenses of counsel for GCI and for certified public accountants and underwriting expenses (but not fees) except that each Selling Holder shall pay all fees and disbursements of such Selling Holder's own attorneys and accountants, and all transfer taxes and brokerage and underwriters' discounts and commissions directly attributable to the Registrable Shares being offered and sold by such Selling Holder.

4

4. **Limitations on Registration Rights.** Notwithstanding the provisions of Section 1 of this Agreement, GCI shall not be required to effect any registration under that Section if (i) the request(s) for registration cover an aggregate number of Registrable Shares having an aggregate Market Value (as defined below) of less than One Million Five Hundred Thousand Dollars (\$1,500,000.00) as of the date of the last of such requests, (ii) GCI has previously filed four (4) registration statements under the Securities Act pursuant to Section 1, (iii) GCI, in order to comply with such request, would be required to (A) undergo a special interim audit or (B) prepare and file with the Commission, sooner than would otherwise be required, pro forma or other financial statements relating to any proposed transaction, or (iv) if, in the opinion of counsel to

GCI, the form of which opinion of counsel shall be acceptable to the Holders, a registration is not required in order to permit resale by Holders. The first demand registration under this Agreement may be requested only by the Holders of a minimum of thirty percent (30%) of the Registrable Shares. "Market Value" as used in this Agreement shall mean, as to each class of Registrable Shares at any date, the average of the daily closing prices for such class of Registrable Shares, for the ten (10) consecutive trading days before the day in question. The closing price for shares of such class for each day shall be the last reported sale price regular way, or, in case no such reported sale takes place on such day, the average of the reported closing bid and asked prices regular way, in either case on the composite tape, or if the shares of such class are not quoted on the composite tape, on the principal United States securities exchange registered under the Securities Exchange Act of 1934, as amended ("Exchange Act"), on which shares of such class are listed or admitted to trading, or if they are not listed or admitted to trading on any such exchange, the closing sale price (or the average of the quoted closing bid and asked price if no sale is reported) as reported by the National Association of Securities Dealers Automated Quotation System ("NASDAQ") or any comparable system, or if the shares of such class are not quoted on NASDAQ or any comparable system, the average of the closing bid and asked prices as furnished by any market maker in the securities of such class who is a member of the National Association of Securities Dealers, Inc., or in the absence of such closing bid and asked price, as determined by such other method as GCI's Board of Directors shall from time to time deem to be fair.

5. **Obligations with Respect to Registration.**

5

(a) If and whenever GCI is obligated by the provisions of this Agreement to effect the registration of any Registrable Shares under the Securities Act, GCI shall promptly:

(i) Prepare and file with the Commission a registration statement with respect to such Registrable Shares and use reasonable commercial efforts to cause such registration statement to become effective, provided that before filing a registration statement, or prospectus or any amendment or supplement thereto, GCI will furnish to counsel selected by the holders of a majority of the Registrable Shares covered by such registration statement copies of all such statements proposed to be filed, which documents shall be subject to the review of such counsel;

(ii) Prepare and file with the Commission any amendments and supplements to the Registration Statement and to the prospectus used in connection therewith as may be necessary to keep the Registration Statement effective and to comply with the provisions of the Securities Act and the rules and regulations promulgated thereunder with respect to the disposition of all Registrable Shares covered by the Registration Statement for the period required to effect the distribution of such Registrable Shares, but in no event shall GCI be required to do so (i) in the case of a Registration Statement filed pursuant to Section 1, for a period of more than two hundred seventy (270) days following the effective date of the Registration Statement and (ii) in the case of a Registration Statement filed pursuant to Section 2, for a period exceeding the greater of (A) the period required to effect the distribution of securities for GCI's account and (B) the period during which GCI is required to keep such Registration Statement in effect for the benefit of selling security holders other than the Selling Holders;

(iii) Notify the Selling Holders and their underwriter, and confirm such advice in writing, (A) when a Registration Statement becomes effective, (B) when any post-effective amendment to a Registration Statement becomes effective, and (C) of any request by the Commission for additional information or for any amendment of or supplement to a Registration Statement or any prospectus relating thereto;

(iv) Furnish at GCI's expense to the Selling Holders such number of copies of a preliminary, final, supplemental or amended prospectus, in conformity with the requirements of the Securities Act and the rules and regulations promulgated thereunder, as may reasonably be required in order to facilitate the disposition of the Registrable Shares covered by a Registration Statement, but only while GCI is required under the provisions hereof to cause a Registration Statement to remain effective; and

(v) Register or qualify at GCI's expense the Registrable Shares covered by a Registration Statement under such other securities or blue sky laws of such jurisdictions in the United States as the Selling Holders shall reasonably request, and do any and all other acts and things which may be necessary to enable each Selling Holder whose Registrable Shares are covered by such Registration Statement to consummate the disposition in such jurisdictions of such Registrable Shares; provided, however, that GCI shall in no event be required to qualify to do business as a foreign corporation or as a dealer in any jurisdiction where it is not so qualified, to amend its articles of incorporation or to change the composition of its assets at the time to conform with the securities or blue sky laws of such jurisdiction, to take any action that would subject it to service of process in suits other than those arising out of the offer and sale of the Registrable Shares covered by the Registration Statement or to subject itself to taxation in any jurisdiction where it has not therefore done so.

6

(vi) Notify each Holder of Registrable Shares, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event as a result of which the prospectus included in such registration statement contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein not misleading, and, at the request of any such seller, GCI will prepare a supplement or amendment to such prospectus so that, as thereafter delivered to purchasers of Registrable Shares, such prospectus will not contain an untrue statement of a material fact or omit to state any fact necessary to make the statements therein not misleading;

(vii) Cause all such Registrable Shares to be listed on each securities exchange on which similar securities issued by GCI

are then listed and to be qualified for trading on each system on which similar securities issued by GCI are from time to time qualified;

(viii) Provide a transfer agent and registrar for all such Registrable Shares not later than the effective date of such registration statement and thereafter maintain such a transfer agent and registrar;

(ix) Enter into such customary agreements (including underwriting agreements in customary form) and take all such other actions as the holders of a majority of the shares of Registrable Shares being sold or the underwriters, if any, reasonably request in order to expedite or facilitate the disposition of such Registrable Shares;

(x) Make available for inspection by any underwriter participating in any disposition pursuant to such registration statement and any attorney, accountant or other agent retained by any such underwriter, all financial and other records, pertinent corporate documents and properties of GCI, and cause GCI's officers, directors, employees and independent accountants to supply all information reasonably requested by any such underwriter, attorney, accountant or agent in connection with such registration statement;

7

(xi) Otherwise use reasonable commercial efforts to comply with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable, all earning statements as and when filed with the Commission, which earnings statements shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder;

(xii) Permit any Holder of Registrable Shares which might be deemed, in the sole and exclusive judgment of such Holder, to be an underwriter or a controlling person of GCI, to participate in the preparation of such registration or comparable statement and to require the insertion therein of material furnished to GCI in writing, which in the reasonable judgment of such holder and its counsel should be included; and

(xiii) In the event of the issuance of any stop order suspending the effectiveness of a registration statement, or of any order suspending or preventing the use of any related prospectus or suspending the qualification of any Registrable Shares included in such registration statement for sale in any jurisdiction, GCI will use reasonable commercial efforts to promptly obtain the withdrawal of such order.

(b) GCI's obligations under this Agreement with respect to the Selling Holder shall be conditioned upon the Selling Holder's compliance with the following:

(i) Such Selling Holder shall cooperate with GCI in connection with the preparation of the Registration Statement, and for so long as GCI is obligated to file and keep effective the Registration Statement, shall provide to GCI, in writing, for use in the Registration Statement, all such information regarding the Selling Holder and its plan of distribution of the Registrable Shares as may be necessary to enable GCI to prepare the Registration Statement and prospectus covering the Registrable Shares, to maintain the currency and effectiveness thereof and otherwise to comply with all applicable requirements of law in connection therewith;

(ii) During such time as the Selling Holder may be engaged in a distribution of the Registration Shares, such Selling Holder shall comply with Rules 10b-2, 10b-6 and 10b-7 promulgated under the Exchange Act and pursuant thereto it shall, among other things: (A) not engage in any stabilization activity in connection with GCI's securities in contravention of such rules; (B) distribute the Registrable Shares solely in the manner described in the Registration Statement; (C) cause to be furnished to each broker through whom the Registrable Shares may be offered, or to the offeree if an offer is not made through a broker, such copies of the prospectus covering the Registrable Shares and any amendment or supplement thereto and documents incorporated by reference therein as may be required by law; and (D) not bid for or purchase any GCI securities or attempt to induce any person to purchase any GCI securities other than as permitted under the Exchange Act;

8

(iii) If the Registration Statement provides for a Shelf Offering, then at least ten (10) business days prior to any distribution of the Registrable Shares, any Selling Holder who is an "affiliated purchaser" (as defined in Rule 10b-6 promulgated under the Exchange Act) of GCI shall advise GCI in writing of the date on which the distribution by such Selling Holder will commence, the number of the Registrable Shares to be sold and the manner of sale. Such Selling Holder also shall inform GCI when each distribution of such Registrable Shares is over; and

(iv) GCI shall not grant any conflicting registration rights to other holders of its shares, to the extent that such rights would prevent Holders from timely exercising their rights hereunder.

6. Indemnification.

(a) **By GCI.** In the event of any registration under the Securities Act of any Registrable Shares pursuant to this Agreement, GCI shall indemnify and hold harmless any Selling Holder, any underwriter of such Selling Holder, each officer, director, employee or agent of such Selling Holder, and each other person, if any, who controls such Selling Holder or underwriter within the meaning of Section 15 of the Securities Act, against any losses, costs, claims, damages or liabilities, joint or several (or actions in respect thereof) ("Losses"), incurred by or to which each such indemnified party may become subject, under the Securities Act or otherwise, but only to the extent such Losses arise out of or based upon (i) any untrue statement or alleged untrue statement of any material fact contained, on the effective date thereof, in any

Registration Statement under which such Registrable Shares were registered under the Securities Act, in any preliminary prospectus (if used prior to the effective date of such Registration Statement) or in any final prospectus or in any post effective amendment or supplement thereto (if used during the period GCI is required to keep the Registration Statement effective) (“Disclosure Documents”), (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading or (iii) any violation of any federal or state securities laws or rules or regulations thereunder committed by GCI in connection with the performance of its obligations under this Agreement; and GCI will reimburse each such indemnified party for all legal or other expenses reasonably incurred by such party in connection with investigating or defending any such claims, including, subject to such indemnified party’s compliance with the provisions of the last sentence of subsection (c) of this Section 6, any amounts paid in settlement of any litigation, commenced or threatened, so long as GCI’s counsel agrees with the reasonableness of such settlement; provided, however, that GCI shall not be liable to an indemnified party in any such case to the extent that any such Losses arise out of or are based upon (i) an untrue statement or alleged untrue statement or omission or alleged omission (x) made in any such Disclosure Documents in reliance upon and in conformity with written information furnished to GCI by or on behalf of such indemnified party specifically for use in the preparation thereof, (y) made in any preliminary or summary prospectus if a copy of the final prospectus was not delivered to the person alleging any loss, claim, damage or liability for which Losses arise at or prior to the written confirmation of the sale of such Registrable Shares to such person and the untrue statement or omission concerned had been corrected in such final prospectus or (z) made in any prospectus used by such indemnified party if a court of competent jurisdiction finally determines that at the time of such use such indemnified party had actual knowledge of such untrue statement or omission or (ii) the delivery by an indemnified party of any prospectus after such time as GCI has advised such indemnified party in writing that the filing of a post-effective amendment or supplement thereto is required, except the prospectus as so amended or supplemented, or the delivery of any prospectus after such time as GCI’s obligation to keep the same current and effective has expired.

10

(b) **By the Selling Holders.** In the event of any registration under the Securities Act of any Registrable Shares pursuant to this Agreement, each Selling Holder shall, and shall cause any underwriter retained by it who participates in the offering to agree to, indemnify and hold harmless GCI, each of its directors, each of its officers who have signed the Registration Statement and each other person, if any, who controls GCI within the meaning of Section 15 of the Securities Act, against any Losses, joint or several, incurred by or to which such indemnified party may become subject under the Securities Act or otherwise, but only to the extent such Losses arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in any of the Disclosure Documents or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading, if the statement or omission was in reliance upon and in conformity with written information furnished to GCI by such indemnifying party specifically for use in the preparation thereof, (ii) the delivery by such indemnifying party of any prospectus after such time as GCI has advised such indemnifying party in writing that the filing of a post-effective amendment or supplement thereto is required, except the prospectus as so amended or supplemented, or after such time as the obligation of GCI to keep the Registration Statement effective and current has expired or (iii) any violation by such indemnifying party of its obligations under Section 5(b) of this Agreement or any information given or representation made by such indemnifying party in connection with the sale of the Selling Holder’s Registrable Shares which is not contained in and not in conformity with the prospectus (as amended or supplemented at the time of the giving of such information or making of such representation); and each Selling Holder shall, and shall cause any underwriter retained by it who participates in the offering to agree to, reimburse each such indemnified party for all legal or other expenses reasonably incurred by such party in connection with investigating or defending any such claim, including, subject to such indemnified party’s compliance with the provisions of the last sentence of subsection (c) of this Section 6, any amounts paid in settlement of any litigation, commenced or threatened; provided, however, that the indemnity agreement contained in this Section 6(b) shall not apply to amounts paid in settlement of any loss, claim, damage, liability or action arising pursuant to a registration if such settlement is effected without the consent of Selling Holder; and provided further, that no Selling Holder shall be required to undertake liability under this Section 6(b) for any amounts in excess of the proceeds to be received by such Selling Holder from the sale of its securities pursuant to such registration, as reduced by any damages or other amounts that such Selling Holder was otherwise required to pay hereunder.

(c) **Third Party Claims.** Promptly after the receipt by any party hereto of notice of any claim, action, suit or proceeding by any person who is not a party to this Agreement (collectively, an “Action”) which is subject to indemnification hereunder, such party (“Indemnified Party”) shall give reasonable written notice to the party from whom indemnification is claimed (“Indemnifying Party”). The Indemnifying Party shall be entitled, at the Indemnifying Party’s sole expense and liability, to exercise full control of the defense, compromise or settlement of any such Action unless the Indemnifying Party, within a reasonable time after the giving of such notice by the Indemnified Party, shall (i) admit in writing to the Indemnified Party, the Indemnifying Party’s liability to the Indemnified Party for such Action under the terms of this Section 6, (ii) notify the Indemnified Party in writing of the Indemnifying Party’s intention to assume the defense thereof and (iii) retain legal counsel reasonably satisfactory to the Indemnified Party to conduct the defense of such Action. The Indemnified Party and the Indemnifying Party shall cooperate with the party assuming the defense, compromise or settlement of any such Action in accordance herewith in any manner that such party reasonably may request. If the Indemnifying Party so assumes the defense of any such Action, the Indemnified Party shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, but the fees and expenses of such counsel shall be the Indemnified Party’s sole expense unless (i) the Indemnifying Party has agreed to pay such fees and expenses, (ii) any relief other than the payment of money damages is sought against the Indemnified Party or (iii) the Indemnified Party shall have been advised by its counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Indemnifying Party, and in any such case the fees and expenses of such separate counsel shall be borne by the Indemnifying Party. No Indemnifying Party shall settle or compromise any such Action in which any relief other than the payment of money damages is sought against any Indemnified Party unless the Indemnified Party consents in writing to such compromise or settlement, which consent shall not be unreasonably withheld. No Indemnified Party shall settle or compromise any such Action for which it is entitled to indemnification hereunder without the Indemnifying Party’s prior written consent, unless the Indemnifying Party shall have failed, after

reasonable notice thereof, to undertake control of such Action in the manner provided above in this Section 6.

(d) **Contribution.** If the indemnification provided for in subsections (a) or (b) of this Section 6 is unavailable to or insufficient to hold the Indemnified Party harmless under subsections (a) or (b) above in respect of any Losses referred to therein for any reason other than as specified therein, then the Indemnified Party shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses in such proportion as is appropriate to reflect the relative fault of the Indemnified Party on the one hand and such Indemnified Party on the other in connection with the statements or omissions which resulted in such Losses, as well as any other relevant equitable considerations; provided, however, that the contribution obligations contained in this Section 6(d) shall not apply to amounts paid in settlement of any loss, claim, damage, liability or action arising pursuant to a registration if such settlement is effected without the consent of Selling Holder; and provided further, that no Selling Holder shall be required to make any contributions under this Section 6(d) for any amounts in excess of the proceeds to be received by such Selling Holder from the sale of its securities pursuant to such registration, as reduced by any damages or other amounts that such Selling Holder was otherwise required to pay hereunder. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by (or omitted to be supplied by) GCI or the Selling Holder (or underwriter) and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by an indemnified party as a result of the Losses referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

11

7. **Miscellaneous.**

(a) **Notices.** All notices, requests, demands, waivers and other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if delivered personally or mailed, certified or registered mail with postage prepaid, or sent by telecopier (with a conforming copy by U.S. mail), as follows:

- (i) if to GCI at:
General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503
ATTN: Chief Financial Officer
Telecopy: (907) 265-5676

With a copy to:

General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503
ATTN: Corporate Counsel
Telecopy: (907) 265-5676

12

- (ii) if to Network Services, at:
MCI WORLDCOM Network Services, Inc.
c/o WorldCom Venture Fund, Inc.
1133 19th Street, NW
Washington, DC 20036
ATTN: Mr. Stephen Mooney
Telecopy: (202) 736-6293

(iii) if to WorldCom, at:
c/o WorldCom Venture Fund, Inc.
1133 19th Street, NW
Washington, DC 20036
ATTN: Mr. Stephen Mooney
Telecopy: (202) 736-6293

with a copy to:

WorldCom, Inc.
1133 19th Street, NW
Washington, DC 20036
ATTN: Office of the General Counsel

(iv) if to any Holder other than Network Services or WorldCom, at the address provided to GCI (and if none provided, to WorldCom and Network Services)

or to such other person or address as any party shall specify by notice in writing to the other party. All such notices, requests, demands, waivers and communications shall be deemed to have been received on the date of delivery or on the third business day after the mailing thereof, except that any notice of a change of address shall be effective only upon actual receipt thereof.

(b) **Entire Agreement.** This Agreement constitutes the entire agreement between the parties hereto and supersedes all prior agreements and understandings, oral and written, between the parties hereto with respect to the subject matter hereof.

(c) **Binding Effect; Benefit.** This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. Nothing in this Agreement, expressed or implied is intended to confer on any person other than the parties hereto or their respective successors and assigns (including, in the case of Network Services and WorldCom, any successor or assign thereof as the holder of Registrable Shares), any rights, remedies, obligations or liabilities under or by reason of this Agreement, other than rights conferred upon indemnified persons under Section 6.

13

(d) **Amendment and Modification.** This Agreement may be amended or modified only by an instrument in writing signed by or on behalf of each party and any other person then a Holder. Any term or provision of this Agreement may be waived in writing at any time by the party which is entitled to the benefits thereof.

(e) **Section Headings.** The section headings contained in this Agreement are inserted for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

(f) **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same instrument.

(g) **Applicable Law.** This Agreement and the legal relations between the parties hereto shall be governed by and construed in accordance with the laws of the State of Alaska, without regard to the conflict of laws and rules thereof.

14

IN WITNESS THEREOF, the parties hereto have executed this Agreement as of the date first above written.

GENERAL COMMUNICATION, INC.

By: _____

John M. Lowber, Senior Vice President

MCI WORLDCOM NETWORK SERVICES, INC.

By: _____

Name: _____

Title: _____

WORLDCOM, INC.

By: _____

Name: _____

Title: _____

**Notice of Grant of Stock Options
and Option Agreement**

General Communication, Inc.

ID: 92-0072737
2550 Denali Street
Suite 1000
Anchorage, AK 99503

**WCOM VENTURES, INC.
1133 M ST NW
WASHINGTON, DC USA 20006**

**Option Number: 00001555
Plan: 1986
ID: 999994**

Effective 06/28/2000, you have been granted a(n) Non-Qualified Stock Option to buy 25,000 shares of General Communication, Inc. (the Company) stock at \$7.5000 per share.

The total option price of the shares granted is \$187,500.00.

Shares in each period will become fully vested on the date shown.

<u>Shares</u>	<u>Vest Type</u>	<u>Full Vest</u>	<u>Expiration</u>
6,250	On Vest Date	06/28/2001	06/28/2010
6,250	On Vest Date	06/28/2002	06/28/2010
6,250	On Vest Date	06/28/2003	06/28/2010
6,250	On Vest Date	06/28/2004	06/28/2010

By your signature and the Company's signature below, you and the Company agree that these options are granted under and governed by the terms and conditions of the Company's Stock Option Plan as amended and the Option Agreement, all of which are attached and made a part of this document.

General Communication, Inc.

Date

WCOM VENTURES, INC.

Date

**Notice of Grant of Stock Options
and Option Agreement**

General Communication, Inc.

ID: 92-0072737
2550 Denali Street
Suite 1000
Anchorage, AK 99503

**WCOM VENTURES, INC.
1133 M ST NW
WASHINGTON, DC USA 20006**

**Option Number: 00001566
Plan: 1986
ID: 999994**

Effective 06/28/2000, you have been granted a(n) Non-Qualified Stock Option to buy 25,000 shares of General Communication, Inc. (the Company) stock at \$7.5000 per share.

The total option price of the shares granted is \$187,500.00.

Shares in each period will become fully vested on the date shown.

<u>Shares</u>	<u>Vest Type</u>	<u>Full Vest</u>	<u>Expiration</u>
6,250	On Vest Date	06/28/2001	06/28/2010
6,250	On Vest Date	06/28/2002	06/28/2010
6,250	On Vest Date	06/28/2003	06/28/2010
6,250	On Vest Date	06/28/2004	06/28/2010

By your signature and the Company's signature below, you and the Company agree that these options are granted under and governed by the terms and conditions of the Company's Stock Option Plan as amended and the Option Agreement, all of which are attached and made a part of this document.

General Communication, Inc.

Date

WCOM VENTURES, INC.

Date