

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 1995

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
(State or other jurisdiction of
incorporation or organization)

92-0072737
(I.R.S. Employer
Identification No.)

2550 Denali Street
Suite 1000
Anchorage, Alaska
(Address of principal executive offices)

99503
(Zip Code)

Registrant's telephone number, including area code: (907) 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, 1995 was:

19,660,199 shares of Class A common stock; and
4,175,434 shares of Class B common stock.
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GENERAL COMMUNICATION, INC.

FORM 10-Q

FOR THE QUARTER ENDED SEPTEMBER 30, 1995

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(i)

<TABLE>

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

<CAPTION>

	(Unaudited)	
	September 30,	December 31,
ASSETS	1995	1994
-----	----	----
	(Amounts in thousands)	
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents (note 2)	\$ 2,959	1,649
	-----	-----
Receivables:		
Trade	18,765	17,036
Other	289	221
	-----	-----
	19,054	17,257
Less allowance for doubtful receivables	285	409
	-----	-----
Net receivables	18,769	16,848
	-----	-----
Prepaid and other current assets	2,726	1,275
Deferred income taxes, net (note 6)	642	884
Inventory	597	596
Notes receivable (note 3)	284	200
	-----	-----
Total current assets	25,977	21,452
	-----	-----
Property and equipment, at cost (notes 5 and 9)		
Land	73	73
Distribution systems	65,962	62,549
Support equipment	12,364	10,946
Property and equipment under capital leases ...	2,030	2,030
	-----	-----
	80,429	75,598
Less amortization and accumulated depreciation	32,544	28,085
	-----	-----
Net property and equipment	47,885	47,513
	-----	-----
Notes receivable (note 3)	808	767
Investment securities available for sale (note 4)	614	875
Other assets, at cost, net of amortization	4,297	3,642
	-----	-----
Total assets	\$79,581	74,249
	=====	=====

</TABLE>

See accompanying notes to consolidated financial statements.

<TABLE>

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

(Continued)

<CAPTION>

	(Unaudited)	
	September 30,	December 31,
LIABILITIES AND STOCKHOLDERS' EQUITY	1995	1994

	(Amounts in thousands)	
<S>	<C>	<C>
Current liabilities:		
Current maturities of long-term debt (note 5)	\$ 1,635	1,585
Current maturities of obligations under capital leases (note 9)	276	249
Accounts payable	14,272	11,841
Accrued payroll and payroll related obligations	1,844	4,036
Deferred revenues	1,188	1,097
Accrued liabilities	973	711
Accrued income taxes (note 6)	206	217
Accrued interest	114	101
	-----	-----
Total current liabilities	20,508	19,837
Long-term debt, excluding current maturities (note 5)	8,748	10,969
Obligations under capital leases, excluding current maturities (note 9)	86	257
Obligations under capital leases due to related parties, excluding current maturities (note 9)	753	791
Deferred income taxes, net (note 6)	7,164	6,522
Other liabilities	972	780
	-----	-----
Total liabilities	38,231	39,156
	-----	-----
Stockholders' equity (notes 2, 6 and 7):		
Common stock (no par):		
Class A. Authorized		
50,000,000 shares; issued and outstanding 19,660,199 and 19,616,614 shares at September 30, 1995 and December 31, 1994, respectively	13,874	13,830
Class B. Authorized		
10,000,000 shares; issued and outstanding 4,175,434 and 4,179,019 shares at September 30, 1995 and December 31, 1994, respectively	3,432	3,432
Less cost of 120,111 and 105,111 Class A common stock held in treasury at September 30, 1995 and December 31, 1994, respectively	(379)	(328)
Paid-in capital	4,209	3,641
Retained earnings	20,214	14,518
	-----	-----
Total stockholders' equity	41,350	35,093
	-----	-----
Commitments and contingencies (notes 9 and 10)		
Total liabilities and stockholders' equity	\$ 79,581	74,249
	=====	=====

</TABLE>

See accompanying notes to consolidated financial statements.

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<TABLE>

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES

Consolidated Statements of Operations

<CAPTION>

	(Unaudited)		(Unaudited)	
	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	1995	1994	1995	1994
	----	----	----	----
<S>	<C>	<C>	<C>	<C>
Revenues:				
Transmission services (note 8)	\$ 31,380	27,344	87,512	77,754
Systems sales and service	1,310	2,698	5,128	7,669
Other	673	643	2,276	2,410
	-----	-----	-----	-----
Total revenues	33,363	30,685	94,916	87,833
Cost of sales	17,815	15,945	51,681	45,762
	-----	-----	-----	-----
Contribution	15,548	14,740	43,235	42,071
	-----	-----	-----	-----

Operating costs and expenses:				
Operating and engineering	2,221	1,951	6,349	5,626
Service	602	1,273	2,248	3,459
Sales and communications	2,578	1,786	6,500	5,092
General and administrative	3,588	4,121	10,781	10,695
Legal and regulatory	419	343	1,227	977
Bad debt	424	293	993	671
Depreciation and amortization	1,608	1,623	4,733	5,188
	-----	-----	-----	-----
Total operating costs and expenses	11,440	11,390	32,831	31,708
	-----	-----	-----	-----
Operating income	4,108	3,350	10,404	10,363
	-----	-----	-----	-----
Other income (expense):				
Interest expense (notes 2 and 5)	(336)	(365)	(927)	(1,220)
Interest income	54	65	174	152
	-----	-----	-----	-----
Total other income (expense)	(282)	(300)	(753)	(1,068)
	-----	-----	-----	-----
Earnings before income taxes	3,826	3,050	9,651	9,295
Income tax expense (notes 2 and 6)	1,574	1,056	3,955	3,483
	-----	-----	-----	-----
Net earnings	\$ 2,252	1,994	5,696	5,812
	=====	=====	=====	=====
Net earnings per common share (note 1(c))	\$.09	.08	.23	.24
	=====	=====	=====	=====

</TABLE>

See accompanying notes to consolidated financial statements.

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<TABLE>

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity

<CAPTION>

	(Unaudited) Shares of Common Stock		Class A Common Stock	Class B Common Stock	(Unaudited) Class A Shares Held Paid-in in Treasury Capital		Retained Earnings
	Class A	Class B					
	-----	-----	-----	-----	-----	-----	-----
	(Amounts in thousands)		(Amounts in thousands)				
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balances at December 31, 1993	19,001	4,114	\$13,470	3,432	(328)	3,252	7,384
Net earnings	--	--	--	--	--	--	5,812
Class B shares converted to Class A	7	(7)	--	--	--	--	--
Tax effect of excess stock compensation expense for tax purposes over amounts recognized for financial reporting purposes	--	--	--	--	--	251	--
Shares issued under stock option plan	12	--	21	--	--	--	--
Shares issued under warrant agreement, net Shares issued and issuable under officer stock option agreements	150	--	101	--	--	--	--
	271	74	11	--	--	17	--
	-----	-----	-----	-----	-----	-----	-----
Balances at September 30, 1994	19,441	4,181	\$13,603	3,432	(328)	3,520	13,196
	=====	=====	=====	=====	=====	=====	=====
Balances at December 31, 1994	19,617	4,179	\$13,830	3,432	(328)	3,641	14,518
Net earnings	--	--	--	--	--	--	5,696
Class B shares converted to Class A	3	(3)	--	--	--	--	--
Tax effect of excess stock compensation expense for tax purposes over amounts recognized for financial reporting purposes	--	--	--	--	--	565	--
Shares purchased under deferred compensation plan	--	--	--	--	(51)	--	--
Shares issued under stock option plan	20	--	44	--	--	--	--
Shares issued under officer stock option agreements	20	--	--	--	--	3	--

Balances at September 30, 1995	19,660	4,176	\$13,874	3,432	(379)	4,209	20,214
	=====	=====	=====	=====	=====	=====	=====

</TABLE>

See accompanying notes to consolidated financial statements.

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<TABLE>

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

<CAPTION>

	(Unaudited)	
	Nine Months Ended	
	September 30,	
	1995	1994
	----	----
	(Amounts in thousands)	
	<C>	<C>
Cash flows from operating activities:		
Net earnings	\$ 5,696	5,812
Adjustments to reconcile net earnings		
to net cash provided (used) by operating activities:		
Depreciation and amortization	4,733	5,188
Provision for deferred income taxes	1,449	1,293
Other items not requiring cash (note 2)	(8)	(19)
Change in operating assets and liabilities (note 2)	(2,655)	4,096
	-----	-----
Net cash provided by operating activities	9,215	16,370
	-----	-----
Cash flows from investing activities:		
Purchase of property and equipment	(4,831)	(6,101)
Restricted cash investments	--	684
Notes receivable payments	109	7
Notes receivable issued	(206)	(279)
Refund of long-term deposits and purchases of other		
assets, net	(668)	262
	-----	-----
Net cash used by investing activities	(5,596)	(5,427)
	-----	-----
Cash flows from financing activities:		
Repayments of long-term borrowings and capital lease		
obligations.....	(2,353)	(6,073)
Proceeds from stock issuance	44	133
	-----	-----
Net cash used by financing activities	(2,309)	(5,940)
	-----	-----
Increase in cash and cash equivalents	1,310	5,003
Cash and cash equivalents at beginning of period	1,649	2,623
	-----	-----
Cash and cash equivalents at end of period	\$ 2,959	7,626
	=====	=====

</TABLE>

See accompanying notes to consolidated financial statements.

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GENERAL COMMUNICATION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Principles

(a) General

General Communication, Inc. ("GCI"), an Alaska corporation, was incorporated in 1979. GCI Communication Corp. ("GCC"), an Alaska corporation, is a wholly owned subsidiary of GCI and was incorporated in 1990. GCI Communication Services, Inc. ("Communication Services"),

an Alaska corporation, is a wholly-owned subsidiary of GCI and was incorporated in 1992. GCI Leasing Co., Inc. ("Leasing Company"), an Alaska corporation, is a wholly-owned subsidiary of Communication Services and was incorporated in 1992. GCI and GCC are engaged in the transmission of interstate and intrastate private line and switched message long distance telephone service between Anchorage, Fairbanks, Juneau, and other communities in Alaska and the remaining United States and foreign countries. GCC also provides northbound services to certain common carriers terminating traffic in Alaska and sells and services dedicated communications systems and related equipment. Communication Services provides private network point-to-point data and voice transmission services between Alaska, Hawaii and the western contiguous United States. Leasing Company owns and leases capacity on an undersea fiber optic cable used in the transmission of interstate private line and switched message long distance services between Alaska and the remaining United States and foreign countries.

The accompanying unaudited 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. 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 nine-month period ended September 30, 1995 is not necessarily indicative of the results that may be expected for the year ended December 31, 1995. For further information, refer to the financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 1994.

(b) Principles of Consolidation

The consolidated financial statements include the accounts of GCI, its wholly-owned subsidiaries GCC and Communication Services, and Communication Services wholly owned subsidiary Leasing Company. All significant intercompany balances and transactions have been eliminated in consolidation.

(c) Net Earnings Per Common Share

<TABLE>

Primary earnings per common share are determined by dividing net earnings by the weighted number of common and common equivalent shares outstanding (amounts in thousands):

<CAPTION>

ended	Three months ended		Nine months	
	September 30,		September 30,	
	1995	1994	1995	
1994	(Unaudited)		(Unaudited)	
<S>	<C>	<C>	<C>	<C>
23,190	Weighted average common shares outstanding	23,715	23,391	23,709
940	Common equivalent shares outstanding	627	876	611
---		-----	-----	-----
24,130	Shares used in computing primary earnings per share	24,342	24,267	24,320
=====		=====	=====	=====

</TABLE>

The difference between shares for primary and fully diluted earnings per share was not significant in any period presented.

(d) Cash and Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash.

(e) Inventory

Inventory of merchandise for resale and parts is stated at the lower of cost or market. Cost is determined using the first-in, first-out method for parts and the specific identification method for equipment

held for resale.

(f) Property and Equipment

Property and equipment is stated at cost. Construction costs of transmission facilities are capitalized. Equipment financed under capital leases is recorded at the lower of fair market value or the present value of future minimum lease payments.

Depreciation and amortization is computed on a straight-line basis based upon the shorter of the lease term or the estimated useful lives of the assets ranging from 3 to 20 years for distribution systems and 5 to 10 years for support equipment. Amortization of equipment financed under capitalized leases is included in depreciation expense.

Repairs and maintenance are charged to operations, and renewals and additions are capitalized. Gains or losses are recognized at the time of ordinary retirements, sales or other dispositions of property.

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(g) Marketable Securities

Effective January 1, 1994, GCI and subsidiaries ("the Company") adopted Statement of Financial Accounting Standards No. 115 ("SFAS No. 115"), "Accounting for Certain Investments in Debt and Equity Securities". Under SFAS No. 115, securities when purchased, are classified in either the trading account securities portfolio, the securities available for sale portfolio, or the securities held to maturity portfolio. Securities are classified as trading account securities when the intent is profit maximization through market appreciation and resale. Securities are classified as available for sale when management intends to hold the securities for an indefinite period of time. Securities are classified as held to maturity when it is management's intent to hold these securities until maturity.

Unrealized gains or losses on securities available for sale are excluded from earnings and reported as a net amount in a separate component of stockholders' equity. There was no cumulative effect on the financial statements from the adoption of SFAS No. 115. Securities available for sale are stated at fair market value which approximates cost.

(h) Other Assets

Other assets, excluding deferred loan costs and goodwill, are recorded at cost and are amortized on a straight-line basis over 4 to 10 years. Deferred loan costs are recorded at cost and are amortized on a straight-line basis over the life of the associated loan.

Goodwill totaled approximately \$1,311,000 and \$1,387,000 at September 30, 1995 and December 31, 1994, respectively, net of amortization of approximately \$672,000 and \$596,000, respectively. Goodwill represents the excess of cost over fair value of net assets acquired and is being amortized on a straight-line basis over twenty years.

(i) Revenue From Services and Products

Revenues generated from long distance telecommunication services are recognized when the services are provided. System sales from the sale of equipment are recognized at the time the equipment is delivered or installed. Service revenues are derived primarily from maintenance contracts on equipment and are recognized on a prorated basis over the term of the contract. Other revenues are recognized when the service is provided.

(j) Income Taxes

The Company adopted Statement of Financial Accounting Standards No. 109 ("SFAS No. 109"), "Accounting for Income Taxes" in January 1993. Under the asset and liability method of SFAS No. 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable earnings in the years in which those temporary differences are expected to be recovered or settled.

(k) Reclassifications

Reclassifications have been made to the 1994 financial statements to make them comparable with the 1995 presentation.

(2) Consolidated Statements of Cash Flows Supplemental Disclosures

For purposes of the Consolidated Statements of Cash Flows, the Company's cash equivalents includes cash and all invested assets with original maturities of less than three months.

<TABLE>

Other items not (providing) or requiring cash consist of (in thousands):

<CAPTION>

Nine-month period ended September 30,	(Unaudited)	
	1995	1994
	-----	-----
<S>	<C>	<C>
Bad debt expense, net of write-offs	\$ (124)	(187)
Deferred compensation and compensatory stock options	144	123
Other non-cash income and expense items ...	(28)	45
	-----	-----
	\$ (8)	(19)
	=====	=====

</TABLE>

<TABLE>

Changes in operating assets and liabilities consist of (amounts in thousands):

<CAPTION>

Nine-month period ended September 30,	(Unaudited)	
	1995	1994
	-----	-----
<S>	<C>	<C>
(Increase) decrease in trade receivables	\$ (1,729)	1,696
(Increase) in other receivables	(68)	(132)
(Increase) in inventory	(1)	(34)
(Increase) decrease in prepaid and other current assets	(1,451)	356
(Increase) in income taxes receivable	--	(252)
Decrease in deposits	--	10
Increase in accounts payable	2,431	1,131
Increase (decrease) in accrued payroll and payroll related obligations	(2,192)	337
Increase (decrease) in deferred revenue	91	(81)
Increase in accrued liabilities	262	1,129
(Decrease) in accrued income taxes	(11)	(54)
Increase (decrease) in accrued interest	13	(10)
	-----	-----
	\$ (2,655)	4,096
	=====	=====

</TABLE>

Income taxes paid totaled approximately \$2,517,500 and \$2,496,000 during the nine-month periods ended September 30, 1995 and 1994, respectively.

Interest paid totaled approximately \$914,000 and \$1,230,000 during the nine-month periods ended September 30, 1995 and 1994, respectively.

The Company recorded \$565,000 and \$251,000 during the nine-month periods ended September 30, 1995 and 1994, respectively, as 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.

(3) Notes Receivable

<TABLE>

A summary of notes receivable follows:

<CAPTION>

	(Unaudited)	
	September 30, 1995	December 31, 1994
	----	----
	(Amounts in thousands)	
<S>	<C>	<C>
Note receivable from officer bearing interest at the rate paid by the Company on its senior indebtedness, secured by GCI Class A common stock, due on the 90th day after termination of employment or July 30, 1998,		

whichever is earlier.	\$ 500	500
Note receivable from officer bearing interest at 10%, secured by Company stock; payable in equal annual installments of \$36,513 through August 26, 2004.	224	224
Notes receivable from officers and others bearing interest at 7% to 10%, unsecured and secured by Company common stock, shares of other common stock and equipment; due December 31, 1995 through August 26, 2004.	292	194
	-----	-----
Total notes receivable	1,016	918
Less current portion	(284)	(200)
Plus long-term accrued interest	76	49
	-----	-----
	\$ 808	767
	=====	=====

</TABLE>

(4) Investment Securities Available for Sale

As of January 1, 1994 the Company adopted SFAS No. 115. Accordingly, the Company's marketable equity securities have been classified as available for sale securities and are reported at fair market value which approximates cost. The Company held no trading account investment securities at September 30, 1995.

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(5) Long-term Debt

<TABLE>

Long-term debt is summarized as follows:

<CAPTION>

	(Unaudited)	
	September 30, 1995	December 31, 1994
	----	----
	(Amounts in thousands)	
<S>	<C>	<C>
Credit Agreement (a)	\$ 1,000	2,000
Undersea Fiber and Equipment Loan Agreement (b)	8,591	9,500
Financing Obligation (c)	792	1,054
	-----	-----
	10,383	12,554
Less current maturities	1,635	1,585
	-----	-----
Long-term debt, excluding current maturities	8,748	10,969
	=====	=====

</TABLE>

(a) GCI completed a refinancing of its senior indebtedness on May 14, 1993. The new senior facility is a reducing revolver that is amortized in quarterly payments or reductions of \$650,000 beginning June 30, 1993 through December 31, 1996 and \$812,500 per quarter thereafter through its expiration on December 31, 1997. The credit agreement provides for interest (8.13% at September 30, 1995), among other options, at the corporate base rate plus a margin of one to one and one-half percent depending on the Company's leverage ratio as defined in the agreement. A fee of .50% per annum is assessed on the unused portion of the facility.

The credit agreement contains, among others, covenants requiring maintenance of specific levels of operating cash flow to indebtedness, to interest expense, to fixed charges, and to pro forma debt service. The credit agreement includes limitations on acquisitions, additional indebtedness and capital expenditures, and prohibits payment of dividends, other than stock dividends. The Company was in compliance with all credit agreement covenants during the period commencing May 14, 1993 (date of the refinancing) through September 30, 1995.

Security for the credit agreement includes a pledge of the stock of the operating subsidiary, GCC, and a first lien on substantially all of its assets. GCI and its subsidiaries, Communication Services and Leasing Company, are liable as guarantors.

\$2.25 million of the facility has been used to provide a letter of credit to secure payment of certain access charges associated with the Company's provision of telecommunications services within the state of Alaska.

In June, 1993, the Company entered into a two-year interest rate swap agreement with a bank whereby the rate on \$18,200,000 of debt (reduced by \$422,500 per quarter beginning July 1, 1993) was fixed at 4.45 percent plus applicable margins. The interest effect of the difference between the fixed rate and the three-month LIBOR

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rate was either added to or served to reduce interest expense depending on the relative interest rates. The agreement expired June 30, 1995.

(b) On December 31, 1992, Leasing Company entered into a \$12,000,000 loan agreement, of which approximately \$9,000,000 of the proceeds were used to acquire capacity on the undersea fiber optic cable linking Seward, Alaska and Pacific City, Oregon. Concurrently, Leasing Company leased the capacity under a ten year all events, take or pay, contract to MCI, who subleased the capacity back to the Company. The lease and sublease agreements provide for equivalent terms of 10 years and identical monthly payments of \$200,000. The proceeds of the lease agreement with MCI were pledged as primary security for the financing. The loan agreement provides for monthly payments of \$170,000 including principal and interest through the earlier of January 1, 2003, or until repaid. The loan agreement provides for interest at the prime rate plus one-quarter percent. Additional collateral includes substantially all of the assets of Leasing Company including the fiber capacity and a security interest in all of its outstanding stock. MCI has a second position security interest in the assets of Leasing Company.

(c) As consideration for MCI's role in enabling Leasing Company to finance and acquire the undersea fiber optic cable capacity described at note 5(b) above, Leasing Company agreed to pay MCI \$2,040,000 in sixty monthly payments of \$34,000. For financial statement reporting purposes, the obligation has been recorded at its remaining present value, using a discount rate of 10% per annum. The agreement is secured by a second position security interest in the assets of Leasing Company.

As of September 30, 1995 maturities of long-term debt were as follows (in thousands):

Year ending September 30,	
1996	\$ 1,635
1997	2,010
1998	2,492
1999	1,728
2000	1,890
2001 and thereafter	628

	\$ 10,383

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(6) Income Taxes

<TABLE>

Total income tax expense for the nine-month periods ended September 30, 1995 and 1994 was allocated as follows (amounts in thousands):

<CAPTION>

	1995 ----	1994 ----
	(Unaudited)	
<S>	<C>	<C>
Earnings from continuing operations	\$3,955	3,483
Stockholders' equity, for stock option compensation		

expense for tax purposes in excess of amounts recognized for financial reporting purposes	(565)	(251)
	-----	-----
	\$3,390	3,232
	=====	=====

</TABLE>
<TABLE>

Income tax expense for the nine-month periods ended September 30, 1995 and 1994 consists of the following (amounts in thousands):

<CAPTION>

	1995	1994
	----	----
	(Unaudited)	
<S>	<C>	<C>
Current tax expense:		
Federal taxes	\$1,775	1,925
State taxes	731	265
	-----	-----
	2,506	2,190
	-----	-----
Deferred tax expense:		
Federal taxes	1,298	678
State taxes	151	615
	-----	-----
	1,449	1,293
	-----	-----
	\$3,955	3,483
	=====	=====

</TABLE>
<TABLE>

Total income tax expense (benefit) differed from the "expected" income tax expense (benefit) determined by applying the statutory federal income tax rate of 34% for the nine-month periods ended September 30, 1995 and 1994 as follows (amounts in thousands):

<CAPTION>

	1995	1994
	----	----
	(Unaudited)	
<S>	<C>	<C>
"Expected" statutory tax expense	\$3,281	3,160
State income taxes, net of federal benefit	582	581
Income tax effect of goodwill amortization, nondeductible expenditures and other items, net	92	(258)
	-----	-----
	\$3,955	3,483
	=====	=====

</TABLE>

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<TABLE>

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at September 30, 1995 and December 31, 1994 are presented below (amounts in thousands):

<CAPTION>

31,

	September 30,	December
	1995	1994
	----	----
	(Unaudited)	
<S>	<C>	<C>
Net current deferred tax assets:		
Accounts receivable, principally due to allowance for doubtful accounts	\$ 128	199
Compensated absences, accrued for financial reporting purposes	404	333
Federal and state alternative minimum tax credit carryforwards	18	330
Workers compensation and self insurance health reserves, principally due to accrual for financial reporting purposes	193	185
Other	75	36
	-----	-----
Total gross current deferred tax assets	818	1,083
Less valuation allowance	(176)	(199)
	-----	-----
Net current deferred tax assets	\$ 642	884
	=====	=====
Net long-term deferred tax assets:		
Deferred compensation expense for financial reporting purposes in excess of amounts recognized for tax purposes	\$ 593	511
Employee stock option compensation expense for financial		

reporting purposes in excess of amounts recognized for tax purposes	186	234
Capital loss carryforwards	168	168
Other	217	311
	-----	-----
Total gross long-term deferred tax assets	1,164	1,224
Less valuation allowance	(249)	(226)
	-----	-----
Net long-term deferred tax assets	915	998
	-----	-----
Net long-term deferred tax liabilities:		
Plant and equipment, principally due to differences in depreciation	7,918	7,507
Other	161	13
	-----	-----
Total gross long-term deferred tax liabilities	8,079	7,520
	-----	-----
Net combined long-term deferred tax liabilities	\$ 7,164	6,522
	=====	=====

</TABLE>

The valuation allowance for deferred tax assets was \$425,000 as of September 30, 1995 and December 31, 1994.

Tax benefits associated with recorded deferred tax assets, net of valuation allowances, 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.

For income tax reporting purposes, the Company has available an alternative minimum tax credit carryforward of approximately \$18,000 which is available to reduce future federal regular income taxes, if any, over an indefinite period. In addition, the Company has capital loss carryovers totaling approximately \$415,000 which expire in 1996 and 1997.

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(7) Stockholders' Equity

Common Stock

GCI's Class A common stock and Class B common stock are identical in all respects, except that each share of Class A common stock has one vote per share and each share of Class B common stock has ten votes per share. In addition, each share of Class B common stock outstanding is convertible, at the option of the holder, into one share of Class A common stock.

Stock Warrants

On May 18, 1994 an officer of the Company exercised warrants. In exchange for \$114, the Company issued 160,297 and 74,028 shares of GCI Class A and Class B common stock, respectively.

Pursuant to the terms of a stock appreciation right granted in 1988, the Company issued to its former senior lender warrants to acquire 1,021,373 shares of GCI Class A common stock for \$.85669 per share. Warrants to purchase 600,000 shares of Class A common stock were exercised in April and May, 1991, an additional 168,085 were exercised in September, 1991 and the remaining warrants to purchase 253,288 shares were exercised in September and October, 1994.

Stock Option Plan

In December 1986, GCI adopted a Stock Option Plan (the "Option Plan") in order to provide a special incentive to officers, non-employee directors, and employees by offering them an opportunity to acquire an equity interest in GCI. The Option Plan provides for the grant of options for a maximum of 3,200,000 shares of GCI Class A common stock, subject to adjustment upon the occurrence of stock dividends, stock splits, mergers, consolidations or certain other changes in corporate structure or capitalization. If an option expires or terminates, the shares subject to the option will be available for further grants of options under the Option Plan. The Option Plan is administered by GCI's Board of Directors or a committee of disinterested persons.

Employees of GCI (including officers and directors), employees of affiliated companies and non-employee directors of GCI are eligible to participate in the Option Plan. Options granted under the Option Plan must expire not later than ten years after the date of grant. The exercise price may be less than, equal to, or greater than the fair market value of the shares on the date of grant. Options granted pursuant to the Option Plan are only exercisable if at the time of

exercise the option holder is an employee or non-employee director of GCI.

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<TABLE>

Information for the periods ended September 30, 1995 and 1994 with respect to the Plan follows:

<CAPTION>

	(Unaudited)	
	Shares	Option Price
<S>	<C>	<C>
Outstanding at December 31, 1993	1,823,658	\$0.75-\$4.00
Granted	---	---
Exercised	(22,459)	\$0.75-\$3.00
Forfeited	(21,500)	\$4.00

Outstanding at September 30, 1994	1,779,699	\$0.75-\$4.00
	=====	
Outstanding at December 31, 1994	1,729,699	\$0.75-\$4.00
Granted	400,000	\$4.00
Exercised	(20,000)	\$2.25
Forfeited	(11,500)	\$4.00

Outstanding at September 30, 1995	2,098,199	\$.75-\$4.00
	=====	
Available for grant at September 30, 1995	559,553	
	=====	
Exercisable at September 30, 1995	809,499	
	=====	

</TABLE>

The options expire at various dates through March 2005.

Stock Options Not Pursuant to a Plan

In June 1989, officer John Lowber was granted options to acquire 100,000 Class A common shares at \$.75 per share. The options vested in equal annual increments over a five-year period and expire February, 1999.

The Company entered into an incentive agreement in June 1989 with Mr. Behnke, an officer of the Company. The incentive agreement provides for the acquisition of 85,190 remaining shares of Class A common stock of the Company for \$.001 per share exercisable through June 16, 1997. The shares under the incentive agreement vested in equal annual increments over a three-year period.

Class A Common Shares Held in Treasury

The Company acquired 105,111 shares of its Class A common stock in 1989 for approximately \$328,000 to fund a deferred bonus agreement with Mr. Duncan, an officer of the Company. The agreement provides that the balance is payable after the later of a) termination of employment or b) six months after the effective date of the agreement. In September 1995, the Company acquired an additional 15,000 shares of Class A common stock for approximately \$50,500 to fund additional deferred compensation agreements for two of its officers, including Mr. Duncan.

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Employee Stock Purchase Plan

In December 1986, GCI adopted an Employee Stock Purchase Plan (the "Plan") qualified under Section 401 of the Internal Revenue Code of 1986 (the "Code"). The Plan provides for acquisition of the Company's Class A and Class B common stock at market value. The Plan permits each employee of GCI and affiliated companies who has completed one year of service to elect to participate in the Plan. Eligible employees may elect to reduce their compensation in any even dollar amount up to 10 percent of such compensation up to a maximum of \$9,240 in 1995; they may contribute up to 10 percent of their compensation with after-tax dollars, or they may elect a combination of salary reductions and after-tax contributions.

GCI may match employee salary reductions and after tax contributions in any amount, elected by GCI each year, but not more than 10 percent of any one employee's compensation will be matched in any year. The combination of salary reductions, after tax contributions and GCI matching contributions cannot exceed 25 percent of any employee's compensation (determined after salary reduction) for any year. GCI's contributions will vest over nine years. The Company's matching contributions allocated to participant accounts totaled approximately

\$203,000 and \$208,000 for the quarters ended September 30, 1995 and 1994, respectively, and \$712,000 and \$626,000 for the nine-month periods ended September 30, 1995 and 1994, respectively. The Plan may, at its discretion, purchase shares of common stock from the Company at market value or may purchase GCI common stock on the open market.

Effective for Plan years beginning on or after January 1, 1995, the Plan was amended in December, 1994 to allow diversification of investments into selected securities or funds. Revisions to the Plan were implemented as of July 1, 1995. Employee contributions invested in the Company's Class A and Class B common stock will continue to receive up to 100% matching, as determined by the Company each year, in the Company's Class A and Class B common stock. Employee contributions invested in other than the Company's Class A and Class B common stock will receive up to 50% matching, as determined by the Company each year, in the Company's Class A and Class B common stock.

(8) Sales to Major Customers

The Company provides message telephone service to MCI and U.S. Sprint ("Sprint"), major customers. Pursuant to the terms of a contract with MCI, the Company earned revenues of approximately \$6.7 million and \$5.2 million for the quarters ended September 30, 1995 and 1994, respectively, and approximately \$17.8 million and \$14.7 million for the nine-month periods ended September 30, 1995 and 1994, respectively. The Company earned revenues pursuant to a contract with Sprint totaling approximately \$4.0 million and \$3.3s million for the quarters ended September 30, 1995 and 1994, respectively, and \$11.0 million and \$9.1 million for the nine-month periods ended September 30, 1995 and 1994, respectively.

(9) Leases

The Company leases business offices, has entered into site lease agreements and uses certain equipment and satellite transponder capacity pursuant to operating lease arrangements. Rental costs under such arrangements amounted to approximately \$1,753,000 and \$1,923,000 for the quarters ended September 30, 1995 and 1994, respectively, and \$5,184,000 and \$3,969,000 for the nine-month periods ended September 30, 1995 and 1994, respectively.

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The Company entered into a long-term capital lease agreement in 1991 with the wife of the Company's president for property occupied by the Company. Such lease is guaranteed by the Company. The lease term is 15 years with monthly payments of \$14,400, increasing in \$800 increments at each two year anniversary of the lease. Monthly lease costs increased to \$15,200 effective October 1993 and will increase to \$16,000 effective October 1995. If the owner sells the premises prior to the end of the tenth year of the lease, the owner will rebate to the Company one-half of the net sales price received in excess of \$900,000. If the property is not sold prior to the tenth year of the lease, the owner will pay the Company the greater of one-half of the appreciated value of the property over \$900,000, or \$500,000. The leased asset was capitalized in 1991 at the owner's cost of \$900,000 and the related obligation was recorded in the accompanying financial statements.

The leases generally provide that the Company pay the taxes, insurance and maintenance expenses related to the leased assets.

It is expected that in the normal course of business, leases that expire will be renewed or replaced by leases on other properties.

(10) Commitments and Contingencies

In the normal course of the Company's operations, it and GCC are involved in various legal and regulatory matters before the Federal Communication Commission (FCC) and the Alaska Public Utilities Commission. While the Company does not anticipate that the ultimate disposition of such matters will result in abrupt changes in the competitive structure of the Alaska market or of the business of the Company, no assurances can be given that such changes will not occur and that such changes would not be materially adverse to GCI.

Pursuant to the terms of a contract with one of its officers, in the event of his death or under certain other conditions the Company is obligated to make a payment of \$450,000 to the officer or his estate. The Company acquired life insurance in 1993 to provide for this obligation.

In June 1995 the Company was awarded one of two 30 megahertz blocks

of spectrum auctioned by the FCC. Acquisition of the license, with Alaska statewide coverage, for a cost of \$1.65 million will allow GCI to introduce new personal communication services (PCS) in Alaska. The Company is developing plans for PCS deployment throughout 1995 with construction of the system expected to begin in 1996 and service to be offered as early as 1997 or 1998.

The Company entered into a purchase and lease-purchase option agreement in August 1995 for the acquisition of satellite transponders to meet its long-term satellite capacity requirements. The amount of the down payment required in 1996 and the balance payable upon delivery of the transponders as early as the fourth quarter of 1997 are dependent upon a number of factors. The Company does not expect the down payment to exceed \$10.1 million and the remaining balance payable at delivery to exceed \$46 million.

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

Liquidity and Capital Resources

The Company's liquidity (ability to generate adequate amounts of cash to meet the Company's need for cash) was affected by a net increase in the Company's cash and cash equivalents of \$1.3 million from December 31, 1994 to September 30, 1995. Sources of cash in 1995 included the Company's operating activities which generated positive cash flow of \$9.2 million net of changes in the components of working capital, and repayments of notes receivable totaling \$109,000. Uses of cash during the nine-month period of 1995 included repayment of \$2.4 million of long-term borrowings and capital lease obligations, investment of \$4.8 million in distribution and support equipment, and payment of the final installment for a PCS spectrum license totaling approximately \$521,000.

Net receivables increased \$1.9 million from December 31, 1994 to September 30, 1995 resulting from growth in receivables attributed to increased sales and receipt of a payment from a major customer in October 1995, beyond the cutoff date for recording in the current quarter.

Payments of approximately \$2.2 million of accrued payroll and payroll related obligations resulted in reduced balances at September 30, 1995 as compared to December 31, 1994.

Working capital totaled \$5.5 million and \$1.6 million at September 30, 1995 and December 31, 1994, respectively. Working capital generated by operations exceeded expenditures for property, equipment and other assets, repayment of long-term borrowings and capital lease obligations, and the additional investment in the PCS license resulting in the increase of \$3.9 million at September 30, 1995 as compared to December 31, 1994.

Cash flow from operating activities, as depicted in the Consolidated Statements of Cash Flows, decreased \$7.2 million during the nine months of 1995 as compared to the same period of 1994. Cash flow generated from operating activities was reduced by payment of current obligations.

The Company's expenditures for property and equipment totaled \$4.8 million and \$6.1 million during the nine-month periods of 1995 and 1994, respectively. Management's capital expenditures plan for 1995 includes approximately \$8.5 million in capital necessary to pursue strategic initiatives, to maintain the network and to enhance transmission capacity to meet projected traffic demands.

The two wideband transponders the Company owned reached the end of their expected useful life in August, 1994, at which time the Company leased replacement capacity. The cost of the leased capacity contributed to an increase in distribution costs during the nine months of 1995 as compared to the same period of 1994. The existing leased capacity is expected to meet the Company's requirements until such time that capacity is available pursuant to the terms of a new long-term agreement which was executed in August of 1995.

The Company entered into a purchase and lease-purchase option agreement in August 1995 for the acquisition of satellite transponders to meet its long-term satellite capacity requirements. The amount of the down payment required in 1996 and the balance payable upon delivery of the transponders as early as the fourth quarter of 1997 are dependent upon a number of factors including the

number of transponders required and the timing of their delivery and acquisition. The Company does not expect the down payment to exceed \$10.1 million and the remaining balance payable coinciding with a staged delivery to exceed \$46 million. The Company expects to amend its existing senior credit facility and provide a letter

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of credit to accommodate the payment in 1996 and expects to further amend or refinance its then existing credit agreement to fund its remaining commitment.

The Company continues to evaluate the most effective means to integrate its telecommunications network with that of MCI. Such integration will require capital expenditures by the Company in an amount yet to be determined. Any investment in such capital expenditures is expected to be recovered by increased revenues from expanded service offerings and reductions in costs resulting from integration of the networks.

The FCC concluded an auction of spectrum to be used for the provision of PCS in March, 1995. The Company was named by the FCC as the high bidder for one of the two 30 megahertz blocks of spectrum, with Alaska statewide coverage. Acquisition of the license for a cost of \$1.65 million will allow GCI to introduce new PCS services in Alaska. The Company will be developing plans for PCS deployment throughout 1995 with construction of the system expected to begin in 1996 and service to be offered as early as 1997 or 1998. Expenditures for PCS deployment could total \$50 to \$100 million over the next 10 year period. The estimated cost for PCS deployment is expected to be funded through income from operations and additional debt and perhaps, equity financing. The Company expects to pursue additional debt or perhaps equity financing in late 1995 or 1996 depending on its needs. The Company's ability to deploy PCS services will be dependent on its available resources.

Expenditures of approximately \$2.5 million were made in 1994 developing new DAMA satellite communication technology. A four-module demonstration system was constructed in 1994 and will be integrated into the Company's telecommunication network in 1995. The digital DAMA system allows calls to be made between remote villages using only one satellite hop thereby reducing satellite delay and capacity requirements while improving quality. Deployment expenditures in 1995 are expected to be funded with cash generated from operations.

Management expects that cash flow generated by the Company will be sufficient to meet no less than the minimum required for maintenance level capital expenditures and scheduled debt repayment. The Company's ability to invest in discretionary capital and other projects will depend upon its future cash flows and access to additional debt and/or equity financing.

Results of Operations

The Company's message data and transmission services industry segment provides interstate and intrastate long distance telephone service to all communities within the state of Alaska through use of its facilities and interconnect agreements with other carriers. The Company's average rate per minute for message transmission services increased to 19.2(cents) per minute from 18.6(cents) per minute during the nine months of 1995 as compared to the same period in 1994, respectively. Total revenues for the nine months of 1995 were \$94.9 million, an approximate 8.1 percent increase over 1994 revenues of \$87.8 million. Rate per minute and revenue growth are attributed to three fundamental factors, as follows:

(1) Growth in interstate telecommunication services which resulted in billable minutes of traffic carried totaling 121 million and 105 million minutes in the third quarter of 1995 and 1994, respectively, or 84 percent and 83 percent of total third quarter 1995 and 1994 minutes, respectively, and billable minutes of traffic carried totaling 338 million and 305 million minutes in the nine months of 1995 and 1994, respectively, or 84 percent of total year-to-date 1995 and 1994 minutes, respectively.

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(2) Provision of intrastate telecommunication services which resulted in billable minutes of traffic carried totaling 23.3 and 21.0 million minutes in the third quarter of 1995 and 1994, respectively, or 16 percent and 17 percent of total third quarter 1995 and 1994 minutes, respectively, and billable minutes of traffic carried totaling 66.6 million and 60.0 million minutes in the nine months of 1995 and 1994, respectively, or 16 percent of total year-to-date 1995 and 1994 minutes, respectively.

(3) Increases in revenues derived from other common carriers ("OCC") including MCI and Sprint. OCC traffic accounted for \$10.7 million or

32.2% and \$8.5 million or 27.6% of total revenues in the third quarter of 1995 and 1994, respectively. OCC traffic accounted for \$28.8 million or 30.4% and \$23.8 million or 27.1% of total revenues in the nine months of 1995 and 1994, respectively.

Both MCI and Sprint are major customers of the Company. Loss of one or both of these customers would have a significant detrimental effect on revenues and on contribution. There are no other individual customers, the loss of which would have a material impact on the Company's revenues or gross profit.

System sales and service revenues totaled \$1.3 million and \$2.7 million in the third quarters of 1995 and 1994, respectively, and totaled \$5.1 million and \$7.7 million in the nine months of 1995 and 1994, respectively. The decrease in system sales and service revenues is attributed to fewer larger dollar equipment sales orders received during the nine months of 1995 as compared to the same period of 1994 as well as a reduction of the company's outsourcing services provided to the oil field services industry.

Transmission access and distribution costs, which represent cost of sales for transmission services, amounted to approximately 54.6 percent and 54.9 percent of transmission revenues during the third quarter of 1995 and 1994, respectively, and amounted to approximately 56.2 percent and 55.2 percent of transmission revenues during the nine months of 1995 and 1994, respectively. The increase in distribution costs as a percentage of transmission revenues for the nine months of 1995 as compared to the same period of 1994 results primarily from increases in costs associated with the Company's lease of transponder capacity as previously described. Changes in distribution costs as a percentage of revenues will occur as the Company's traffic mix changes. The Company is unable to predict if or when access charge rates will change in the future and the impact of such changes on the Company's distribution costs.

Total operating costs and expenses increased 0.4 percent during the third quarter of 1995 as compared to 1994 and increased 3.5 percent during the nine months of 1995 as compared to 1994. Increases in operating and engineering, sales and communications, general and administrative, bad debt and legal costs were made to support the Company's expansion efforts and the increase in minutes of traffic carried. During the nine months of 1995 the Company incurred approximately \$295,000 for what is expected to be nonrecurring costs related to a break in the undersea fiber optic cable and promotion of its new DAMA technology. In general, the Company has dedicated additional resources in certain areas to pursue longer term opportunities. It must balance the desire to pursue such opportunities with the need to continue to improve current performance. Continuing legal and regulatory costs are, in large part, associated with regulatory matters involving the FCC, the APUC, and the Alaska Legislature.

Interest expense decreased 7.9 percent during the third quarter of 1995 as compared to 1994 and decreased 24.0 percent during the nine months of 1995 as compared to 1994. The decrease resulted primarily from reduction of the Company's outstanding indebtedness.

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Income tax expense totaled \$1,574,000 and \$1,056,000 in the third quarter of 1995 and 1994, respectively, and \$3,955,000 and \$3,483,000 in the nine months of 1995 and 1994, respectively, resulting from the application of statutory income tax rates to net earnings before income taxes. The Company has available alternative minimum tax credits of approximately \$18,000 which are available to reduce future federal regular income taxes, if any, over an indefinite period. In addition, the Company has capital loss carryovers totaling approximately \$415,000 which expire in 1996 and 1997. Tax benefits associated with recorded deferred tax assets, net of valuation allowances, 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 Alaska economy is supported in large part by the oil and gas industry. ARCO announced a 715 person downsizing in July 1994. Similar downsizing was announced in 1994 by other companies operating in the oil and gas industry in Alaska for 1995.

The military presence in the state of Alaska provides a significant source of revenues to the economy of the state. A reduction in federal military spending or closure of a major facility in Alaska would have a substantial adverse impact on the state and would both directly and indirectly affect the Company. A reduction in the number of military personnel served by the Company and a reduction in the number of private lines required by the armed forces would have a

direct effect on revenues. Indirect effects would include a reduction of services provided across the state in support of the military community and as a result, a reduction in the number of customers served by the Company and volume of traffic carried.

The Pentagon released its recommendations for military base closings and realignments in March 1995 for the fourth and possibly final round of base closings since 1988. A review again within three or four years is possible. The recommendations propose closure and realignment of 146 of them for lack of need and realignment of functions for the more efficient use of that inventory.

The following military installations located in Alaska were recommended for closure or realignment in the report: Fort Greely (realign, estimated loss of 438 military and 286 civilian jobs), Fort Wainwright (realign, estimated gain of 205 military and 56 civilian jobs), NAF Adak (closure, estimated loss of 540 military and 138 civilian jobs). If the proposed closures and realignments are approved, the loss of jobs and associated revenues is not expected to have a material effect on the Company's operations.

No assurance can be given that funding for existing military installations in Alaska will not be adversely affected by reprioritization of needs for military installations or federal budget cuts in the future.

In December 1991, the Financial Accounting Standards Board issued Statement of Financial Standards No. 107, "Disclosures about Fair Value of Financial Instruments" ("SFAS No. 107"). SFAS No. 107 extends existing fair value disclosure practices for some instruments by requiring all entities to disclose the fair value of financial instruments, both assets and liabilities recognized and not recognized, in the statement of financial position. The Company anticipates that the adoption of SFAS No. 107 in 1996 will not have a material effect on the consolidated financial statements.

Effective January 1, 1994, the Company adopted SFAS No. 115. Under SFAS No. 115, securities when purchased, are classified in either the trading account securities portfolio, the securities available for sale portfolio, or the securities held to maturity portfolio. Unrealized gains or losses on securities available for sale are excluded from earnings and reported as a

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net amount in a separate component of stockholders' equity. There was no cumulative effect on the financial statements from the adoption of SFAS No. 115. The Company's marketable equity securities have been classified as available for sale securities and are reported at their fair market value which approximates cost. The Company held no trading account investment securities at December 31, 1994.

In October 1994, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 119, "Disclosure about Derivative Financial Instruments and Fair Value of Financial Instrument" ("SFAS No. 119"). SFAS No. 119 requires disclosures regarding amount, nature and terms of derivative financial instruments, for instance futures, forward, swap and option contracts and other instruments with similar characteristics. The Company anticipates that the adoption of SFAS No. 119 in 1996 will not have a material effect on consolidated financial statements.

The Company generally has experienced increased costs in recent years due to the effect of inflation on the cost of labor, material and supplies, and plant and equipment. A portion of the increased labor and material and supplies costs directly affects income through increased maintenance and operating costs. The cumulative impact of inflation over a number of years has resulted in higher depreciation expense and increased costs for current replacement of productive facilities. However, operating efficiencies have partially offset this impact, as have price increases, although the latter have generally not been adequate to cover increased costs due to inflation. Competition and other market factors limit the Company's ability to price services and products based upon inflation's effect on costs.

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II. OTHER INFORMATION

(1) Legal Proceedings

Information regarding pending legal proceedings to which the Company is a party is included in Note 10 of Notes to Consolidated Financial Statements and is incorporated herein by reference.

(6) Exhibits and Reports on Form 8-K

- (a) Exhibit 27- Financial Data Schedule
- (b) Reports on Form 8-K filed during the quarter ended September 30, 1995 - None

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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.

November 8, 1995

(Date)

By: /s/ Ronald A. Duncan

Ronald A. Duncan, President and
Director
(Principal Executive Officer)

November 8, 1995

(Date)

By: /s/ John M. Lowber

John M. Lowber, Senior Vice
President and Chief Financial
Officer
(Principal Financial Officer)

November 8, 1995

(Date)

By: /s/ Alfred J. Walker

Alfred J. Walker,
Vice President and Chief
Accounting Officer
(Principal Accounting Officer)

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE INTERIM CONSOLIDATED STATEMENT OF INCOME FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1995 AND THE CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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