As filed with the Securities and Exchange Commission on November 14, 2000.

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

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2000

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File No. 0-15279

GENERAL COMMUNICATION, INC.
(Exact name of registrant as specified in its charter)

STATE OF ALASKA	92-0072737
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2550 Denali Street Suite 1000 Anchorage, Alaska	99503
(Address of principal executive offices)	(Zip Code)

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

Former name, former address and former fiscal year, if changed since last report

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No .

The number of shares outstanding of the registrant's classes of common stock, as of October 31, 2000 was:

48,374,743 shares of Class A common stock;
and 3,904,870 shares of Class B common stock.

<TABLE>

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GENERAL COMMUNICATION, INC.

FORM 10-Q

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2000

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

You should carefully review the information contained in this Quarterly Report, but should particularly consider any risk factors that we set forth in this Quarterly Report and in other reports or documents that we file from time to time with the Securities and Exchange Commission. In this Quarterly Report, in addition to historical information, we state our beliefs of future events and of our future operating results, financial position and cash flows. In some cases, you can identify those so-called "forward-looking statements" by words such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential," or "continue" or the negative of those words and other comparable words. You should be aware that those statements are only our predictions and are subject to risks and uncertainties. Actual events or results may differ materially. In evaluating those statements, you should specifically consider various factors, including those outlined below. Those factors may cause our actual results to differ materially from any of our forward-looking statements. For these statements, we claim the protection of the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995.

- Material adverse changes in the economic conditions in the markets we serve;
- The efficacy of the rules and regulations to be adopted by the Federal Communications Commission ("FCC") and state public regulatory agencies to implement the provisions of the Telecommunications Act of 1996; the outcome of litigation relative thereto; and the impact of regulatory changes relating to access reform;
- Our responses to competitive products, services and pricing, including pricing pressures, technological developments, alternative routing developments, and the ability to offer combined service packages that include local, cable and Internet services; the extent and pace at which different competitive environments develop for each segment of our business; the extent and duration for which competitors from each segment of the telecommunications industry are able to offer combined or full service packages prior to our being able to do so; the degree to which we experience material competitive impacts to our traditional service offerings prior to achieving adequate local service entry; and competitor responses to our products and services and overall market acceptance of such products and services;
- The outcome of our negotiations with incumbent local exchange carriers ("ILECs") and state regulatory arbitrations and approvals and relevant appeals with respect to interconnection agreements; and our ability to purchase unbundled network elements or wholesale services from ILECs at a price sufficient to permit the profitable offering of local exchange service at competitive rates;
- Success and market acceptance for new initiatives, many of which are untested; the level and timing of the growth and profitability of new initiatives, particularly local access services, Internet (consumer and business) services and wireless services; start-up costs associated with entering new markets, including advertising and promotional efforts; successful deployment of new systems and applications to support new initiatives; and local conditions and obstacles;
- Uncertainties inherent in new business strategies, new product launches and development plans, including local access services, Internet services, wireless services, digital video services, cable modem services, and transmission services;
- Rapid technological changes;
- Development and financing of telecommunication, local access, wireless, Internet and cable networks and services;

- - Future financial performance, including the availability, terms and deployment of capital; the impact of regulatory and competitive developments on capital outlays, and the ability to achieve cost savings and realize productivity improvements;
- - Availability of qualified personnel;
- - Changes in, or failure, or inability, to comply with, government regulations, including, without limitation, regulations of the FCC, the Regulatory Commission of Alaska ("RCA"), and adverse outcomes from regulatory proceedings;
- - Uncertainties in federal military spending levels and military base closures in markets in which we operate;
- - Other risks detailed from time to time in our periodic reports filed with the Securities and Exchange Commission.

These forward-looking statements (and such risks, uncertainties and other factors) are made only as of the date of this report and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained in this document to reflect any change in our expectations with regard to those statements or any other change in events, conditions or circumstances on which any such statement is based. Readers are cautioned not to put undue reliance on such forward-looking statements.

PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

<TABLE>

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

<CAPTION>

ASSETS	(Unaudited) September 30, 2000	December 31, 1999
	(Amounts in thousands)	
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	$ 11,420	13,734
Receivables:		
Trade	43,405	48,145
Other	407	269
	43,812	48,414
Less allowance for doubtful receivables	3,085	2,833
Net receivables	40,727	45,581
Refundable deposit	---	9,100
Prepaid and other current assets	2,695	2,224
Deferred income taxes, net	1,601	2,972
Inventories	4,985	3,754
Property held for sale	10,877	---
Notes receivable with related parties	510	449
Total current assets	72,815	77,814
Property and equipment in service, net of depreciation	342,469	302,762
Construction in progress	9,851	2,898

Net property and equipment	352,320	305,660
Cable franchise agreements, net of amortization of $20,219,000 and $16,347,000 at September 30, 2000 and December 31, 1999, respectively	186,273	190,145
Goodwill, net of amortization of $5,639,000 and $4,563,000 at September 30, 2000 and December 31, 1999, respectively	40,317	41,391
Other intangible assets, net of amortization of $599,000 and $269,000 at September 30, 2000 and December 31, 1999, respectively	4,170	4,402
Property held for sale	1,550	10,877
Deferred loan and senior notes costs, net of amortization	8,528	8,863
Notes receivable with related parties	2,737	2,067
Other assets, at cost, net of amortization	2,728	1,932
Total other assets	246,303	259,677
Total assets	$ 671,438	643,151

</TABLE>

See accompanying notes to interim condensed consolidated financial statements.

<TABLE>

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

<CAPTION>

LIABILITIES AND STOCKHOLDERS' EQUITY	(Unaudited) September 30, 2000	December 31, 1999
	(Amounts in thousands)	
<S>	<C>	<C>
Current liabilities:		
Current maturities of obligations under capital leases	$ 1,689	574
Accounts payable	31,025	25,321
Accrued interest	4,873	7,985
Accrued payroll and payroll related obligations	10,427	8,601
Deferred revenue	8,708	8,173
Accrued liabilities	3,823	3,152
Subscriber deposits and other current liabilities	1,430	1,314
Total current liabilities	61,975	55,120
Long-term debt, excluding current maturities	329,400	339,400
Obligations under capital leases, excluding current maturities	47,205	747
Obligations under capital leases due to related party, excluding current maturities	239	353
Deferred income taxes, net of deferred income tax benefit	22,079	30,861
Other liabilities	4,495	4,210
Total liabilities	465,393	430,691
Preferred stock. $1,000 par value, authorized 1,000,000 shares; issued and outstanding 20,000 shares at September 30, 2000 and December 31, 1999; convertible into Class A common stock at $5.55 per share of Class A common stock, redemption price at September 30, 2000 of $1,036 per share; $1,746,000 dividends accrued, pending stock issuance	21,658	19,912
Stockholders' equity:		
Common stock (no par):		

Class A. Authorized 100,000,000 shares; issued and outstanding 47,951,024 and 46,869,671 shares at June 30, 2000 and December 31, 1999, respectively	180,582	176,740
Class B. Authorized 10,000,000 shares; issued and outstanding 3,908,148 and 4,048,480 shares at June 30, 2000 and December 31, 1999, respectively; convertible on a share-per-share basis into Class A common stock	3,303	3,422
Less cost of 357,958 and 347,958 Class A common shares held in treasury at June 30, 2000 and December 31, 1999, respectively	(1,659)	(1,607)
Paid-in capital	6,720	6,343
Notes receivable issued upon stock option exercise	(2,539)	(2,167)
Retained earnings (deficit)	(103)	9,817
Total stockholders' equity	186,304	192,548
Commitments and contingencies		
Total liabilities and stockholders' equity	$ 673,092	643,151

</TABLE>
See accompanying notes to interim condensed consolidated financial statements.

<TABLE>
GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
<CAPTION>

	(Unaudited) Three Months Ended September 30,		(Unaudited) Nine Months Ended September 30,	
	2000	1999	2000	1999
	(Amounts in thousands, except per share amounts)			
<S>	<C>	<C>	<C>	<C>
Revenues	$ 75,906	67,340	215,609	212,337
Cost of sales and services	29,948	30,233	89,243	92,445
Selling, general and administrative	27,052	24,442	77,439	73,216
Depreciation and amortization	13,296	10,757	38,890	32,481
Operating income	5,610	1,908	10,037	14,195
Interest expense	9,760	8,181	29,172	24,253
Interest income	196	571	554	1,523
Interest expense, net	9,564	7,610	28,618	22,730
Net loss before income taxes and cumulative effect of a change in accounting principle	(3,954)	(5,702)	(18,581)	(8,535)
Income tax benefit	1,602	2,165	7,205	2,968
Net loss before cumulative effect of a change in accounting principle	(2,352)	(3,537)	(11,376)	(5,567)
Cumulative effect of a change in accounting principle, net of income tax benefit of $245	---	---	---	344

Net loss	$ (2,352)	(3,537)	(11,376)	(5,911)
Basic and diluted net loss per common share:				
Loss before cumulative effect of a change in accounting principle	$ (.05)	(.08)	(.25)	(.12)
Cumulative effect of a change in accounting principle	---	---	---	.01
Net loss	$ (.05)	(.08)	(.25)	(.13)

</TABLE>
See accompanying notes to interim condensed consolidated financial statements.

<TABLE>
GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2000 AND 1999

<CAPTION>

(Unaudited) (Amounts in thousands)	Class A Common Stock	Class B Common Stock	Class A Shares Held in Treasury	Paid-in Capital	Notes Receivable Issued	Retained Earnings (Deficit)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balances at December 31, 1998	$ 172,708	3,432	(1,607)	5,609	(637)	20,502
Net loss	---	---	---	---	---	(5,911)
Tax effect of excess stock compensation expense for tax purposes over amounts recognized for financial reporting purposes	---	---	---	86	---	---
Shares issued and issuable under stock option plan	181	---	---	210	---	---
Shares issued under officer stock option agreements and notes issued upon officer stock option exercise	38	---	---	---	(104)	---
Shares issued to Employee Stock Purchase Plan	1,770	---	---	---	---	---
Warrants issued	---	---	---	80	---	---
Shares issued upon acquisition of customer base	619	---	---	---	---	---
Preferred stock dividends	---	---	---	---	---	(717)
Balances at September 30, 1999	$ 175,316	3,432	(1,607)	5,985	(741)	13,874
Balances at December 31, 1999	$ 176,740	3,422	(1,607)	6,343	(2,167)	9,817
Net loss	---	---	---	---	---	(11,376)
Tax effect of excess stock compensation expense for tax purposes over amounts recognized for financial reporting purposes	---	---	---	206	---	---
Class B shares converted to Class A	122	(122)	---	---	---	

Shares issued and issuable under stock option plan and notes issued upon stock option exercises	1,938	---	---	278	(809)	---
Shares issued upon warrant exercise	425	---	---	---	---	---
Shares issued and issuable to Employee Stock Purchase Plan	2,591	---	---	---	---	---
Purchase of treasury stock	---	---	(52)	---	---	---
Preferred stock dividends	---	---	---	---	---	(1,362)
Balances at September 30, 2000	$ 181,816	3,300	(1,659)	6,827	(2,976)	(2,921)

</TABLE>

See accompanying notes to interim condensed consolidated financial statements.

<TABLE>

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

<CAPTION>

<S>	(Unaudited) Nine Months Ended September 30, 2000 <C>	1999 <C>
	(Amounts in thousands)	
Cash flows from operating activities:		
Net loss	$ (11,376)	(5,911)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Depreciation and amortization	38,890	32,481
Amortization charged to selling, general and administrative	534	1,339
Deferred income tax benefit	(7,205)	(3,213)
Deferred compensation and compensatory stock options	484	501
Non-cash cost of sales	---	3,703
Bad debt expense, net of write-offs	1,204	2,109
Employee Stock Purchase Plan expense funded with General Communication, Inc. Class A common stock issued and issuable	2,115	1,836
Write-off of capitalized interest	1,955	---
Write-off of unamortized start-up costs	---	589
Write-off of deferred debt issuance costs upon modification of Senior Holdings Loan	---	472
Warrants issued	---	80
Other noncash income and expense items	(251)	(63)
Change in operating assets and liabilities	8,650	(12,211)
Net cash provided by operating activities	35,000	21,712
Cash flows from investing activities:		
Purchases of property and equipment, including construction period interest	(33,362)	(28,627)
Refund of deposit	8,806	-

--

Purchase of property held for sale	(1,550)	---
Purchases of other assets	(1,385)	(574)
Notes receivable issued to related parties	(1,022)	(454)
Payments received on notes receivable with related parties	617	263
Net cash used in investing activities	(27,896)	(29,392)
Cash flows from financing activities:		
Long-term borrowings - bank debt	---	13,776
Repayments of long-term borrowings and capital lease obligations	(10,714)	(24,111)
Proceeds from preferred stock issuance	---	20,000
Preferred stock offering issuance costs	---	(88)
Payment of debt issuance costs and loan commitment fees	(127)	(648)
Proceeds from common stock issuance	1,475	219
Purchase of treasury stock	(52)	---
Net cash provided (used) by financing activities	(9,418)	9,148
Net increase (decrease) in cash and cash equivalents	(2,314)	1,468
Cash and cash equivalents at beginning of period	13,734	12,008
Cash and cash equivalents at end of period	$ 11,420	13,476

</TABLE>

See accompanying notes to interim condensed consolidated financial statements.

GENERAL COMMUNICATION, INC.
Notes to Interim Condensed Consolidated Financial Statements
(Unaudited)

(1) General

In the following discussion, General Communication, Inc. and its direct and indirect subsidiaries are referred to as "we," "us" and "our."

(a) Business

General Communication, Inc. ("GCI"), an Alaska corporation, was incorporated in 1979. We offer the following services:

- Long-distance telephone service between Anchorage, Fairbanks, Juneau, and other communities in Alaska and the remaining United States and foreign countries
- Cable television services throughout Alaska
- Facilities-based competitive local access services in Anchorage, Alaska
- Internet access services
- Termination of traffic in Alaska for certain common carriers
- Private line services
- Managed services to certain commercial customers
- Sales and service of dedicated communications systems and related equipment
- Private network point-to-point data and voice transmission services between Alaska and the western contiguous United States
- Own and lease capacity on two undersea fiber optic cables used in the transmission of interstate and intrastate private line, switched message long-distance and Internet services between

Alaska and the remaining United States and foreign countries

(b) Principles of Consolidation The consolidated financial statements include the accounts of GCI, GCI's wholly-owned subsidiary GCI, Inc., GCI, Inc.'s wholly-owned subsidiary GCI Holdings, Inc., GCI Holdings, Inc.'s wholly-owned subsidiaries GCI Communication Corp., GCI Cable, Inc. and GCI Transport Co., Inc., GCI Transport Co., Inc.'s wholly-owned subsidiaries GCI Satellite Co., Inc., GCI Fiber Co., Inc. and Fiber Hold Company, Inc. and GCI Fiber Co., Inc.'s and Fiber Hold Company, Inc.'s wholly-owned partnership Alaska United Fiber System Partnership ("Alaska United"). GCI Communication Services, Inc. and its wholly owned subsidiary GCI Leasing Co. were merged into GCI Communication Corp. effective January 1, 2000. GCI Cable/Fairbanks, Inc. and GCI Cable/Juneau, Inc. were merged into GCI Cable, Inc. effective January 1, 2000.

All significant intercompany balances and transactions have been eliminated in consolidation.

(c) Net Loss Per Common Share

<TABLE>

Net loss used to calculate basic and diluted net loss per common share is increased by preferred stock dividends of $466,000 and $428,000 for the three months ended September 30, 2000 and 1999, respectively, and $1,362,000 and $717,000 for the nine months ended September 30, 2000 and 1999, respectively. Shares used to calculate net loss per common share consist of the following (amounts in thousands):

<CAPTION>

<S>	Three Months Ended September 30, 2000 <C>	Three Months Ended September 30, 1999 <C>	Nine Months Ended September 30, 2000 <C>	Nine Months Ended September 30, 1999 <C>
Weighted average common shares outstanding	51,790	50,346	51,254	50,179

</TABLE>

<TABLE>

Common equivalent shares outstanding which are anti-dilutive for purposes of calculating the net loss per common share for the three months ended September 30, 2000 and 1999 and nine months ended September 30, 2000 and 1999, are not included in the diluted net loss per share calculation, and consist of the following (amounts in thousands):

<CAPTION>

<S>	Three Months Ended September 30, 2000 <C>	Three Months Ended September 30, 1999 <C>	Nine Months Ended September 30, 2000 <C>	Nine Months Ended September 30, 1999 <C>
Common equivalent shares outstanding	530	745	538	607

</TABLE>

<TABLE>

Weighted average shares associated with outstanding stock options for the three and nine months ended September 30, 2000 and 1999 which have been excluded from the diluted income (loss) per share calculations because the options' exercise price was greater than the average market price of the common shares consist of the following (amounts in thousands):

<CAPTION>

<S>	Three Months Ended September 30, 2000 <C>	Three Months Ended September 30, 1999 <C>	Nine Months Ended September 30, 2000 <C>	Nine Months Ended September 30, 1999 <C>
Weighted average shares associated with outstanding stock options	2,483	1,961	2,155	2,228

</TABLE>

(d) Preferred and Common Stock

<TABLE>

Following is the statement of preferred and common stock at September 30, 2000 and 1999 (shares, in thousands):

<CAPTION>

	Preferred Stock	Common Stock Class A	Common Stock Class B
Balances at December 31, 1998	---	45,895	4,061
Class B shares converted to Class A	---	13	(13)
Shares issued under stock option plan	---	126	---
Shares issued under officer stock option agreements	---	50	---
Shares issued to Employee Stock Purchase Plan	---	395	---
Shares issued upon acquisition of customer base	---	100	---
Shares issued under Preferred Stock Agreement	20	---	---
Balances at September 30, 1999	20	46,579	4,048
Balances at December 31, 1999	20	46,870	4,048
Class B shares converted to Class A	---	143	(143)
Shares issued under stock option plan	---	596	---
Shares issued and issuable to Employee Stock Purchase Plan	---	448	---
Warrant exercise	---	425	---
Balances at September 30, 2000	20	48,482	3,905

</TABLE>

(e) Cumulative Effect of a Change in Accounting Principle
The American Institute of Certified Public Accountants issued Statement of Position ("SOP") 98-5, "Reporting on the Costs of Start-Up Activities", which provides guidance on the financial reporting of start-up costs and organization costs and requires costs of start-up activities and organization costs to be expensed as incurred. A one-time expense of $344,000 (net of income tax benefit of $245,000) associated with the write-off of unamortized start-up costs was recognized in the first quarter of 1999 upon adoption of SOP 98-5.

(f) Reclassifications
Reclassifications have been made to the 1999 financial statements to make them comparable with the 2000 presentation.

(g) Other
The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The interim condensed consolidated financial statements include the consolidated accounts of GCI and its wholly owned subsidiaries with all significant intercompany transactions eliminated. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three-month and nine-month periods ended September 30, 2000 are not necessarily indicative of the results that may be expected for the year ended December 31, 2000. For further information, refer to the financial statements and footnotes thereto included in our annual report on Form 10-K for the year ended December 31, 1999.

<TABLE>

(2) Consolidated Statements of Cash Flows Supplemental Disclosures Changes in operating assets and liabilities consist of (amounts in thousands):

<CAPTION>

Nine-month periods ended September 30,	2000	1999
(Increase) decrease in receivables	$ 3,677	(3,765)
Decrease in income tax receivable	---	1,965
Increase in prepaid and other current assets	(580)	(1,232)
Increase in inventory	(1,126)	(710)
Increase (decrease) in accounts payable	5,704	(3,875)
Increase (decrease) in accrued liabilities	671	(46)
Increase in accrued payroll and payroll related obligations	2,302	368

Decrease in accrued interest	(3,112)	(4,678)
Increase (decrease) in subscriber deposits and other current liabilities	116	(22)
Increase in deferred revenues	535	299
Increase (decrease) in other long-term liabilities	463	(515)
	$ 8,650	(12,211)

</TABLE>

We paid no income taxes during the nine-month periods ended September 30, 2000 and 1999. We received income tax refunds of $0 and $1,965,000 during the nine-month periods ended September 30, 2000 and 1999, respectively.

We paid interest totaling $31,130,000 and $28,652,000 during the nine-month periods ended September 30, 2000 and 1999, respectively.

We recorded $206,000 and $86,000 during the nine-month periods ended September 30, 2000 and 1999, respectively, in paid-in capital in recognition of the income tax effect of excess stock compensation expense for tax purposes over amounts recognized for financial reporting purposes.

During the nine-month periods ended September 30, 2000 and 1999 we funded the employer matching portion of Employee Stock Purchase Plan contributions by issuing or committing to issue GCI Class A Common Stock valued at $2,115,000 and $1,836,000, respectively.

We financed the purchase of satellite transponders pursuant to a long-term capital lease arrangement with a leasing company during the nine-month period ended September 30, 2000 at a cost of $48.2 million.

(3) Redeemable Preferred Stock

We issued 20,000 shares of convertible redeemable accreting preferred stock ("Preferred Stock") on April 30, 1999. Proceeds totaling $20 million (before payment of expenses of $88,000) were used for general corporate purposes, to repay outstanding indebtedness, and to provide additional liquidity. Our amended Senior Holdings Loan facilities limit use of such proceeds. The Preferred Stock contains a $1,000 per share liquidation preference, plus accrued but unpaid dividends and fees. Prior to the four-year anniversary following closing, dividends are payable semi-annually at the rate of 8.5%, plus accrued but unpaid dividends, at our option, in cash or in additional fully-paid shares of Preferred Stock. Dividends earned after the four-year anniversary of closing are payable semi-annually in cash only. Dividends of $1,746,000 have been accrued at September 30, 2000 and will be paid in additional fully-paid shares of Preferred Stock. Additional dividends totaling $774,000, or $36.00 per share, are accrued at September 30, 2000 and the determination of whether they will be paid in cash or additional fully-paid shares of Preferred Stock will be made at the next semi-annual payment date. Mandatory redemption is required 12 years from the date of closing.

(4) Industry Segments Data

Our reportable segments are business units that offer different products. The reportable segments are each managed separately because they manage and offer distinct products with different production and delivery processes.

We have four reportable segments as follows:

Long-distance services. We offer a full range of common-carrier long-distance services to commercial, government, other telecommunications companies and residential customers, through our networks of fiber optic cables, digital microwave, and fixed and transportable satellite earth stations and our SchoolAccess(TM) offering to rural school districts and a similar offering to rural hospitals and health clinics.

Cable services. We provide cable television services to residential, commercial and government users in the State of Alaska. Our cable systems serve 26 communities and areas in Alaska, including the state's three largest urban areas, Anchorage, Fairbanks and Juneau. Cable plant upgrades in 1999 and 1998 enabled us to offer digital cable television services in Anchorage and Fairbanks and retail cable modem service (through our Internet services segment) in Anchorage, Fairbanks and Juneau, complementing our existing service offerings. We plan to expand our product offerings as plant upgrades are completed in other communities in Alaska.

Local access services. We offer facilities based competitive local exchange services in Anchorage and plan to provide similar competitive local exchange services in Alaska's other major population centers.

Internet services. We began offering wholesale and retail Internet services in 1998. Deployment of the new undersea fiber optic cable allowed us to offer enhanced services with high-bandwidth requirements.

Included in the "Other" segment in the tables that follow are our managed services, product sales, cellular telephone services, and management services for Kanas Telecom, Inc., a company that owns and operates

a fiber optic cable system constructed along the trans-Alaska oil pipeline corridor extending from Prudhoe Bay to Valdez, Alaska. None of these business units have ever met the quantitative thresholds for determining reportable segments. Also included in the Other segment in 1999 is a $19.5 million sale of undersea fiber optic cable system capacity, and corporate related expenses including marketing, customer service, management information systems, accounting, legal and regulatory, human resources and other general and administrative expenses.

We evaluate performance and allocate resources based on (1) earnings or loss from operations before depreciation, amortization, net interest expense and income taxes, and (2) operating income or loss. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies included in our annual report on Form 10-K at December 31, 1999. Intersegment sales are recorded at cost plus an agreed upon intercompany profit.

We earn all revenues through sales of services and products within the United States of America. All of our long-lived assets are located within the United States of America.

<TABLE>

Summarized financial information for our reportable segments for the nine-months ended September 30, 2000 and 1999 follows (amounts in thousands):

<CAPTION>

<S>	Long-Distance Services <C>	Cable Services <C>	Local Access Services <C>	Internet Services <C>	Other <C>	Total <C>
2000						
Revenues:						
Intersegment	$ 11,148	1,108	4,885	2,156	---	19,297
External	136,660	49,298	14,545	5,919	9,187	215,609
Total revenues	$ 147,808	50,406	19,430	8,075	9,187	234,906
Earnings (loss) from operations before depreciation, amortization, net interest expense and income taxes	$ 57,775	23,873	2,808	(7,123)	(28,167)	49,166
Operating income (loss)	$ 39,769	9,967	(596)	(8,446)	(30,418)	10,276
1999						
Revenues:						
Intersegment	$ 6,283	1,565	2,570	88	---	

						10,506
External	122,297	45,189	11,323	3,447	30,081	212,337
Total revenues	$ 128,580	46,754	13,893	3,535	30,081	222,843
Earnings (loss) from operations before depreciation, amortization, net interest expense, income taxes and cumulative effect of a change in accounting principle	$ 48,623	24,555	232	(9,019)	(17,227)	47,164
Operating income (loss)	$ 36,517	11,386	(2,218)	(9,821)	(21,181)	14,683

</TABLE>

<TABLE>
A reconciliation of total segment revenues to consolidated revenues follows:
<CAPTION>

Nine-months ended September 30,	2000	1999
<S>	<C>	<C>
Total segment revenues	$ 234,906	222,843
Less intersegment revenues eliminated in consolidation	(19,297)	(10,506)
Consolidated revenues	$ 215,609	212,337

</TABLE>
<TABLE>
A reconciliation of total segment earnings from operations before depreciation, amortization, net interest expense, income taxes and cumulative effect of a change in accounting principle to consolidated net loss before income taxes and cumulative effect of a change in accounting principle follows:
<CAPTION>

Nine-months ended September 30,	2000	1999
<S>	<C>	<C>
Total segment earnings from operations before depreciation, amortization, net interest expense, income taxes and cumulative effect of a change in accounting principle	$ 49,166	47,164
Less intersegment contribution eliminated in consolidation	(239)	(488)
Consolidated earnings from operations before depreciation, amortization, net interest expense, income taxes and cumulative effect of a change in accounting principle	48,927	46,676
Depreciation and amortization	38,890	32,481
Consolidated operating income	10,037	14,195
Interest expense, net	28,618	22,730
Consolidated net loss before income taxes and cumulative effect of a change in accounting principle	$ (18,581)	(8,535)

</TABLE>
<TABLE>
A reconciliation of total segment operating income to consolidated net loss before income taxes and cumulative effect of a change in accounting principle follows:

Nine-months ended September 30,	2000	1999
<S>	<C>	<C>
Total segment operating income	$ 10,276	14,683
Less intersegment contribution eliminated in consolidation	(239)	(488)
Consolidated operating income	10,037	14,195
Interest expense, net	28,618	22,730

Consolidated net loss before income taxes and cumulative effect of a change in accounting principle	$ (18,581)	(8,535)

</TABLE>

(5) Commitments and Contingencies

Satellite Transponders Capital Lease
We entered into a purchase and lease-purchase option agreement in August 1995 for the acquisition of satellite transponders to meet our long-term satellite capacity requirements. The satellite was successfully launched in January 2000 and delivered to us on March 5, 2000. In March 2000 we agreed to finance the satellite transponders pursuant to a long-term capital lease arrangement with a leasing company. The base term of the lease is one year from the closing date

with the option for eight one-year lease term renewals. The capital lease includes certain covenants requiring maintenance of specific levels of operating cash flow to indebtedness and limitations on additional indebtedness.

We took ownership of the satellite transponders on April 1, 2000. The satellite transponders are recorded at a cost of $48.2 million and will be depreciated over nine years with a remaining residual value of $14.3 million.

Future Fiber Capacity Sale
We entered into an agreement effective July 1999 for a second $19.5 million sale of fiber capacity. The agreement requires that the buyer acquire the capacity during the 18-month period following the effective date of the contract. Costs associated with the capacity to be sold have been classified as current and non-current Property Held for Sale in the accompanying interim condensed consolidated financial statements at September 30, 2000 and December 31, 1999, respectively.

Deferred Compensation Plan
Our non-qualified, unfunded deferred compensation plan provides a means by which certain employees may elect to defer receipt of designated percentages or amounts of their compensation and provides a means for certain other deferrals of compensation. We may, at our discretion, contribute matching deferrals equal to the rate of matching selected by us. Participants immediately vest in all elective deferrals and all income and gain attributable thereto. Matching contributions and all income and gain attributable thereto vest over a six-year period. Participants may elect to be paid in either a single lump sum payment or annual installments over a period not to exceed 10 years. Vested balances are payable upon termination of employment, unforeseen emergencies, death and total disability. Participants are our general creditors with respect to deferred compensation plan benefits. Compensation deferred pursuant to the plan totaled approximately $30,000 and $60,000 during the nine-month periods ended September 30, 2000 and 1999, respectively.

Self-Insurance
We are self-insured for losses and liabilities related primarily to health and welfare claims up to predetermined amounts above which third party insurance applies. A reserve of $645,000 and $600,000 was recorded at September 30, 2000 and December 31, 1999, respectively, to cover estimated reported losses, estimated unreported losses based on past experience modified for current trends, and estimated expenses for investigating and settling claims. Actual losses will vary from the recorded reserve. While management uses what it believes is pertinent information and factors in determining the amount of reserves, future additions to the reserves may be necessary due to changes in the information and factors used.

Litigation and Disputes
We are routinely involved in various lawsuits, billing disputes, legal proceedings and regulatory matters that have arisen in the normal course of business. While the ultimate results of these items cannot be predicted with certainty, management does not expect at this time the resolution of them to have a material adverse effect on our financial position, results of operations or liquidity.

Cable Service Rate Reregulation
Effective March 31, 1999, the rates for cable programming services (service tiers above basic service) are no longer regulated. This regulation ended pursuant to provisions of the Telecommunications Act of 1996 and the regulations adopted pursuant thereto by the FCC.

Federal law still permits regulation of basic service rates. However, Alaska law provides that cable television service is exempt from regulation by the RCA unless 25% of a system's subscribers request such regulation by filing a petition with the RCA. At September 30, 2000, only the Juneau system is subject to RCA regulation of its basic service rates. No petition requesting regulation has been filed for any other system. (The Juneau system serves 8.1% of our total basic service subscribers at September 30, 2000.) On July 27, 2000 the RCA approved in full a requested rate increase for the Juneau system, to be effective October 1, 2000.

Asset Purchase

We signed an asset purchase agreement with G.C. Cablevision, Inc. of Fairbanks, Alaska in October 2000. G.C. Cablevision, Inc. will receive $2.3 million of cash and GCI Class A common stock valued at $10.00 per share. The transaction is expected to close by the second quarter of 2001 pending regulatory approvals.

PART I.
ITEM 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In the following discussion, General Communication, Inc. and its direct and indirect subsidiaries are referred to as "we," "us" and "our."

The following discussion and analysis should be read in conjunction with our Interim Condensed Consolidated Financial Statements and the notes thereto. See - Cautionary Statement Regarding Forward-Looking Statements.

OVERVIEW

We have experienced significant growth in recent years through expansion and development of our new and existing businesses and products. We have historically met our cash needs for operations through our cash flows from operating activities. Cash requirements for acquisitions and capital expenditures have been provided largely through our financing activities.

Long-distance services. Our provision of interstate and intrastate long-distance services to residential, commercial and governmental customers and to other common carriers (principally WorldCom, Inc. ("WorldCom") and Sprint Corporation ("Sprint")), and provision of private line and leased dedicated capacity services accounted for 96.7% of our total long-distance services revenues during the third quarter of 2000. Factors that have the greatest impact on year-to-year changes in long-distance services revenues include the rate per minute charged to customers and usage volumes, usually expressed as minutes of use.

Revenues from private line and other data services sales increased 28.2% to $7.4 million during the third quarter of 2000 as compared to the third quarter of 1999 due primarily to increased system capacity and increasing demand for data services by Internet service providers ("ISP"), commercial and governmental customers, and others. Demand for data services to and from the lower 48 states previously exceeded the available supply of capacity, however such demand is being filled with uncompressed fiber optic capacity on our Alaska United fiber optic cable system.

Our long-distance cost of sales and services has consisted principally of direct costs of providing services, including local access charges paid to LECs for originating and terminating long-distance calls in Alaska, and fees paid to other long-distance carriers to carry calls terminating in areas not served by our network. Calls terminating in the lower 49 states are carried over Worldcom's network and calls terminating in international locations are carried principally over Sprint's network. During the third quarter of 2000, local access charges accounted for 67.0% of long-distance cost of sales and services, fees paid to other long-distance carriers represented 24.1%, satellite transponder lease and undersea fiber maintenance costs represented 4.5%, and other costs represented 4.4% of long-distance cost of sales and services.

Our long-distance selling, general, and administrative expenses have consisted of operating and engineering, customer service, sales and communications, management information systems, general and administrative, and legal and regulatory expenses. Most of these expenses consist of salaries, wages and benefits of personnel and certain other indirect costs (such as rent, travel, utilities, insurance and property taxes). A significant portion of long-distance selling, general, and administrative expenses, 40.8% during the third quarter of 2000, represents operating and engineering costs.

Long-distance services face significant competition from AT&T Alascom, Inc., long-distance resellers, and from local telephone companies that have entered the long-distance market. The total number of active long-distance residential, commercial and small business customers increased 3.4% at September 30, 2000 as compared to September 30, 1999, and increased 0.3% as compared to December 31, 1999. We believe our approach to developing, pricing, and providing long-distance services and bundling different business segment services will continue to allow us to be competitive in providing those services.

Revenues derived from other common carriers increased 20.7% to $19.7 million in the third quarter of 2000 as compared to the third quarter of 1999. The increase is due to a 17.6% increase to 185.3 million minutes carried for other common carriers and a change in the mix of wholesale minutes carried for such customers, which increased the average rate charged by 2.6%. We secured contract amendments during the second quarter of 1999 with Worldcom and Sprint. The amendments provided, among other things, for a three-year contract term extension for Sprint. The Worldcom contract expires in 2001. Other common carrier traffic routed to us for termination in Alaska is largely dependent on traffic routed to Worldcom and Sprint by their customers. Pricing pressures, new program offerings and market consolidation continue to evolve in the markets served by Worldcom and Sprint. If, as a result, their traffic is reduced, or if their competitors' costs to terminate or originate traffic in Alaska are reduced, our traffic will also likely be reduced, and our pricing may be reduced to respond to competitive pressures. We are unable to predict the effect on us of such changes, however given the materiality of other common carrier revenues to us; a significant reduction in traffic or pricing could have a material adverse effect on our financial position, results of operations and liquidity.

Cable services. During the third quarter of 2000, cable television revenues represented 22.0% of consolidated revenues. The cable systems serve 26 communities and areas in Alaska, including the state's three largest population centers, Anchorage, Fairbanks and Juneau.

In October 2000 we announced the acquisition of G.C. Cablevision, Inc. assets, with over 900 subscribers in Fairbanks and North Pole, Alaska. The transaction is expected to close by the second quarter of 2001 following regulatory approvals.

We generate cable services revenues from three primary sources: (1) programming services, including monthly basic or premium subscriptions and pay-per-view movies or other one-time events, such as sporting events; (2) equipment rentals or installation; and (3) advertising sales. During the third quarter of 2000 programming services generated 78.6% of total cable services revenues, equipment rental and installation fees accounted for 9.6% of such revenues, cable modem services accounted for 5.2% of such revenues, advertising sales accounted for 5.3% of such revenues, and other services accounted for the remaining 1.3% of total cable services revenues. The primary factors that contribute to year-to-year changes in cable services revenues are average monthly subscription and pay-per-view rates, the mix among basic, premium and pay-per-view services and digital and analog services, the average number of subscribers during a given reporting period, and revenues generated from new product offerings.

The cable systems' cost of sales and selling, general and administrative expenses have consisted principally of programming and copyright expenses, labor, maintenance and repairs, marketing and advertising and rental expense. During the third quarter of 2000 programming and copyright expenses represented 44.6% of total cable cost of sales and selling, general and administrative expenses, and general and administrative costs represented 50.4% of such total. Marketing and advertising costs represented approximately 5.0% of such total expenses.

Cable services face competition from alternative methods of receiving and distributing television signals and from other sources of news, information and entertainment. We believe our cable television services will continue to be competitive by providing, at reasonable prices, a greater variety of programming and other communication services than are available off-air or through other alternative delivery sources and upon superior technical performance and customer service.

Local access services. We generate local access services revenues from three primary sources: (1) business and residential basic dial tone services; (2) business private line and special access services; and (3) business and residential features and other charges, including voice mail, caller ID, distinctive ring, inside wiring and subscriber line charges. Effective March 1999 we transitioned to the "bill and keep" cost settlement method for termination of traffic on our facilities and on other's facilities. Local exchange services revenues totaled $5.2 million representing 6.9% of consolidated revenues in the third quarter of 2000. The primary factors that contribute to year-to-year changes in local access services revenues are the average number of business and residential subscribers to our services during a given reporting period and the average monthly rates charged for non-traffic sensitive services.

Operating and engineering expenses represented approximately 3.5% of total local access services cost of sales and selling, general and administrative expenses during the third quarter of 2000. Marketing and advertising costs represented approximately 7.9% of such total expenses, customer service and general and administrative costs represented approximately 38.3% of such total expenses, and local access cost of sales represented approximately 50.3% of such total expenses.

Our local access services segment faces significant competition in Anchorage from Alaska Communications Systems, Inc. ("ACS") and AT&T Alascom, Inc. We believe our approach to developing, pricing, and providing local access services will allow us to be competitive in providing those services.

Internet services. We began offering Internet services in several markets in Alaska during 1998. We generate Internet services revenues from two primary sources: (1) access product services, including commercial DIAS, ISP DIAS, and retail dial-up service revenues, and (2) network management services. Internet services segment revenues totaled $2.2 million representing 2.9% of total revenues in the third quarter of 2000. The primary factors that contribute to year-to-year changes in Internet services revenues are the average number of subscribers to our services during a given reporting period, the average monthly subscription rates, and the number and type of additional premium features selected.

Operating and general and administrative expenses represented approximately 49.4% of total Internet services cost of sales and selling, general and administrative expenses during the third quarter of 2000. Internet cost of sales represented approximately 36.9% of such total expenses and marketing and advertising represented approximately 13.7% of such total expenses.

Marketing campaigns continue to be deployed featuring bundled residential and commercial Internet products. Additional bandwidth was made available to our Internet segment resulting from completion of our Alaska United undersea fiber optic cable project. The new Internet offerings are coupled with our long-distance and local access services offerings and provide free basic Internet services or discounted premium Internet services if certain long-distance or local access services plans are selected. Value-added premium Internet features are available for additional charges.

We compete with a number of Internet service providers in our markets. We believe our approach to developing, pricing, and providing Internet services will allow us to be competitive in providing those services.

Other services, other expenses and net loss. Telecommunications services revenues reported in the Other segment as described in note 4 to the accompanying interim condensed consolidated financial statements include corporate network management contracts, telecommunications equipment sales and service, management services for Kanas Telecom, Inc., a company that owns and operates a fiber optic cable system constructed along the trans-Alaska oil pipeline corridor extending from Prudhoe Bay to Valdez, Alaska, and other miscellaneous revenues (including revenues from cellular resale services, from prepaid and debit calling card sales, and installation and leasing of customer's very small aperture terminal ("VSAT") equipment).

Other services segment revenues during the third quarter of 2000 include network solutions and outsourcing revenues totaling $2.7 million, communications equipment sales totaling $210,000 and cellular resale and other revenues totaling $639,000.

During the second quarter of 1999 we completed a $19.5 million sale of long-haul capacity in our Alaska United undersea fiber optic cable system ("fiber capacity sale") in a cash transaction. The sale includes both capacity within Alaska, and between Alaska and the lower 49 states. We announced in July 1999 that an agreement pertaining to a second $19.5 million sale of fiber capacity had been executed. The agreement requires that the buyer acquire additional capacity during the 18-month period following the effective date of the contract.

We have invested approximately $2.2 million in our PCS license at September 30, 2000. During second quarter 2000 we deployed fixed wireless service in the Anchorage area. We have incurred expenditures totaling $450,000 in the deployment at September 30, 2000 and we expect to incur approximately $150,000 in additional expenditures during the remainder of 2000.

Depreciation, amortization and net interest expense on a consolidated basis increased $4.5 million in the third quarter of 2000 as compared to the third quarter of 1999 resulting primarily from additional depreciation on 1999 and 2000 capital expenditures, increased interest rates, and additional average outstanding capital lease obligation balances.

RESULTS OF OPERATIONS

<TABLE>

The following table sets forth selected Statement of Operations data as a percentage of total revenues for the periods indicated and the percentage changes in such data as compared to the corresponding prior year period:

(Underlying data rounded to the nearest thousands)

<CAPTION>

(Unaudited)	Three Months Ended September 30, 2000	Three Months Ended September 30, 1999	Percentage Change (1) 2000 vs. 1999	Nine Months Ended September 30, 2000	Nine Months Ended September 30, 1999	Percentage Change(1) 2000 vs. 1999
Revenues						
Long-distance services	63.5%	64.3%	11.3%	63.4%	57.6%	11.7%
Cable services	22.0%	22.6%	9.8%	22.9%	21.3%	9.1%
Local access services	6.9%	5.7%	36.2%	6.7%	5.3%	28.5%
Internet services	2.9%	1.7%	90.1%	2.7%	1.6%	71.7%
Other services	4.7%	5.7%	(6.8%)	4.3%	14.2%	(69.5%)
Total revenues	100.0%	100.0%	12.7%	100.0%	100.0%	1.5%
Cost of sales and services	39.5%	44.9%	(1.0%)	41.4%	43.5%	(3.5%)
Selling, general and administrative Expenses	35.6%	36.3%	10.7%	35.9%	34.5%	5.8%
Depreciation and amortization	17.5%	16.0%	23.6%	18.0%	15.3%	19.7%
Operating income	7.4%	2.8%	272.0%	4.7%	6.7%	(29.3%)
Net loss before income taxes and cumulative effect of a change in accounting principle	(5.2%)	(8.5%)	(30.7%)	(8.6%)	(4.0%)	117.7%
Net loss before cumulative effect of a change in accounting principle	(3.1%)	(5.3%)	(33.5%)	(5.3%)	(2.6%)	104.4%
Net loss	(3.1%)	(5.3%)	(33.5%)	(5.3%)	(2.8%)	92.5%
Other Operating Data (2):						
Cable services operating income (3)	12.2%	11.7%	14.4%	12.9%	14.4%	(2.1%)
Local services operating loss (4)	(27.4%)	(46.7%)	(20.0%)	(46.1%)	(51.0%)	16.1%
Internet services operating loss (5)	(44.7%)	(120.9%)	(29.8%)	(62.8%)	(100.8%)	7.0%

<FN>

(1) Percentage change in underlying data.
(2) Includes customer service, marketing and advertising costs.
(3) Computed as a percentage of total cable services revenues.
(4) Computed as a percentage of total local services revenues.
(5) Computed as a percentage of total Internet services revenues.

</FN>
</TABLE>

THREE MONTHS ENDED SEPTEMBER 30, 2000 ("2000") COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 1999 ("1999")

Revenues. Total revenues increased 12.8% from $67.3 million in 1999 to $75.9 million in 2000.

Long-distance revenues from commercial, residential, governmental, and other common carrier customers increased 11.4% to $48.2 million in 2000. The long-distance revenue increase in 2000 was largely due to the following:

- An increase of 3.4% in the number of active residential, small business and commercial customers billed from 88,100 at September 30, 1999 to 91,100 at September 30, 2000
- An increase of 9.7% in total minutes of use to 270.1 million minutes
- An increase of 28.2% in private line and private network transmission services revenues to $7.4 million in 2000 due to an increased number of customers
- An increase of 20.7% in revenues from other common carriers (principally WorldCom and Sprint) to $19.7 million in 2000

Long-distance revenue increases were offset by a 4.7% reduction in our average rate per minute on long-distance traffic from $0.128 per minute in 1999 to $0.122 per minute in 2000. Decreased rates are attributed to our promotion of and customers' enrollment in calling plans offering discounted rates and length of service rebates, such plans being prompted in part by our primary long-distance competitor, AT&T Alascom, reducing its rates, and the entry of LECs into long-distance markets served by us.

Cable revenues increased 9.8% to $16.7 million in 2000. Programming services revenues increased 1.0% to $13.1 million in 2000 resulting from an increase of approximately 3,900 basic subscribers served and increased pay-per-view and premium service revenues. New facility construction efforts in the last three months of 1999 and first nine months of 2000 resulted in approximately 3,800 additional homes passed which contributed to additional subscribers and revenues in 2000. Programming services revenue per average basic subscriber per month increased $3.02, or 7.1%, from 1999 to 2000 due to rate increases in certain markets and continued growth of new premium products, including the increase in digital subscribers from 4,100 at September 30, 1999 to 11,000 at September 30, 2000. The cable segment's share of cable modem revenue increased $774,000 to $871,000 in 2000 after the introduction of such services in the first quarter of 1999.

Local access services revenues increased 36.2% in 2000 to $5.2 million. At September 30, 2000 approximately 57,900 lines were in service and approximately 1,000 additional lines were awaiting connection as compared to approximately 40,600 lines in service and approximately 1,400 additional lines awaiting connection at September 30, 1999.

Internet services revenues increased 90.1% to $2.2 million in 2000 primarily due to growth in the number of customers served. We have approximately 59,000 active residential, commercial and small business retail dial-up Internet subscribers at September 30, 2000 as compared to approximately 38,900 at September 30, 1999.

Cost of sales and services. Cost of sales and services totaled $30.2 million in 1999 and $29.9 million in 2000. As a percentage of total revenues, cost of sales and services decreased from 44.9% in 1999 to 39.5% in 2000.

Long-distance cost of sales and services decreased from $20.9 million in 1999 to $19.6 million in 2000. Long-distance cost of sales as a percentage of long-distance revenues decreased from 48.3% in 1999 to 40.6% in 2000 primarily due to the effect of reassigning traffic carried by satellite transponders from leased to owned capacity and reductions in access costs due to distribution and termination of our traffic on our own local services network instead of paying other carriers to distribute and terminate our traffic. Offsetting the 2000 decrease as compared to 1999 is a decrease in the average rate per minute billed to customers without a comparable decrease in access charges paid by us. We expect increased cost savings as traffic carried on our own facilities continues to grow. Additional capacity between Alaska and the lower 48 states now available on our Alaska United fiber optic cable system has allowed us to carry significant additional amounts of data services traffic on our own facilities rather than paying other carriers for leased capacity.

Cable cost of sales and services as a percentage of cable revenues, which is less as a percentage of revenues than are long-distance, local access and Internet services cost of sales and services, increased from 25.6% in 1999 to 26.8% in 2000. Cable services rate increases did not keep pace with increases in programming and copyright costs in 2000. Programming costs increased for most of our cable services offerings, and we incurred additional costs on new programming introduced in 1999 and 2000.

Local access services cost of sales and services as a percentage of local access services revenues decreased from 56.9% in 1999 to 56.0% in 2000.

Internet services cost of sales and services increased $165,000 from 1999 to 2000. Internet services costs of sales as a percentage of Internet services revenues totaled 76.9% and 48.0% in 1999 and 2000, respectively. The decrease of Internet services costs of sales as a percentage of Internet services revenues is primarily due to a $1.0 million increase in Internet's portion of cable modem revenue. As Internet revenues have increased, economies of scale and more efficient network utilization have also resulted in reduced Internet cost of sales and services as a percentage of Internet revenues.

Selling, general and administrative expenses. Selling, general and

administrative expenses increased 10.7% to $27.1 million in 2000. Selling, general and administrative expenses, as a percentage of total revenues, decreased from 36.3% in 1999 to 35.6% in 2000. The 2000 increase resulted from increased levels of effort necessary to support revenue growth and additional provision for uncollectible accounts.

Depreciation and amortization. Depreciation and amortization expense increased 23.6% to $13.3 million in 2000. The increase is attributable to our $36.6 million investment in equipment and facilities placed into service during 1999 for which a full year of depreciation will be recorded during the year ended December 31, 2000, the acquisition of a satellite transponder asset (as discussed in note 5 to the interim condensed consolidated financial statements) for which depreciation began in 2000 and the $33.4 million investment in other equipment and facilities during 2000 for which a partial year of depreciation will be recorded during 2000.

Interest expense, net. Interest expense, net of interest income, increased 25.7% to $9.6 million in 2000. This increase resulted primarily from increases in our average outstanding indebtedness resulting primarily from the capital lease of satellite transponder capacity, construction of new long-distance and Internet facilities, expansion and upgrades of cable television facilities, investment in local access services equipment and facilities, and higher interest rates on outstanding indebtedness.

Income tax benefit. Income tax benefit decreased from $2.2 million in 1999 to $1.6 million in 2000 due to a decreased net loss before income taxes in 2000 as compared to 1999. Our effective income tax rate increased from 38.0% in 1999 to 40.5% in 2000 due to the decreased net loss and the proportional amount of items that are nondeductible for income tax purposes.

At September 30, 2000, we have (1) tax net operating loss carryforwards of approximately $119.3 million that will begin expiring in 2008 if not utilized, and (2) alternative minimum tax credit carryforwards of approximately $2.5 million available to offset regular income taxes payable in future years. Our utilization of remaining net operating loss carryforwards is subject to certain limitations pursuant to Internal Revenue Code section 382.

Tax benefits associated with recorded deferred tax assets are considered to be more likely than not realizable through future reversals of existing taxable temporary differences and future taxable income exclusive of reversing temporary differences and carryforwards. The amount of deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced. We estimate that our effective income tax rate for financial statement purposes will be approximately 39% in 2000.

NINE MONTHS ENDED SEPTEMBER 30, 2000 ("2000") COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 1999 ("1999")

Revenues. Total revenues increased 1.5% from $212.3 million in 1999 to $215.6 million in 2000. Excluding $19.5 million of fiber capacity sale revenues in 1999, total revenues increased 11.9% in 2000.

Long-distance revenues from commercial, residential, governmental, and other common carrier customers increased 11.7% to $136.7 million in 2000. The long-distance revenue increase in 2000 was largely due to the following:

- An increase of 3.4% in the number of active residential, small business and commercial customers billed from 88,100 at September 30, 1999 to 91,100 at September 30, 2000
- An increase of 18.3% in total minutes of use to 783.1 million minutes
- An increase of 25.0% in private line and private network transmission services revenues to $20.2 million in 2000 due to an increased number of customers
- An increase of 16.9% in revenues from other common carriers (principally WorldCom and Sprint) to $53.8 million in 2000

Long-distance revenue increases were offset by a 14.2% reduction in our average rate per minute on long-distance traffic from $0.141 per minute in 1999 to $0.121 per minute in 2000. The decrease in rates resulted primarily from a new category of wholesale minutes carried on our network at a reduced rate per minute. Decreased rates are also attributed to our promotion of and customers' enrollment in calling plans offering discounted rates and length of service rebates, such plans being prompted in part by our primary long-distance competitor, AT&T Alascom, reducing its rates, and the entry of LECs into long-distance markets served by us.

Cable revenues increased 9.1% to $49.3 million in 2000. Programming services revenues increased 5.5% to $40.9 million in 2000 resulting from an increase of approximately 3,900 basic subscribers served and increased pay-per-view and premium service revenues. New facility construction efforts in the last three months of 1999 and first nine months of 2000 resulted in approximately 3,800 additional homes passed which contributed to additional subscribers and revenues in 2000. Programming services revenue per average basic subscriber per month

increased $2.85, or 6.7%, from 1999 to 2000 due to rate increases in certain markets and continued growth of new premium products including the increase in digital subscribers from 4,100 at September 30, 1999 to 11,000 at September 30, 2000. The cable segment's share of cable modem revenue increased $1.3 million to $1.6 million in 2000 after the introduction of cable modem services in the first quarter of 1999.

Local access services revenues increased 28.5% in 2000 to $14.6 million. At September 30, 2000 approximately 57,900 lines were in service and approximately 1,000 additional lines were awaiting connection as compared to approximately 40,600 lines in service and approximately 1,400 additional lines awaiting connection at September 30, 1999.

Internet services revenues increased from $3.5 million in 1999 to $5.9 million in 2000 primarily due to growth in the number of customers served. We have approximately 59,000 active residential, commercial and small business retail dial-up Internet subscribers at September 30, 2000 as compared to approximately 38,900 at September 30, 1999.

Cost of sales and services. Cost of sales and services totaled $92.4 million in 1999 and $89.2 million in 2000. As a percentage of total revenues, cost of sales and services decreased from 43.5% in 1999 to 41.4% in 2000.

Long-distance cost of sales and services decreased from $62.9 million in 1999 to $59.4 million in 2000. Long-distance cost of sales as a percentage of long-distance revenues decreased from 51.4% in 1999 to 43.5% in 2000 primarily due to reassigning traffic carried by satellite transponders from leased to owned capacity and reductions in access costs due to distribution and termination of our traffic on our own local services network instead of paying other carriers to distribute and terminate our traffic. Offsetting the 2000 decrease as compared to 1999 is a decrease in the average rate per minute billed to customers without a comparable decrease in access charges paid by us. We expect increased cost savings as traffic carried on our own facilities

continues to grow. Additional capacity between Alaska and the lower 48 states now available on our Alaska United fiber optic cable system has allowed us to carry significant additional amounts of data services traffic on our own facilities rather than paying other carriers for leased capacity.

Cable cost of sales and services as a percentage of cable revenues, which is less as a percentage of revenues than are long-distance, local access and Internet services cost of sales and services, increased from 25.1% in 1999 to 26.7% in 2000. Cable services rate increases did not keep pace with increases in programming and copyright costs in 2000. Programming costs increased for most of our cable services offerings, and we incurred additional costs on new programming introduced in 1999 and 2000.

Local access services cost of sales and services as a percentage of local access services revenues increased from 52.1% in 1999 to 57.2% in 2000 primarily due to accruals recorded for disputed billings.

Internet services cost of sales and services increased $950,000 from 1999 to 2000. Internet services costs of sales as a percentage of Internet services revenues totaled 64.1% and 53.3% in 1999 and 2000, respectively. The decrease in Internet services costs of sales as a percentage of Internet services revenues is primarily due to a $2.4 million increase in Internet's portion of cable modem revenue. As Internet revenues have increased, economies of scale and more efficient network utilization have also resulted in reduced Internet cost of sales and services as a percentage of Internet revenues.

Selling, general and administrative expenses. Selling, general and administrative expenses increased 5.8% to $77.4 million in 2000. The 2000 increase resulted from:

- Internet services operating, engineering, sales, customer service and administrative cost increases from $3.9 million in 1999 to $5.3 million in 2000. Increased costs were necessary to provide the operations, engineering, customer service and support infrastructure necessary to accommodate expected growth in our Internet services customer base.
- An increase in the accrual of a Company-wide success sharing bonus of $730,000 in 2000. Success sharing is a bonus paid to all employees when our earnings before interest, depreciation, amortization and taxes reach new highs.
- Reduced long-distance services capitalized labor due to completion of the fiber optic cable system construction effort.

The increases above are off-set by a $1.8 million decrease in advertising expense.

Selling, general and administrative expenses, as a percentage of total revenues, increased from 34.5% in 1999 to 35.9% in 2000 primarily as a result of the impact of the 1999 fiber capacity sale.

Depreciation and amortization. Depreciation and amortization expense increased 19.7% to $38.9 million in 2000. The increase is attributable to our $36.6

million investment in equipment and facilities placed into service during 1999 for which a full year of depreciation will be recorded during the year ended December 31, 2000, the acquisition of a satellite transponder asset (as discussed in note 5 to the interim condensed consolidated financial statements) for which depreciation began in the second quarter of 2000, the $33.4 million investment in other equipment and facilities during 2000 for which a partial year of depreciation will be recorded during 2000, and a charge of $1.7 million in first quarter resulting from a change in the estimated remaining lives of assets that will be replaced in the future.

Interest expense, net. Interest expense, net of interest income, increased 25.9% to $28.6 million in 2000. This increase resulted primarily from a charge of $2.0 million to interest expense in first quarter to write-off previously capitalized interest expense, increases in our average outstanding indebtedness resulting primarily from the capital lease of satellite transponder capacity, construction of new long-distance and Internet facilities, expansion and upgrades of cable television facilities, investment in local access services equipment and facilities, and higher interest rates on outstanding indebtedness. We charged $470,000 of deferred financing costs to interest expense in 1999 resulting from the amendment to the Holdings Loan Facilities which reduced borrowing capacity (see Liquidity and Capital Resources).

Income tax benefit. Income tax benefit increased from $3.0 million in 1999 to $7.2 million in 2000 due to an increased net loss before income taxes in 2000 as compared to 1999. Our effective income tax rate increased from 34.8% in 1999 to 38.8% in 2000 due to the increased net loss and the proportional amount of items that are nondeductible for income tax purposes.

At September 30, 2000, we have (1) tax net operating loss carryforwards of approximately $119.3 million that will begin expiring in 2008 if not utilized, and (2) alternative minimum tax credit carryforwards of approximately $2.5 million available to offset regular income taxes payable in future years. Our utilization of remaining net operating loss carryforwards is subject to certain limitations pursuant to Internal Revenue Code section 382.

Tax benefits associated with recorded deferred tax assets are considered to be more likely than not realizable through future reversals of existing taxable temporary differences and future taxable income exclusive of reversing temporary differences and carryforwards. The amount of deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced. We estimate that our effective income tax rate for financial statement purposes will be approximately 39% in 2000.

FLUCTUATIONS IN QUARTERLY RESULTS OF OPERATIONS

<TABLE>

The following chart provides selected unaudited statement of operations data from our quarterly results of operations during 2000 and 1999:

<CAPTION>

(Amounts in thousands, except per share amounts)

<S>	<C>	First Quarter <C>	Second Quarter <C>	Third Quarter <C>	Fourth Quarter <C>	Total Year <C>
2000						
Revenues:						
Long-distance services	$	43,620	44,855	48,185		136,660
Cable services	$	15,930	16,660	16,708		49,298
Local access services	$	4,520	4,789	5,236		14,545
Internet services	$	1,713	2,018	2,188		5,919
Other services	$	2,494	3,104	3,589		9,187
Total revenues	$	68,277	71,426	75,906		215,609
Operating income	$	877	3,550	5,610		10,037
Net loss before income taxes	$	(8,962)	(5,665)	(3,954)		(18,581)
Net loss	$	(5,498)	(3,526)	(2,352)		(11,376)
Basic and diluted net loss per common share	$	(0.12)	(.08)	(.05)		(0.25)
1999						
Revenues:						
Long-distance services	$	38,469	40,697	43,276	41,601	164,043
Cable services	$	15,062	14,909	15,218	15,957	61,146
Local access services	$	3,714	3,764	3,845	4,220	15,543
Internet services	$	1,042	1,109	1,151	1,497	4,799
Other services	$	3,051	23,180	3,850	3,567	33,648

Total revenues	$	61,338	83,659	67,340	66,842	279,179
Operating income (loss)	$	(368)	12,655	1,908	1,555	15,750
Net income (loss) before income taxes and cumulative effect of a change in accounting principle	$	(7,328)	4,495	(5,702)	(6,331)	(14,866)
Net income (loss) before cumulative effect of a change in accounting principle	$	(4,521)	2,491	(3,537)	(3,616)	(9,183)
Net income (loss)	$	(4,865)	2,491	(3,537)	(3,616)	(9,527)
Basic and diluted net income (loss) per common share:						
Net income (loss) before cumulative effect of a change in accounting principle (1)	$	(0.09)	0.04	(0.08)	(0.08)	(0.20)
Cumulative effect of a change in accounting principle	$	0.01	---	---	---	0.01
Net income (loss) (1)	$	(0.10)	0.04	(0.08)	(0.08)	(0.21)

<FN>

1 Due to rounding, the sum of quarterly loss per common share amounts does not agree to year-to-date loss per common share amounts.

</FN>
</TABLE>

Revenues. Total revenues for the quarter ended September 30, 2000 ("third quarter") were $75.9 million, representing a 6.3% increase from $71.4 million for the quarter ended June 30, 2000 ("second quarter"). The third quarter increase resulted from a 7.4% increase in long-distance services revenue to $48.2 million in third quarter primarily due to a 12.2% increase in revenues from other common carriers to $19.7 million and a 10.4% increase in private line revenues to $7.4 million. Long distance minutes increased 4.9% to 270.1 million minutes, due to a 8.7% increase in OCC minutes (principally Worldcom and Sprint) off-set by a 2.7%

decrease in non-OCC minutes of traffic carried. The long-distance average rate per minute was $.121 and $.122 in the second and third quarters, respectively.

Long-distance revenues have historically been highest in the summer months as a result of temporary population increases attributable to tourism and increased seasonal economic activity such as construction, commercial fishing, and oil and gas activities. Cable television revenues, on the other hand, are higher in the winter months because consumers spend more time at home and tend to watch more television during these months. Local service and Internet access services are not expected to exhibit significant seasonality. Our ability to implement construction projects is also hampered during the winter months because of cold temperatures, snow and short daylight hours.

Cost of sales and services. Cost of sales and services increased from $29.6 million in the second quarter to $29.9 million in the third quarter. As a percentage of revenues, second and third quarter cost of sales and services totaled 41.5% and 39.5%, respectively. The decrease in the cost of sales and services as a percentage of revenues is primarily due to reductions in access costs due to distribution and termination of our traffic on our own local services network instead of paying other carriers to distribute and terminate our traffic.

Selling, general and administrative expenses. Selling, general and administrative expenses increased $1.3 million in the third quarter as compared to the second quarter. As a percentage of revenues, third quarter selling, general and administrative expenses were 35.6% as compared to 36.0% for the second quarter. The third quarter decrease as a percentage of sales is primarily a result of increased revenues in third quarter without a corresponding proportional increase in support costs.

Net loss. We reported a net loss of $2.4 million for the third quarter as compared to a net loss of $3.5 million for the second quarter.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows from operating activities totaled $35.0 million in the nine-month period ended September 30, 2000 ("2000") as compared to $21.7 million in the nine-month period ended September 30, 1999 ("1999"), net of changes in the components of working capital. Other sources of cash during 2000 include the refund of a $8.8 million deposit. Our expenditures for property and equipment, including construction in progress, totaled $33.4 million and $28.6 million in 2000 and 1999, respectively. Other uses of cash during 2000 included repayment of $10.7 million of long-term borrowings and capital lease obligations and purchases of $2.9 million of property held for sale and other assets.

Receivables decreased $3.7 million from December 31, 1999 to September 30, 2000 primarily due to decreased OCC trade receivables.

Working capital totaled $10.8 million at September 30, 2000, a $11.9 million decrease from working capital of $22.7 million as of December 31, 1999. The decrease in working capital is primarily attributed to our use of current assets to purchase long-term capital assets and repay long-term debt.

The Holdings $200,000,000 ($150,000,000 as amended) and $50,000,000 credit facilities mature June 30, 2005. The Holdings Loan facilities were amended in April 1999 (see below) and bear interest, as amended, at either Libor plus 1.00% to 2.50%, depending on the leverage ratio of Holdings and certain of its subsidiaries, or at the greater of the prime rate or the federal funds effective rate (as defined) plus 0.05%, in each case plus an additional 0.00% to 1.375%, depending on the leverage ratio of Holdings and certain of its subsidiaries. $77.7 million and $87.7 million were drawn on the credit facilities as of September 30, 2000 and December 31, 1999, respectively.

On April 13, 1999, we amended the Holdings credit facilities. These amendments contained, among other things, provisions for payment of a one-time amendment fee of 0.25% of the aggregate commitment, an increase in the commitment fee by 0.125% per annum on the unused portion of the commitment, and an increase in the interest rate of 0.25%. The amended facilities reduce the aggregate commitment by $50 million to $200 million, and limit capital expenditures to $35 million in 1999 and $35 million in 2000 (excluding a carryforward of unused capacity from 1999) with no limits thereafter (excluding capital expenditures by certain subsidiaries and the capital lease of the

satellite transponder asset). Pursuant to the Financial Accounting Standards Board Emerging Issues Task Force Issue 98-14, "Debtor's Accounting for Changes in Line-of-Credit or Revolving Debt Arrangements," we recorded as additional interest expense $470,000 of deferred financing costs in the second quarter of 1999 resulting from the reduced borrowing capacity. In connection with the April 1999 amendment, we agreed to pay all fees and expenses of our lenders, including an amendment fee of 0.25% of the aggregate commitment, totaling $530,000.

Holding's credit facilities and GCI, Inc.'s senior notes contain restrictions on our operations and activities, including requirements that we comply with certain financial covenants and financial ratios. Under the amended Holding's credit facility, Holdings may not permit the ratio of senior debt to annualized operating cash flow (as defined) of Holdings and certain of its subsidiaries to exceed 2.75 to 1.0 through September 30, 2000 and 2.50 to 1.0 from October 1, 2000 to December 31, 2000, total debt to annualized cash flow to exceed 5.50 times, and annualized operating cash flow to interest expense to be less than 2.0 to 1.0 from April 1, 2000 and thereafter. Certain of the foregoing ratios decrease in specified increments during the life of the credit facility. The credit facility requires Holdings to maintain a ratio of annualized operating cash flow to debt service of Holdings and certain of its subsidiaries of at least 1.25 to 1.0, and annualized operating cash flow to fixed charges of at least 1.0 to 1.0 effective January 1, 2001 (which adjusts to 1.05 to 1.0 in April, 2003 and thereafter). The senior notes impose a requirement that the leverage ratio of GCI, Inc. and certain of its subsidiaries not exceed 6.0 to 1.0 on an incurrence basis, subject to the ability of GCI, Inc. and certain of its subsidiaries to incur specified permitted indebtedness without regard to such ratios.

On January 27, 1998 Alaska United closed a $75 million project finance facility ("Fiber Facility") to construct a fiber optic cable system connecting Anchorage, Fairbanks, Valdez, Whittier, Juneau and Seattle. At September 30, 2000 and December 31, 1999 $71.7 million was borrowed under the facility. The Fiber Facility is a 10-year term loan that is interest only for the first 5 years. The facility can be extended an additional two years at any time between the second and fifth anniversary of closing the facility if we can demonstrate projected revenues from certain capacity commitments will be sufficient to pay all operating costs, interest, and principal installments based on the extended maturity. The Fiber Facility bears interest at either Libor plus 3.0%, or at the lender's prime rate plus 1.75%. The interest rate will decline to Libor plus 2.5%-2.75%, or, at our option, the lender's prime rate plus 1.25%-1.5% after the project completion date and when the loan balance is $60 million or less.

The Fiber Facility contains, among others, covenants requiring certain intercompany loans and advances in order to maintain specific levels of cash flow necessary to pay operating costs, interest and principal installments. All of Alaska United's assets, as well as a pledge of the partnership interests' owning Alaska United, collateralize the Fiber Facility.

We expect to use approximately one-half of the Alaska United system capacity in addition to our existing owned and leased facilities to carry our own traffic. One of our large commercial customers signed agreements in the first quarter of 1999 for the lease of three DS3 circuits on Alaska United facilities within Alaska, and between Alaska and the lower 48 states. The lease agreements provide for three-year terms, with renewal options for additional terms. In the second quarter of 1999 we completed a sale of capacity in our Alaska United system in a $19.5 million cash transaction. The sale included both capacity within Alaska, and between Alaska and the lower 48 states. An agreement was executed in July

1999 for a second $19.5 million sale of fiber capacity. The agreement requires that the buyer acquire additional capacity during the 18-month period following the effective date of the contract. We continue to pursue opportunities for sale or lease of additional capacity on our system.

We entered into a purchase and lease-purchase option agreement in August 1995 for the acquisition of satellite transponders to meet our long-term satellite capacity requirements. The satellite was successfully launched in January 2000 and delivered to us on March 5, 2000. In March 2000 we agreed to finance the satellite transponders pursuant to a long-term capital lease arrangement with a leasing company. At September 30, 2000 $47.9 million was financed under this capital lease. The base term of the lease is one year from the closing date with the option for eight one-year lease term renewals. The capital lease includes certain covenants requiring maintenance of specific levels of operating cash flow to indebtedness and limitations on additional indebtedness.

Our expenditures for property and equipment, including construction in progress, totaled $33.4 million and $28.6 million during 2000 and 1999, respectively. Planned capital expenditures over the next five years include those necessary for continued expansion of our long-distance, local exchange and Internet facilities, continuing development of our PCS network and upgrades to our cable television plant. Sources of funds for these planned capital expenditures are expected to include internally generated cash flows and borrowings under our credit facilities.

Our ability to invest in discretionary capital and other projects will depend upon our future cash flows and access to borrowings under our credit facilities. Management anticipates that cash flow generated by us and our borrowings under our credit facilities will be sufficient to fund capital expenditures and our working capital requirements. Should cash flows be insufficient to support additional borrowings, such investment in capital expenditures will likely be reduced.

We issued 20,000 shares of convertible redeemable accreting preferred stock ("Preferred Stock") on April 30, 1999. Proceeds totaling $20 million (before payment of expenses) were used for general corporate purposes, to repay outstanding indebtedness, and to provide additional liquidity. Prior to the four-year anniversary following closing, dividends are payable semi-annually at the rate of 8.5%, plus accrued but unpaid dividends, at our option, in cash or in additional fully-paid shares of Preferred Stock. Dividends earned after the four-year anniversary of closing are payable semi-annually in cash only. Dividends of $1,746,000 have been accrued at September 30, 2000 and will be paid in additional fully-paid shares of Preferred Stock. Additional dividends totaling $774,000, or $36.00 per share, are accrued at September 30, 2000 and the determination of whether they will be paid in cash or additional fully-paid shares of Preferred Stock will be made at the next semi-annual payment date. Mandatory redemption is required 12 years from the date of closing.

The long-distance, local access, cable, Internet and wireless services industries are experiencing increasing competition and rapid technological changes. Our future results of operations will be affected by our ability to react to changes in the competitive environment and by our ability to fund and implement new technologies. We are unable to determine how competition, technological changes and our net operating losses will affect our ability to obtain financing.

We believe that we will be able to meet our current and long-term liquidity and capital requirements, including fixed charges and Preferred Stock dividends, through our cash flows from operating activities, existing cash, cash equivalents, short-term investments, credit facilities, and other external financing and equity sources.

NEW ACCOUNTING PRONOUNCEMENTS

SFAS No. 133. In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". Among other provisions, SFAS No. 133, as amended by SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities and Amendment of SFAS No. 133", requires that entities recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. Gains and losses resulting from changes in the fair values of those derivatives would be accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. The effective date of this standard was delayed via the issuance of SFAS No. 137. The effective date for SFAS No. 133 is now for fiscal years beginning after June 15, 2000, though earlier adoption is encouraged and retroactive application is prohibited. This means that we must adopt the standard no later than January 1, 2001. We do not expect the adoption of this standard to have a material impact on our results of operations, financial position or cash flows.

SEC Staff Accounting Bulletin No. 101. SEC Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements", summarizes certain of the SEC staff's views in applying generally accepted accounting principles to revenue

recognition in financial statements. This bulletin is effective October 1, 2000, we believe the adoption will not have a material impact on our results of operations, financial position or cash flows.

YEAR 2000 COSTS

We did not defer any critical information technology projects because of our Year 2000 program efforts. At September 30, 2000 we have no remaining incremental remediation costs.

ALASKA ECONOMY

We offer voice and data telecommunication and video services to customers primarily throughout Alaska. As a result of this geographic concentration, growth of our business and of our operations depend upon economic conditions in Alaska. The economy of Alaska is dependent upon the natural resource industries, and in particular oil production, as well as investment earnings, tourism, government, and United States military spending. Any deterioration in these markets could have an adverse impact on us. Oil revenues are now the third largest source of state revenues, following investment income and federal funds. Alaska's oil revenues and investment earnings will each supply 32% of the state's projected revenues in fiscal 2001, with federal funding comprising 25% of the total. Much of the investment income and all of the federal funding is restricted or dedicated for specific purposes, however, leaving oil revenues as the primary funding source (85%) of general operating expenditures.

The volume of oil transported by the TransAlaska Oil Pipeline System ("TAPS") over the past 20 years has been as high as 2.0 million barrels per day in fiscal 1988. Production has begun to decline in recent years and is presently down 40% from the fiscal 1988 level, and down 25% from the fiscal 1997 level. The two largest producers of oil in Alaska (the primary users of the TAPS) continue to explore, develop and produce new oil fields and to enhance recovery from existing fields to offset the decline in production from the Prudhoe Bay field. Both companies have invested large sums of money in developing and implementing oil recovery techniques at the Prudhoe Bay field and other nearby fields. The state now forecasts a temporary reversal of the production rate decline and a slight increase in the production rate in 2005. This forecasted increase is attributed to new developments at the Alpine, Liberty and Northstar fields, as well as new production from Prudhoe Bay and other fields.

Market prices for North Slope oil declined to below $10 per barrel in 1998, and averaged $12.70 in fiscal 1999, well below the average price used by the state to budget its oil related revenues. The prices have since increased to a 10-year high of $35.62 on September 20, 2000, with a fiscal 2000 average price per barrel of $30.10.

The October 2000 update to the state's spring 2000 forecast for fiscal 2001 forecasts the price for North Slope crude to average $29.30 per barrel despite promises from OPEC to increase output and releases of emergency crude stocks from the U.S. Strategic Petroleum Reserve. Oil prices are forecasted to decline to $22.32 in fiscal 2002 and $18.53 over the following few years. Recent higher prices are largely due to the March 1999 OPEC agreement to cut production to force prices higher. The OPEC agreement called for production cuts from January 1999 levels of a little more than 2 million barrels per day. At its March 27, 2000 meeting, nine of the eleven OPEC members agreed to increase production quotas by a total of 1.452 million barrels per day. Iran did not agree to an official quota but has been quoted as saying it would increase production sufficient to maintain its market share. Iraq is not subject to an OPEC quota. Based on estimates of current production, the new production quotas for the nine members would represent about a 450,000 barrels per day increase. OPEC members increased production quotas by an additional 500,000 barrels per day as of October 31, 2000. History suggests that market forces lead to lower prices when oil sells for more than $20 per barrel. What is uncertain is when and how fast the correction will occur. The response of non-OPEC production to higher prices is uncertain. The production policy of OPEC and its ability to continue to act in concert represents a key uncertainty in the state's revenue forecast.

The state of Alaska maintains the Constitutional Budget Reserve Fund that is intended to fund budgetary shortfalls. The state withdrew $256 million from the Constitutional Budget Reserve Fund in fiscal 2000 and, based on the state's oil price and production forecasts, and considering the state's other revenues, the Alaska Department of Revenue expects to draw about $122 million in fiscal 2001 to balance the state's budget, down substantially from the $413 million fiscal 2001 draw expected in their spring 2000 forecast. If the state's current projections are realized, the Constitutional Budget Reserve Fund will be depleted in 2004. If the fund is depleted, aggressive state action will be necessary to increase revenues and reduce spending in order

to balance its budget. The Governor of the state of Alaska and the Alaska Legislature are pursuing cost cutting and revenue enhancing measures.

Oil companies and service providers announced cost cutting measures to offset a portion of the declining oil revenues in 1999, resulting in a reduction of oil industry jobs of over 1,400. Projects that are underway are reportedly not affected by the cutbacks, however BP (previously BP Amoco) did notify state officials that it would delay its exploration of the Genesee test site east of Prudhoe.

Tourism, air cargo, and service sectors have helped offset the prevailing pattern of oil industry downsizing that has occurred during much of the last several years. Two other factors that support Alaska's economy are the healthy national economy and low inflation. Economists expect construction to remain strong over the next few years. $1.69 billion of federal money is expected to be distributed to the State of Alaska for highways and other federally supported projects in fiscal 2001.

Should new discoveries or developments not materialize or the price of oil return to its prior depressed levels, the long term trend of continued decline in oil production from the Prudhoe Bay field area is inevitable with a corresponding adverse impact on the economy of the state, in general, and on demand for telecommunications and cable television services, and, therefore, on us, in particular.

BP and Atlantic Richfield Company ("ARCO") announced April 13, 2000 that they received clearance from the Federal Trade Commission for the combination of their companies, which was completed April 18, 2000.

BP, Exxon Mobil Corporation ("ExxonMobil"), ARCO and Phillips Petroleum ("Phillips") announced April 13, 2000 that they reached an agreement to resolve outstanding issues relating to the ownership and operation of the Prudhoe Bay and Point Thomson Units in Alaska. The agreement reportedly is intended to optimize operations, reduce costs and facilitate new oil and gas development in the state of Alaska. The agreement aligns the respective equity interests of BP Exploration (Alaska), ExxonMobil and Phillips in the Prudhoe Bay Unit, and provides for a single operator at that unit. In addition, the agreement resolves issues relating to North Slope preferential rights and field operatorship. The companies stated that the agreement will not only help ensure the efficient and long-term production of the fields, but will also facilitate future Alaska development, including gas commercialization.

The aligned oil and gas interests among the major owners will be 26.7% for BP Exploration (Alaska), 36.8% for ExxonMobil and 36.5% for Phillips. BP Exploration (Alaska), current operator of the Western Operating Area in the Prudhoe Bay Unit, will become the single operator. ExxonMobil and BP Exploration (Alaska) Inc. have also agreed to work towards alignment in the Point Thomson field area with respective interests of 45% for BP Exploration and 55% for ExxonMobil.

Phillips became a major new operator of the North Slope Kuparuk and Alpine fields, following Federal Trade Commission approval and final closing of the ARCO Alaska acquisition August 1, 2000.

We have, since our entry into the telecommunication marketplace, aggressively marketed our services to seek a larger share of the available market. The customer base in Alaska is limited, however, with a population of approximately 620,000 people. 42% of the State's population are located in the Anchorage area, 14% are located in the Fairbanks area, 5% are located in the Juneau area, and the rest are spread out over the vast reaches of Alaska. No assurance can be given that the driving forces in the Alaska economy, and in particular, oil production, will continue at levels to provide an environment for expanded economic activity.

Effective March 1997, the State of Alaska passed new legislation relaxing state oil royalties with respect to marginal oil fields that the oil companies claim would not be economic to develop otherwise. No assurance can be given that oil companies doing business in Alaska will be successful in discovering new fields or further developing existing fields which are economic to develop and produce oil with access to the pipeline or other means of transport to market, even with the reduced level of royalties. We are not able to predict the effect of changes in the price and production volumes of North Slope oil or the acquisition of ARCO by BP and Phillips on Alaska's economy or on us.

SEASONALITY

Long-distance revenues have historically been highest in the summer months as a result of temporary population increases attributable to tourism and increased seasonal economic activity such as construction, commercial fishing, and oil and gas activities. Cable television revenues, on the other hand, are higher in the winter months because consumers tend to watch more television, and spend more time at home, during these months. Local service and Internet access services are not expected to exhibit significant seasonality. Our ability to implement construction projects is reduced during the winter months because of cold temperatures, snow and short daylight hours.

INFLATION

We do not believe that inflation has a significant effect on our operations.

PART I.
ITEM 3. QUANTITATIVE AND QUALITIATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to various types of market risk in the normal course of business, including the impact of interest rate changes. We do not hold derivatives for trading purposes.

Our Senior Holdings Loan carries interest rate risk. Amounts borrowed under this Agreement bear interest at either Libor plus 1.0% to 2.5%, depending on the leverage ratio of Holdings and certain of its subsidiaries, or at the greater of the prime rate or the federal funds effective rate (as defined) plus 0.05%, in each case plus an additional 0.0% to 1.375%, depending on the leverage ratio of Holdings and certain of its subsidiaries. Should the Libor rate, the lenders' base rate or the leverage ratios change, our interest expense will increase or decrease accordingly. As of September 30, 2000, we have borrowed $77.7 million subject to interest rate risk. On this amount, a 1% increase in the interest rate would cost us $777,000 in additional gross interest cost on an annualized basis.

Our Fiber Facility carries interest rate risk. Amounts borrowed under this Agreement bear interest at either Libor plus 3.0%, or at our choice, the lender's prime rate plus 1.75%. The interest rate will decline to Libor plus 2.5%-2.75%, or at our choice, the lender's prime rate plus 1.25%-1.5% after the project completion date and when the loan balance is $60,000,000 or less. Should the Libor rate, the lenders' base rate or the leverage ratios change, our interest expense will increase or decrease accordingly. As of September 30, 2000, we have borrowed $71.7 million subject to interest rate risk. On this amount, a 1% increase in the interest rate would cost us $717,000 in additional gross interest cost on an annualized basis.

Our Satellite Transponder Capital Lease carries interest rate risk. Amounts borrowed under this Agreement bear interest at Libor plus 3.25%. Should the Libor rate change, our interest expense will increase or decrease accordingly. As of September 30, 2000, we have borrowed $47.9 million subject to interest rate risk. On this amount, a 1% increase in the interest rate would cost us $479,000 in additional gross interest cost on an annualized basis.

PART II. OTHER INFORMATION
ITEM 1. LEGAL PROCEEDINGS

Information regarding pending legal proceedings to which we are a party is included in Note 5 of Notes to Interim Condensed Consolidated Financial Statements and is incorporated herein by reference.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

Exhibit 27 - Financial Data Schedule *

(b) Reports on Form 8-K filed during the quarter ended September 30, 2000 - None

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* Filed herewith.

<TABLE>

SIGNATURES

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

GENERAL COMMUNICATION, INC.

<CAPTION>

Signature	Title	Date
<S>	<C>	<C>
/s/ Ronald A. Duncan	President and Director (Principal Executive Officer)	November 10, 2000

/s/ - -- John M. Lowber	Senior Vice President, Chief Financial Officer, Secretary and Treasurer (Principal Financial Officer)	November 10, 2000 ------------------
/s/ - -- Alfred J. Walker	Vice President, Chief Accounting Officer (Principal Accounting Officer)	November 10, 2000 ------------------

</TABLE>

<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2000 AND THE INTERIM CONDENSED CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

</LEGEND>

<CIK>	0000808461
<NAME>	GENERAL COMMUNICATION, INC.
<MULTIPLIER>	1,000

<S>	<C>
<PERIOD-TYPE>	9-MOS
<FISCAL-YEAR-END>	DEC-31-2000
<PERIOD-START>	JAN-01-2000
<PERIOD-END>	SEP-30-2000
<CASH>	11,420
<SECURITIES>	0
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<ALLOWANCES>	3,085
<INVENTORY>	4,985
<CURRENT-ASSETS>	72,815
<PP&E>	493,566
<DEPRECIATION>	141,246
<TOTAL-ASSETS>	671,438
<CURRENT-LIABILITIES>	61,975
<BONDS>	376,844
<PREFERRED-MANDATORY>	21,658
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<COMMON>	187,308
<OTHER-SE>	(2,921)
<TOTAL-LIABILITY-AND-EQUITY>	671,438
<SALES>	0
<TOTAL-REVENUES>	215,609
<CGS>	0
<TOTAL-COSTS>	89,243
<OTHER-EXPENSES>	112,958
<LOSS-PROVISION>	3,371
<INTEREST-EXPENSE>	29,172
<INCOME-PRETAX>	(18,581)
<INCOME-TAX>	(7,205)
<INCOME-CONTINUING>	(11,376)
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	(11,376)
<EPS-BASIC>	(0.25)
<EPS-DILUTED>	(0.25)

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