As filed with the Securities and Exchange
Commission on October 4, 1996 Registration No. 33-

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

GENERAL COMMUNICATION, INC.

(Exact name of registrant as specified in its charter)

Alaska	4899	92-0072737
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

2550 Denali Street, Suite 1000, Anchorage, Alaska 99503-2781
(907) 265-5600
(Address, including zip code, telephone number, including area code, of registrant's principal executive offices)
John M. Lowber
General Communication, Inc.
2550 Denali Street, Suite 1000, Anchorage, Alaska 99503-2781
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copy to: Julius J. Brecht, Esq.
Wohlforth, Argetsinger,Johnson & Brecht, A Professional Corporation
900 West 5th Avenue, Suite 600, Anchorage, Alaska 99501
(907) 276-6401

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after the effective date of this Registration Statement.

If any securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box [ ]

<TABLE>

CALCULATION OF REGISTRATION FEE

<CAPTION>

Title of each class of securities to be registered	Amount to be registered (1)	Proposed maximum offering price per unit (2)	Proposed maximum aggregate offering price (2)	Amount of registration fee (2)
<S>	<C>	<C>	<C>	<C>
Communication, Inc. Class A Common Stock	14,723,077	---	---	$25,932.69

<FN>

1 Maximum number of shares should all offerees accept offers made to them under the Acquisition Plan. See, "PROPOSED TRANSACTIONS."

2 Calculated pursuant to Rule 457(c), the registration fee is based upon the average of the hight and low market price of the Company Class A stock on September 30, 1996.

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The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

<TABLE>

GENERAL COMMUNICATION, INC.
CROSS-REFERENCE SHEET
Pursuant to Item 501(b) of Regulation S-K
Showing Location in Prospectus of Information Required
by Items of Form S-4.

Item Number and Heading in Form S-4 Registration Statement		Location in Prospectus
1.	Forepart of Registration Statement and Outside Front Cover Page of Prospectus...............	Outside Front Cover Page
2.	Inside Front and Outside Back Cover Pages of Prospectus	Inside Front and Outside Back Cover Pages; Available Information; Incorporation of Certain Documents by Reference; Table of Contents
3.	Risk Factors, Ratio of Earnings to Fixed Charges and Other Information.........................	Summary; Risk Factors
4.	Terms of the Transaction	Summary; The Acquisition Plan; Proposed Transactions; Description of Company Capital Stock
5.	Pro Forma Financial Information	Summary: Index to Financial Statements: Pro Forma Financial Information -- Company
6.	Material Contacts with Company being Acquired	Summary: Material Contacts with Cable Companies; Acquisition Plan: Recommendations of the Company Board and Its Reasons for the Acquisition Plan
7.	Additional Information Required for Reoffering by Persons and Parties Deemed to be Underwriters	*
8.	Interests of Named Experts and Counsel........	Legal Matters; Experts
9.	Disclosure of Commission Position on Indemnification for Securities Act Liabilities	Risk Factors
10.	Information with Respect to S-3 Registrants	*
11.	Incorporation of Certain Information by Reference	*
12.	Information with Respect to S-2 or S-3 Registrants	Annual Report; Incorporation of Certain Documents by Reference; Recent Developments
13.	Incorporation of Certain Information by Reference	Incorporation of Certain Documents by Reference
14.	Information with Respect to Registrants Other than S-3 or S-2 Registrants..................	*
15.	Information with Respect to S-3 Companies	*
16.	Information with Respect to S-2 or S-3 Companies	*
17.	Information with Respect to Companies Other than S-3 or S-2 Companies..........................	Summary; Certain Information Regarding Cable Companies
18.	Information if Proxies, Consents or Authorizations are to be Solicited	Summary; Company Annual Meeting; Management of the Company; Appraisal Rights; Ownership of the Company; Relationship with Independent Accountant; Annual Report; Submission of Shareholder Proposals
19.	Information if Proxies, Consents or Authorizations are not to be Solicited or in an Exchange Offer	*

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* Omitted because inapplicable or answer is in the negative.

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GENERAL COMMUNICATION, INC.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503-2781
(907) 265-5600

October 4, 1996

Re: 1996 Annual Meeting of Shareholders of General Communication, Inc.

Dear Shareholder:

The board of directors of General Communication, Inc. cordially invites and encourages you to attend the annual meeting of shareholders of the Company. The meeting will be held in the Denali Ballroom of the Regal Alaskan Hotel at 4800 Spenard Road, Anchorage, Alaska at 6:00 p.m. (Alaska Time) on October 17,

1996. The board has chosen the close of business on August 19, 1996 ("Record Date") as the record date for the determination of shareholders entitled to notice of and to vote at the meeting. A reception for shareholders will be held prior to the meeting from 5:00 p.m. to 6:00 p.m. at the site of the meeting.

Copies of the Notice of Annual Meeting of Shareholders, the Proxy, the Proxy Statement/Prospectus, the Annual Report to shareholders in the form of the Form 10-K, as amended by Form 10-K/A, for the year ended December 31, 1995, and the unaudited quarterly report for the six-month period ended June 30, 1996 are enclosed covering the formal business to be conducted at the meeting.

At the meeting, the shareholders will be asked (1) to elect individuals to fill three positions on the board of directors as a classified board as required by the Bylaws of the Company, and (2) to approve a plan ("Acquisition Plan") whereby the Company will acquire substantially all of the assets or all of the securities of seven cable companies offering cable television services in Alaska for consideration including 14,723,077 shares of Company Class A common stock ("Company Stock") and will separately and in addition increase its capital by issuing and selling 2,000,000 additional shares of Class A common stock ("MCI Company Stock") to MCI Telecommunications Corporation (an existing control shareholder of the Company) for $13,000,000 and subject to other conditions, and to conduct other business as described more fully in the Proxy Statement/Prospectus and as may properly come before the meeting.

Regardless of the number of shares you own, your careful consideration of and vote on these matters is important. However, as of the Record Date, the number and percentage of outstanding shares entitled to vote held by directors and executive officers of the Company and their affiliates was 9,984,702 shares constituting approximately 50.3% of the total outstanding Class A common stock and 2,679,499 shares constituting approximately 65.6% of the outstanding Class B common stock. As of the Record Date, 7,562,430 shares constituting approximately 38.1% of the outstanding Class A common stock and 4,085,461 shares constituting approximately 58.8% of the outstanding Class B common stock of the Company were subject to a Voting Agreement described in the Proxy Statement/Prospectus. When combined, the voting power held by management of the Company and the parties to the Voting Agreement constituted approximately 60.8% of the outstanding voting power of Class A and Class B common stock of the Company as of the Record Date. The parties to that agreement and management of the Company have indicated their intention to vote for the Acquisition Plan. If such shares are so voted, election of management's slate for the Company Board, and approval of the Acquisition Plan and the issuance of the MCI Company Stock and the Company Stock are assured. Subsequent to closing on the purchase of all of the security interests in Prime Cable of Alaska, L.P., one of the cable companies to be acquired under the Acquisition Plan, the Voting Agreement will terminate, and the sellers of the security interests in Prime Cable of Alaska, L.P. will become parties to a New Voting Agreement along with the former parties to the Voting Agreement. Assuming the issuance of the Company Stock and the MCI Company Stock as of the Record Date, the parties to the New Voting Agreement will hold in the aggregate approximately 58.7% of the combined voting power of the Company's outstanding common stock and will be in a position to control the Company. See, "RISK FACTORS: Concentration of Stock Ownership" within the Proxy Statement/Prospectus.

If the Company Stock and MCI Company Stock had been issued under the Acquisition Plan as of the Record Date, the percentage ownership of the aggregate outstanding Company Class A and Class B common stock would have become as follows: (1) Prime Sellers (prior to any distributions to their securities holders, including other Prime Group members) - 29%; (2) MCI - 23% (down from approximately 31% immediately prior to the closing on the Proposed Transactions); (3) the Company's employees and management combined - 10%; (down from approximately 17% immediately prior to the closing on the Proposed Transactions); (4) Alaskan Cable - 7%; and (5) others - 31%.

In order to ensure that we have a quorum and that your shares will be voted at the meeting, please complete, date and sign the enclosed Proxy and return it promptly in the enclosed addressed and stamped envelope.

In addition to conducting the formal business at the meeting, we shall also review the Company's activities over the past year and its plans for the future. I sincerely hope you will be able to join us.

Sincerely,

Ronald A. Duncan
President and Chief Executive Officer

GENERAL COMMUNICATION, INC.
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON OCTOBER 17, 1996

TO THE SHAREHOLDERS OF
GENERAL COMMUNICATION, INC.

NOTICE IS HEREBY GIVEN that, pursuant to the Bylaws of General Communication, Inc. ("Company") and the call of the board of directors of the Company ("Company Board"), the annual meeting ("Annual Meeting") of shareholders of the Company will be held in the Denali Ballroom of the Regal Alaskan Hotel at 4800 Spenard Road, Anchorage, Alaska at 6:00 p.m. (Alaska Time) on October 17, 1996, for the purpose of considering and voting upon the following matters:

(1) Election of three directors in Class I of the classified Company Board for three year terms;

(2) Approval of a plan ("Acquisition Plan") whereby the Company will acquire substantially all of the assets or all of the securities of seven companies offering cable television services in Alaska (Prime Cable of Alaska, L.P., Alaskan Cable Network/Fairbanks, Inc., Alaskan Cable Network/Juneau, Inc., Alaskan Cable Network/Ketchikan-Sitka, Inc., Alaska Cablevision, McCaw/Rock Homer Cable Systems, J.V., and McCaw/Rock Seward Cable Systems, J.V.) for a purchase price of approximately $280.7 million to include the issuance of 14,723,077 shares of Company Class A common stock (to be issued to the security holders of four of the cable companies, i.e., Prime Cable of Alaska, L.P. and the three corporations comprising the Alaskan Cable companies) and whereby the Company will separately and in addition increase its capital by issuing 2,000,000 shares of Company Class A common stock to MCI Telecommunications Corporation for $13,000,000 ("MCI Company Stock") and subject to other conditions as set forth in several securities and asset purchase agreements with the cable companies and with MCI; and

(3) Transaction of such other business as may properly come before the Annual Meeting and any adjournment or adjournments of it.

Approval by the shareholders of the Acquisition Plan will constitute approval of the issuance of (1) the Company Stock to the security holders of Prime Cable of Alaska, L.P. and the three corporations comprising the Alaskan Cable companies and (2) the MCI Company Stock to MCI.

All of the above matters are more fully described in the accompanying Proxy Statement/Prospectus. A reception for shareholders will precede the Annual Meeting, commencing at 5:00 p.m.

By resolution adopted by the Company Board, the close of business on August 19, 1996 has been fixed as the record date for the Annual Meeting ("Record Date"). Only holders of shares of Class A or Class B common stock of the Company of record as of the Record Date will be entitled to notice of and to vote at the Annual Meeting or any adjournment or adjournments of it.

The accompanying form of Company Proxy is solicited by the Company Board. Reference is made to the attached Proxy Statement/Prospectus for further information with regard to the business to be transacted at the Annual Meeting. A list of shareholders of the Company as of the Record Date will be kept at the Company's offices at 2550 Denali Street, Suite 1000, Anchorage, Alaska for a period of 30 days prior to the meeting and will be subject to inspection by any shareholder of record as of the Record Date at any time during normal business hours.

Whether or not you expect to attend the meeting in person, please sign and date the enclosed Company Proxy and mail it to the secretary of the Company Board in the enclosed addressed and stamped envelope. If you send in your Company Proxy and later do attend the Annual Meeting to vote in person or otherwise decide to revoke your Company Proxy, you may revoke your proxy at any time before authority thereby granted is exercised by giving written notice of revocation to the Secretary of the Company Board delivered to 2550 Denali Street, Suite 1000, Anchorage, Alaska or at the Annual Meeting. You may also revoke this proxy by a duly exercised proxy bearing a later date. You may then vote in person or by other proxy as provided by the Bylaws of the Company.

BY ORDER OF THE BOARD OF DIRECTORS

John M. Lowber, Secretary

Anchorage, Alaska
October 4, 1996

PLEASE EXECUTE AND RETURN THE ENCLOSED COMPANY PROXY PROMPTLY, WHETHER OR NOT

YOU INTEND TO BE PRESENT AT THE ANNUAL MEETING.

<TABLE>
<CAPTION>
<S> <C> <C>

GENERAL COMMUNICATION, INC.	PRIME CABLE OF ALASKA, L.P.	ALASKAN CABLE NETWORK/ FAIRBANKS, INC.
2550 Denali Street, Suite 1000	One American Center	ALASKAN CABLE NETWORK/ JUNEAU, INC.
Anchorage, Alaska 99503-2781	600 Congress Avenue, Suite 3000	ALASKAN CABLE NETWORK/ KETCHIKAN-SITKA, INC.
	Austin, Texas 78701	Kent Farms
		Middleburg, Virginia 20117

</TABLE>

PROXY STATEMENT PROSPECTUS

For the Annual Meeting of Shareholders
to be held on October 17, 1996.

This Proxy Statement/Prospectus is being furnished to holders of common stock of General Communication, Inc., an Alaska corporation in connection with the solicitation of proxies by the board of directors of the Company for use at the Annual Meeting of the shareholders of the Company, or any adjournment or postponement of it. The Annual Meeting is to be held on October 17, 1996 and is called (1) to elect three members of its seven member Company Board, (2) to adopt the Acquisition Plan to acquire substantially all of the assets or all of the securities of seven Cable Companies providing services in Alaska and separately to increase its capitalization through a private offering of Company common stock to MCI, and (3) to conduct other business as may properly come before the meeting.

The total purchase price (approximately $280,700,000) is to be paid by the Company through the issuance of Company Stock in the amount of 14,723,077 shares of Company Class A common stock and bank financing of approximately $162,000,000 (including assumption of approximately $103,000,000 of existing Prime debt and new financing of approximately $59,000,000), sale of the MCI Company Stock for $13,000,000 and other financing of approximately $10,000,000. The Company Stock is to be divided between the following Cable Companies for further distribution to their respective security holders and subject to share holdback: (1) Prime -- Prime Company Shares in the amount of 11,800,000 shares; and (2) Alaskan Cable companies -- Alaskan Cable Company Shares in the amount of 2,923,077 shares. Through the MCI Proposed Transaction (a private offering separate from this offering of Company Stock) the Company will offer to MCI the MCI Company Stock in the amount of 2,000,000 shares of Company Class A common stock for a total purchase price of $13,000,000. Approval by the Company shareholders of the Acquisition Plan will constitute approval of the issuance of (1) the Company Stock to the Prime Sellers and the shareholders of Alaskan Cable and (2) the MCI Company Stock to MCI. See, "SUMMARY: Acquisition Plan, Proposed Transactions"; "ACQUISITION PLAN"; and "PROPOSED TRANSACTIONS."

The Company has filed a registration statement on Form S-4 under the Securities Act of 1933, as amended, relating to the offer of the Company Stock. This Proxy Statement/Prospectus is being furnished to the following: (1) to the security holders of Prime to seek their consent and approval as to the Company's offer to acquire, directly or indirectly, all of the general and limited partner interests and participation interests in Prime; (2) to the limited partners of PCLP to seek their consent to the disposition to the Company of all the capital stock of Prime General Partner, the sole general partner of Prime, which is owned by PCLP; (3) to the shareholders of ACI, a limited partner of Prime, to seek their consent to the disposition to the Company of all the capital stock of ACI, which owns a limited partner interest in Prime; (4) to the sole shareholder of each of the three corporations comprising Alaskan Cable to seek each respective shareholder's consent and approval as to the Company's offer to acquire all of the assets of each of those corporations; and (5) to the shareholders of the Company to seek their consent and approval of the Acquisition Plan and to seek the election of management's slate for the Company Board.

AN INVESTMENT IN THE SECURITIES OFFERED THROUGH THIS PROXY STATEMENT/PROSPECTUS IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. SEE, "RISK FACTORS" BEGINNING AT PAGE 24 OF THE PROXY STATEMENT/PROSPECTUS FOR CERTAIN INFORMATION THAT SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS.

THE SECURITIES TO BE ISSUED PURSUANT TO THIS PROXY STATEMENT/PROSPECTUS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROXY STATEMENT/PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Proxy Statement/Prospectus and the accompanying form of Proxy or Consent, as the case may be, are first being mailed to the shareholders of the

Company and Alaskan Cable and to the Prime Group on or about October 7, 1996. The date of this Proxy Statement/Prospectus is October 4, 1996.

THE COMPANY STOCK TO BE ISSUED AS DESCRIBED IN THIS PROXY STATEMENT/PROSPECTUS HAS NOT BEEN REGISTERED WITH THE STATE OF FLORIDA. AN OFFER MADE TO AN INVESTOR WHO HAS AN INVESTMENT DIRECTLY OR INDIRECTLY WITH A CABLE COMPANY AND WHO IS A RESIDENT OF THE STATE OF FLORIDA IS VOIDABLE BY THAT INVESTOR WITHIN THREE DAYS AFTER THE CONSENT DEADLINE (OCTOBER 28, 1996).

AVAILABLE INFORMATION

The Company is subject to the information requirements of the Securities Exchange Act of 1934, as amended, and in accordance with that act files and has filed reports, proxy statements and other information with the Securities and Exchange Commission ("Commission"). Such reports, proxy statements and other information filed with the Commission can be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Judiciary Plaza, Washington, D.C. 20549 and at the following Regional Offices of the Commission: 500 West Madison Street, Suite 1400, Chicago, Illinois 60661; and 7 World Trade Center, Suite 1300, New York, New York 10048. Copies of such material can be obtained at prescribed rates from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Judiciary Plaza, Washington, D.C. 20549. The Commission maintains a Web-site that contains reports, proxy and information statements and other information filed electronically by the Company, and can be found at http://www.sec.gov.

This Proxy Statement/Prospectus does not include all of the information set forth in the Registration Statement filed by the Company with the Commission under the Securities Act, as permitted by the rules and regulations of the Commission. The Registration Statement including any amendments, schedules and exhibits filed or incorporated by reference as a part of it, is available for inspection and copying as set forth above. Statements contained in this Proxy Statement/Prospectus or in any document incorporated in the Registration Statement by reference as to the contents of any contract or other document referred to in the Registration Statement or in such contract or other document are not necessarily complete, and in each instance reference is made to the copy of such contract or other document filed as an exhibit to the Registration Statement or such other document. Each such statement shall be deemed qualified in its entirety by such reference.

No person has been authorized to give any information or make any representation other than those contained or incorporated by reference in this Proxy Statement/Prospectus, and, if given or made, such information or representation must not be relied upon as having been authorized. This Proxy Statement/Prospectus does not constitute an offer to sell or a solicitation of an offer to buy the securities covered by this Proxy Statement/Prospectus or a solicitation of a proxy in any jurisdiction where, or to or from any person to whom, it is unlawful to make such offer, solicitation of an offer or proxy solicitation in such jurisdiction. Neither the delivery of this Proxy Statement/Prospectus nor any distribution of securities made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information contained or incorporated by reference in it is correct as of any time subsequent to its date.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents previously filed by the Company with the Commission under the Exchange Act are incorporated herein by reference:

(1) Company's Annual Report on Form 10-K, for the year ended December 31, 1995, as amended through Form 10-K/A, dated April 25, 1996 (Commission File No. 0-15279);

(2) Company's Quarterly Reports on Forms 10-Q for the quarters ended March 31, 1996 and for June 30, 1996 (Commission File No. 0-15279);

(3) Company's Current Report on Form 8-K dated March 28, 1996, as amended by Form 8-K/A dated May 20, 1996, announcing the Company's entering into several letters of intent to proceed with the Acquisition Plan (Commission File No. 0-15279);

(4) In that the Company has elected, pursuant to Item 12(a)(2)(iii) of Form S-4, to provide a copy of its latest quarterly report which was delivered to security holders, financial information equivalent to that required to be presented in Part I of Form 10-Q.

Any statement contained in a document incorporated or deemed to be incorporated by reference in this Registration Statement shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained in it (or in any other subsequently filed document that is or is deemed to be incorporated by reference) modifies or supersedes such previous statement. Any statement so modified or superseded shall not be deemed to constitute a part of the Registration Statement except as so modified

or superseded.

All information appearing in this Proxy Statement/Prospectus is qualified in its entirety by the information and financial statements (including notes thereto) appearing in the documents incorporated herein by reference.

Information contained in this Proxy Statement/Prospectus concerning Prime, Alaskan Cable, Alaska Cablevision, McCaw/Rock Homer, and McCaw/Rock Seward was provided to the Company by those entities.

THIS PROXY STATEMENT/PROSPECTUS INCORPORATES DOCUMENTS BY REFERENCE THAT ARE NOT PRESENTED IN THIS REGISTRATION STATEMENT OR DELIVERED WITH IT. THESE DOCUMENTS (OTHER THAN EXHIBITS TO SUCH DOCUMENTS, UNLESS SUCH EXHIBITS ARE SPECIFICALLY INCORPORATED BY REFERENCE IN THIS REGISTRATION STATEMENT) ARE AVAILABLE WITHOUT CHARGE, UPON WRITTEN OR ORAL REQUEST BY ANY PERSON TO WHOM THIS PROXY STATEMENT/PROSPECTUS HAS BEEN DELIVERED, FROM JOHN M. LOWBER, SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER, GENERAL COMMUNICATION, INC., 2550 DENALI STREET, SUITE 1000, ANCHORAGE, ALASKA 99503-2781 (TELEPHONE NO. 907/265-5600). IN ORDER TO ENSURE TIMELY DELIVERY OF THE DOCUMENTS, ANY REQUEST SHOULD BE MADE BY OCTOBER 10, 1996, THAT IS, NOT LATER THAN FIVE BUSINESS DAYS BEFORE THE ANNUAL MEETING.

<TABLE>

TABLE OF CONTENTS

<CAPTION>

<S>	Page <C>
AVAILABLE INFORMATION	ii
INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE	ii
SUMMARY	1
Executive Summary	1
The Company	3
Cable Companies and MCI	3
Company Annual Meeting	4
Cable Company Security Holder Consents	5
Acquisition Plan, Proposed Transactions	6
Interests of Certain Persons in the Acquisition Plan	12
Appraisal Rights	12
Certain Federal Income Tax Consequences	12
Comparative Market Price Data	13
Holders	14
Dividends	14
Selected Historical Financial and Pro Forma Data and Certain Comparative Per Share Data	15
Capitalization Table	22
Material Contacts with Cable Companies	24
RISK FACTORS	24
Risks and Effects of the Proposed Transactions	24
Risks of the Businesses in Which the Company Will Be Engaged	28
Economic Risks	29
Company Common Stock Inherent Factors	31
COMPANY ANNUAL MEETING	33
General	33
Time and Place	34
Purpose	34
Outstanding Voting Securities	34
Voting Rights, Votes Required for Approval	34
Proxies	35
Recommendations of Company Board	36
CABLE COMPANY SECURITY HOLDER CONSENTS	36
Purpose	36
Time and Place	36
Outstanding Voting Securities	37
Voting Rights, Votes Required for Approval and Consents	37
Expenses	38
ACQUISITION PLAN	38
Background	38
Recommendation of Company Board and Its Reasons for the Acquisition Plan	39

Recommendations of the Cable Company Boards and Their Reasons for the Acquisition Plan	43
Determination of Value	46
Interests of Certain Persons in the Acquisition Plan	48
CERTAIN CONSEQUENCES OF THE ACQUISITION PLAN	54
General	54
Security Holder Investment Changes	54
Company Cable Systems	56

Certain Federal Income Tax Consequences 57
Accounting Treatment 62

APPRAISAL RIGHTS 62
Prime 62
Alaskan Cable 62

PROPOSED TRANSACTIONS 63
General 63
Cable Company Purchase Agreements 63
Registration Rights Agreements 74
ACI and PCFI Merger Agreements 74
Prime Management Agreement 76
New Voting Agreement 77
MCI Purchase Agreement 78
Certain Personal Matters 83
Certain Restrictions on Resale of Company Stock and MCI Company Stock 83
Incorporation by Reference, Excluded Schedules 83

CERTAIN INFORMATION CONCERNING THE COMPANY 85
Background and Description of Business 85
Products and Services 85
Subsidiaries 86
Other Information 87

CERTAIN INFORMATION REGARDING THE CABLE COMPANIES 87
Background and Description of Business 87
Market Price of and Dividends of Cable Companies 100
Selected and Supplementary Financial Data for Certain Cable Companies 100
Management's Discussion and Analysis of Financial Condition and Results of Operation for Certain Cable Companies 101
Recent Developments Involving Cable Companies 117
Changes in and Disagreements with Accountants on Accounting and Financial Disclosure 118
Regulatory Developments, Competition and Legislation/Regulation 118

RECENT DEVELOPMENTS 127

DESCRIPTION OF COMPANY CAPITAL STOCK 128
Common Stock 128
Preferred Stock 128
Limitation of Liability and Indemnification 129
Certain Charter Provisions 130

COMPARISON OF SECURITY HOLDER RIGHTS IN THE COMPANY AND CERTAIN CABLE COMPANIES 130
General 130
Authorized Capitalization 131
Voting 131
Annual and Special Meetings of Securities Holders 133
Board of Directors or Governing Body 133
Removal of Directors or Governing Body 134
Vacancies on the Board of Directors or Other Governing Body 134
Mergers, Consolidations and Sale of Assets 135
Amendment to Articles of Incorporation or Other Organizing Documents 135
Amendment to Bylaws 136
Limitation on Liability of Directors and Officers 136
Preferred Stock 138

MANAGEMENT OF THE COMPANY 138
General 138
Business Background of Directors, Nominees, and Executive Officers of the Company 138
Compliance with Section 16(a) of the Exchange Act 141
Remuneration of Directors and Executive Officers 141
Employment Contracts and Termination of Employment and Change of Control Arrangements 149
Report on Repricing of Options/SARs 150
Compensation Committee Interlocks and Insider Participation 150
Compensation Committee Report on Executive Compensation 150
Performance Graph 152

OWNERSHIP OF THE COMPANY 153
Principal Shareholders 153
Management 155
Changes in Control 157

DISTRIBUTION OF COMPANY STOCK 158
Principal Security Holders 158
Management 161

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS 163
Certain Transactions with Management and Others 163
Indebtedness of Management 165

SECURITIES ACT INDEMNIFICATION 166

LITIGATION AND REGULATORY MATTERS 166

RELATIONSHIP WITH INDEPENDENT PUBLIC ACCOUNTANTS....167

ANNUAL REPORT....167

SUBMISSION OF SHAREHOLDER PROPOSALS....167

EXPERTS....167

OTHER INFORMATION....169
Business....169
Market Price of and Dividends on the Company's Common Equity and Related Stockholder Matters....171
Selected Financial Data....172
Supplementary Financial Data....173
Management's Discussion and Analysis of Financial Condition and Result of Operations....174
Changes in and Disagreements with Accountants on Accounting and Financial Disclosures....179

INDEX TO FINANCIAL STATEMENTS.... F-1
Historical Financial Statements.... F-1
Pro Forma Combined Condensed Financial Statements (Unaudited).... F-58

</TABLE>

DEFINITIONS

The following are some of the terms generally used in this Proxy Statement/Prospectus and the location in the Proxy Statement/Prospectus where each term is further described.

"1992 Cable Act" means the federal Cable Television Consumer Protection and Competition Act of 1992. See, "CERTAIN INFORMATION REGARDING THE CABLE COMPANIES: Regulatory Developments, Competition and Legislation/Regulation -- Regulatory Developments."

"1996 Telecom Act" means the 1996 federal Telecommunications Act which became effective in February, 1996. See, "CERTAIN INFORMATION REGARDING THE COMPANY: Regulatory Developments, Competition and Legislation/Regulation."

"ACI" means Alaska Cable, Inc., a Delaware corporation and limited partner of Prime, having several shareholders including PVII. See, "CERTAIN INFORMATION REGARDING THE CABLE COMPANIES: Background and Description of Business--Prime-Organizational Structure."

"ACI Escrow Agreement" means an agreement between the shareholders of ACI pursuant to the Prime Proposed Transaction to deposit into escrow as a group 50% of the aggregate number of shares of Prime Company Shares receivable by them in connection with the ACI Merger, less the number of shares deposited by them pursuant to the Prime Escrow Holdback. See, "PROPOSED TRANSACTIONS: Cable Company Purchase Agreements--Escrow and Holdback Agreements."

"ACI Merger" means the merger of ACI with and into GCI Cable through the ACI Merger Agreement. See, "PROPOSED TRANSACTIONS: ACI and PCFI Merger Agreements."

"Acquisition Plan" means the plan to acquire securities and assets of the Cable Companies to be implemented through a series of Proposed Transactions. See, "ACQUISITION PLAN."

"Alaska Cablevision" means Alaska Cablevision, Inc., a Delaware corporation. See, "CERTAIN INFORMATION REGARDING THE CABLE COMPANIES: Background and Description of Business--Alaska Cablevision."

"Alaska Cablevision Proposed Transaction" means the Proposed Transaction between Alaska Cablevision and the Company. See, "PROPOSED TRANSACTIONS: General."

"Alaskan Cable" means the three corporations comprising the Alaskan Cable Network companies, i.e., Alaskan Cable Network/Fairbanks, Inc. ("Alaskan Cable/Fairbanks"), Alaskan Cable Network/Juneau, Inc. ("Alaskan Cable/Juneau"), and Alaskan Cable Network/Ketchikan-Sitka, Inc. ("Alaskan Cable/Ketchikan"), all three of which are Alaska corporations. See, "CERTAIN INFORMATION REGARDING THE CABLE COMPANIES: Background and Description of Business--Alaskan Cable."

"Alaskan Cable Company Shares" means 2,923,077 shares of Company Class A common stock to be issued in the Alaskan Cable Proposed Transaction and divided into separate portions to each of the three corporations comprising Alaskan Cable. See, "PROPOSED TRANSACTIONS: Cable Company Purchase Agreements--General, Closing Date."

"Alaskan Cable Proposed Transaction" means the Proposed Transaction between Alaskan Cable and the Company. See, "PROPOSED TRANSACTIONS: General."

"Annual Meeting" means the 1996 annual meeting by shareholders of the Company to be held at 6:00 p.m. (Alaska Time) on October 17, 1996. See, "COMPANY ANNUAL MEETING: General."

"APUC" means Alaska Public Utilities Commission. See, "PROPOSED TRANSACTIONS: Cable Company Proposed Agreements--Governmental Approval."

"CPS" means a cable programming service. See, "CERTAIN INFORMATION REGARDING THE CABLE COMPANIES: Background and Description of Business--General."

"Cablevision Company Notes" means the subordinated convertible notes to be issued by the Company as partial payment for the assets of Alaska Cablevision pursuant to the Alaska Cablevision Purchase Agreement. See, "PROPOSED TRANSACTIONS: Cable Company Purchase Agreements--Consideration To Be Received-Alaska Cablevision."

"Cable Companies" means the seven cable television companies which have entered into Purchase Agreements with the Company, i.e., Prime, the three corporations comprising Alaskan Cable, Alaska Cablevision, McCaw/Rock Homer, and McCaw/Rock Seward. See, "ACQUISITION PLAN: Background."

"Closing Date" means the date on which the Purchase Agreements are to close. See, "PROPOSED TRANSACTIONS: Cable Company Purchase Agreements--General, Closing Date."

"Code" means the Internal Revenue Code of 1986, as amended. See, "CERTAIN CONSEQUENCES OF THE ACQUISITION PLAN: Certain Federal Income Tax Consequences."

"Communications Act" means the federal Communications Act of 1934. See, "CERTAIN INFORMATION REGARDING THE CABLE COMPANIES: Regulatory Developments, Competition and Legislation/Regulation--Regulatory Developments."

"Company" means General Communication, Inc., an Alaska corporation. See, "CERTAIN INFORMATION CONCERNING THE COMPANY: Background and Description of Business."

"Company Articles" means the Restated Articles of Incorporation of the Company. See, "DESCRIPTION OF COMPANY CAPITAL STOCK."

"Company Board" means the board of directors of the Company. See, "MANAGEMENT OF THE COMPANY."

"Company Bylaws" means the revised Bylaws of the Company. See, "DESCRIPTION OF COMPANY CAPITAL STOCK."

"Company Cable Systems" means the Prime Alaska Systems and the cable television systems to be acquired from the Cable Companies other than Prime through the Acquisition Plan. See, "CERTAIN CONSEQUENCES OF THE ACQUISITION PLAN: Company Cable Systems."

"Company Stock" means 14,723,077 shares of Company Class A common stock to be issued through this Proxy Statement/Prospectus in the following amounts to the following persons: (1) Prime Sellers -- Prime Company Shares and (2) Alaskan Cable -- Alaskan Cable Company Shares. See, "PROPOSED TRANSACTIONS: Cable Company Purchase Agreements--General, Closing Date."

"Consent" means the document through which a Prime Seller or a shareholder of one of the three corporations comprising Alaskan Cable may express that person's consent and approval of the corresponding Proposed Transaction. See, "CABLE COMPANY SECURITY HOLDER CONSENTS: Purpose."

"Consent Deadline" means 12:00 midnight (Alaska Time) on October 28, 1996 by which the Consents are to be received from the following: (1) Prime Group--delivered to Prime at One America Center, 600 Congress Avenue, Suite 3000, Austin, Texas 78701, and (2) Alaskan Cable--delivered to the board of directors of the corresponding corporation of Alaskan Cable at Kent Farms, Middleburg, Virginia 22117. See "CABLE COMPANY SECURITY HOLDER CONSENTS: Time and Place."

"Credit Agreement" means the senior credit facility provided to the Company by the Senior Lenders. See, "CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS: Certain Transactions with Management and Others--Credit Agreement."

"Delaware Partnership Act" means the Delaware Revised Uniform Limited Partnership Act, as amended. See, "COMPARISON OF SECURITY HOLDER RIGHTS IN THE COMPANY AND IN CERTAIN CABLE COMPANIES: Voting--Prime."

"equity participation interests" means the profit participation contractual rights held by three entities (BancBoston Capital, Inc., First Chicago Investment Corporation and Madison Dearborn Partners V) to share in the appreciation of the value of the equity of Prime. See, "ACQUISITION PLAN: Interests of Certain Persons in the Acquisition Plan -- Prime Equity Participation Interest Holders" and "CERTAIN INFORMATION REGARDING THE CABLE

COMPANIES: Background and Description of Business--Prime-Organizational Structure."

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"FCC" means Federal Communications Commission. See, "PROPOSED TRANSACTIONS: Cable Company Purchase Agreements--Governmental Approvals."

"FTC" means the Federal Trade Commission. See, "PROPOSED TRANSACTIONS: Cable Company Purchase Agreements--Governmental Approvals."

"GCC" means GCI Communication Corp., an Alaska corporation and wholly owned subsidiary of the Company. See, "CERTAIN INFORMATION CONCERNING THE COMPANY: Subsidiaries."

"GCI Cable" means GCI Cable, Inc., an Alaska corporation and wholly-owned subsidiary of the Company. See, "CERTAIN INFORMATION CONCERNING THE COMPANY: Subsidiaries."

"Hart-Scott-Rodino Act" means the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended. See, "PROPOSED TRANSACTIONS: Cable Company Purchase Agreements--Governmental Approvals."

"McCaw/Rock Homer" means McCaw/Rock Homer Cable Systems, J.V., an Alaska joint venture. See, "CERTAIN INFORMATION REGARDING THE CABLE COMPANIES: Background and Description of Business--McCaw/Rock Homer."

"McCaw/Rock Homer Proposed Transaction" means the Proposed Transaction between McCaw/Rock Homer and the Company. See, "PROPOSED TRANSACTIONS: General."

"McCaw/Rock Seward" means McCaw/Rock Seward Cable Systems, J.V., an Alaska joint venture. See, "CERTAIN INFORMATION REGARDING THE CABLE COMPANIES: Background and Description of Business--McCaw/Rock Seward."

"McCaw/Rock Seward Proposed Transaction" means the Proposed Transaction between McCaw/Rock Seward and the Company. See, "PROPOSED TRANSACTIONS: General."

"MCI" means MCI Telecommunications Corporation, a Delaware corporation. See, "PROPOSED TRANSACTIONS: MCI Purchase Agreement."

"MCI Company Stock" means 2 million shares of Company Class A common stock to be offered to MCI pursuant to the MCI Proposed Transaction. See "PROPOSED TRANSACTIONS: MCI Purchase Agreement."

"MCI Proposed Transaction" means the Proposed Transaction between MCI and the Company, whereby the Company will offer the MCI Company Stock to MCI for $13 million. See, "PROPOSED TRANSACTIONS: General."

"NPT" means a new product tier. See, "CERTAIN INFORMATION REGARDING THE CABLE COMPANIES: Background and Description of Business--General."

"New Voting Agreement" means an agreement to be entered into by the Prime Sellers (and their distributees, including other Prime Group members, who agree in writing to be bound thereby), through PIIM, their designated agent, MCI, TCI-GCI, Inc., Ronald A. Duncan (President and Chief Executive Officer of the Company and member of the Company Board), and Robert M. Walp (Vice Chairman of the Company and member of the Company Board) on or after closing on the Prime Purchase Agreement and the MCI Purchase Agreement pertaining to the voting of common stock of the Company held by those parties to the agreement and which upon becoming effective is to replace the Voting Agreement. See, "PROPOSED TRANSACTIONS: New Voting Agreement."

"PCFI Merger" means the merger of PCFI with and into GCI Cable through the PCFI Merger Agreement. See, "PROPOSED TRANSACTIONS: ACI and PCFI Merger Agreements."

"PCLP" means Prime Cable Limited Partnership, a Delaware limited partnership with PGP as managing general partner and the sole shareholder of Prime General Partner. See, "CERTAIN INFORMATION REGARDING THE CABLE COMPANIES: Background and Description of Business--Prime-Organizational Structure."

"PCS" means personal communication service, a telephone service where a telephone number or numbers are assigned to a person rather than to a fixed location thereby allowing that person to receive and make calls from any location within the service area. See, "CERTAIN INFORMATION CONCERNING THE COMPANY: Products and Services."

"PGP" means Prime Cable GP, Inc., a Delaware corporation and general partner of PCLP. See, "ACQUISITION PLAN: Interests of Certain Persons in the Acquisition Plan--Prime Security Ownership and Officer/Director Relationships."

"PI" means Prime Investors, L.P., a Delaware limited partnership and the general partner of PVII. See, "ACQUISITION PLAN: Interests of Certain Persons in the Acquisition Plan--Prime Security Ownership and Officer/Director Relationships."

"PIIM" means Prime II Management, L.P., a Delaware limited partnership whose sole general partner is PMI. See, "ACQUISITION PLAN: Interests of Certain Persons in the Acquisition Plan--Prime Security Ownership and Officer/Director Relationships."

"PMG" means Prime II Management Group, Inc., a Texas corporation and a general partner of Prime Holdings. See, "ACQUISITION PLAN: Interests of Certain Persons in the Acquisition Plan--Prime Security Ownership and Officer/Director Relationships."

"PMI" means Prime II Management, Inc., a Delaware corporation and sole general partner of PIIM. See, "ACQUISITION PLAN: Interests of Certain Persons in the Acquisition Plan--Prime Security Ownership and Officer/Director Relationships."

"Prime" means Prime Cable of Alaska, L.P, a Delaware limited partnership with Prime General Partner as its general partner. See, "CERTAIN INFORMATION REGARDING THE CABLE COMPANIES: Background and Description of Business."

"Prime Alaska Systems" means the cable television systems in Alaska operated by Prime. See, "CERTAIN INFORMATION REGARDING THE CABLE COMPANIES: Background and Description of Business--Prime-Organizational Structure."

"Prime Company Shares" means 11,800,000 shares of Company Class A common stock to be issued in the Prime Proposed Transaction. See, "PROPOSED TRANSACTIONS: Cable Company Purchase Agreements--General, Closing Date."

"Prime Escrow Holdback" means the holdback and escrow pursuant to the Prime Purchase Agreement of a portion of the Prime Company Shares ("Prime Escrow Holdback Shares") in the amount of 1,093,750 shares of Company Class A common stock or cash or irrevocable letter of credit equal to $8,750,000 to secure each party's indemnification for breaches of representations, warranties, and covenants under that agreement, where, if no breach of the Prime Purchase Agreement has occurred, the Prime Escrow Holdback Shares, such escrowed funds or letter of credit is to be released to the partner which deposited them into escrow, effective as of 180 days after that final closing. See, "PROPOSED TRANSACTIONS: Cable Company Purchase Agreements--Escrow and Holdback Agreements-Prime."

"Prime General Partner" or "PCFI" means Prime Cable Fund I, Inc., a Delaware corporation and the sole general partner of Prime. See, "CERTAIN INFORMATION REGARDING THE CABLE COMPANIES: Background and Description of Business--Prime-Organizational Structure."

"Prime Group" means holders, directly or indirectly, of all of the limited and general partner and equity participation interests of Prime and the security holders of Prime Growth, Prime Holdings, PCLP, ACI and PVII. See, "CERTAIN INFORMATION REGARDING THE CABLE COMPANIES: Background and Description of Business--Prime-Organizational Structure."

"Prime Growth" means Prime Cable Growth Partners, L.P., a Delaware limited partnership with PVI and Prime Holdings as general partners, and limited partner of Prime. See, "CERTAIN INFORMATION REGARDING THE CABLE COMPANIES: Background and Description of Business--Prime-Organizational Structure."

"Prime Holdings" means Prime Venture I Holdings, L.P., a Delaware limited partnership with PMG and PVI as general partners, and a limited partner of Prime and general partner of Prime Growth. See, "CERTAIN INFORMATION REGARDING THE CABLE COMPANIES: Background and Description of Business--Prime-Organizational Structure."

"Prime Management Agreement" means the agreement the Company will, at closing on the Purchase Agreements, enter into with PIIM whereby PIIM will manage the Company Cable Systems. See, "PROPOSED TRANSACTIONS: Prime Management Agreement."

"Prime Partnership Agreement" means the Prime Cable of Alaska, L.P. Amended and Restated Agreement of Limited Partnership, dated June 30, 1989, as amended on August 9, 1991 and May 20, 1994. See, "CERTAIN INFORMATION REGARDING THE CABLE COMPANIES: Background and Description of Business--Prime-Organizational Structure."

"Prime Proposed Transaction" means the Proposed Transaction between Prime and the Company. See, "PROPOSED TRANSACTIONS: General."

"Prime Sellers" means Prime Growth, Prime Holdings, PCLP, the shareholders of ACI, and the holders of the equity participation interests in Prime. See, "CERTAIN INFORMATION REGARDING THE CABLE COMPANIES: Background and Description of Business--Prime-Organizational Structure."

"Proposed Transactions" means the proposed securities or asset Purchase Agreements with each of the Cable Companies and the Company and a separate Purchase Agreement between the Company and MCI, other documents related to the Purchase Agreements (including Registration Rights Agreements, the Prime

Management Agreement and the New Voting Agreement), the ACI Merger Agreement, and the PCFI Merger Agreement. See, "PROPOSED TRANSACTIONS."

"Purchase Agreements" means the agreements through which the Company will acquire all of the security interests in Prime, will acquire all of the assets of Alaskan Cable, Alaska Cablevision, McCaw/Rock Homer, and McCaw/Rock Seward, and will set forth the terms for the sale of the MCI Company Stock. See, "PROPOSED TRANSACTIONS: Cable Company Purchase Agreements; --MCI Purchase Agreement."

"PVI" means Prime Venture I, Inc., a Delaware corporation, a general partner of Prime Growth and a general partner of Prime Holdings. See, "ACQUISITION PLAN: Interests of Certain Persons in the Acquisition Plan--Prime Security Ownership and Officer/Director Relationships."

"PVII" means Prime Venture II, L.P., a Delaware limited partnership with PI as managing general partner, and a shareholder of ACI. See, "ACQUISITION PLAN: Interests of Certain Persons in the Acquisition Plan--Prime Security Ownership and Officer/Director Relationships."

"Record Date" means August 19, 1996. See, "COMPANY ANNUAL MEETING: Outstanding Voting Shares."

"Registration Rights Agreements" means the four agreements setting forth certain securities registration rights of the Prime Sellers, Alaskan Cable, Alaska Cablevision, and MCI, respectively. See, "PROPOSED TRANSACTIONS: Registration Rights Agreements" and "PROPOSED TRANSACTIONS: MCI Purchase Agreement--Registration Rights Agreement."

"Securities Act" means the federal Securities Act of 1933, as amended.

"Senior Lenders" means NationsBank of Texas, N.A. in Dallas, Texas, Toronto-Dominion Bank in New York, New York, National Bank of Alaska in Anchorage, Alaska, and Credit Lyonnais in New York, New York, the lenders of the Company who have entered into the Credit Agreement with the Company. See, "CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS: Certain Transactions with Management and Others--Credit Agreement."

"Voting Agreement" means the agreement entered into on May 28, 1993 between Ronald A. Duncan (President and Chief Executive Officer of the Company and member of the Company Board), Robert M. Walp (Vice Chairman of the Company and member of the Company Board), MCI, and WestMarc Communications, Inc. (replaced by TCI-GCI, Inc. in 1995) and pertaining to the voting of common stock of the Company held by those parties to the agreement. See, "OWNERSHIP OF THE COMPANY: Changes in Control--Voting Agreement."

SUMMARY

The following summary is intended only to highlight certain information contained elsewhere in this Proxy Statement/Prospectus. This summary is not intended to be complete and is qualified in its entirety by the more detailed information contained elsewhere in this Proxy Statement/Prospectus and the documents incorporated by reference or otherwise referred to in it. Security holders are urged to review the entire Proxy Statement/Prospectus carefully.

Executive Summary

Proposed Transactions. Through separate Proposed Transactions, the Company will acquire, directly or indirectly, all of the securities of Prime presently held by the limited partners of Prime and Prime General Partner, will acquire substantially all of the assets of the three corporations comprising Alaskan Cable, and will acquire substantially all of the assets of Alaska Cablevision, McCaw/Rock Homer and McCaw/Rock Seward. These seven Cable Companies provide cable television services through distribution systems passing approximately 74% of the households throughout Alaska. See, "PROPOSED TRANSACTIONS" and "ACQUISITION PLAN."

Consideration. The total purchase price for the acquisition of the Cable Companies (approximately $280,700,000) is to be paid by the Company through the issuance of the Company Stock in the amount of 14,723,077 shares of Company Class A common stock (valued at $95,700,000), bank financing of approximately $162,000,000 (including assumption of approximately $103,000,000 of existing Prime debt and new financing of approximately $59,000,000), sale of the MCI Company Stock for $13,000,000, and the issuance of the Cablevision Company Notes in the amount of approximately $10,000,000. See, "PROPOSED TRANSACTIONS: Cable Company Purchase Agreements--General, Closing Date."

The Company will, at closing on the Purchase Agreements, pay consideration for the securities of Prime and the assets of the other Cable Companies as follows: (1) for all of the securities of Prime, the Prime Sellers will receive, for subsequent distribution to the Prime Group, the Prime Company Shares, subject to share holdback provisions; (2) for substantially all of the assets of the three corporations comprising Alaskan Cable, consideration to be distributed among the three corporation comprising Alaskan Cable, for subsequent distribution to each such corporation's respective sole shareholder, where the

distribution will be agreed to by those corporations and the Company, aggregating for those three corporations (a) $51,000,000 payable in cash, and (b) the Alaskan Cable Company Shares, subject to share holdback provisions; (3) for substantially all of the assets of Alaska Cablevision, consideration in the amount of (a) $16,650,000, payable in cash, subject to adjustment at closing, and (b) the Cablevision Company Notes, subject to note holdback, which notes will be convertible into shares of Company Class A common stock; (4) for substantially all of the assets of McCaw/Rock Homer, consideration in the amount of $1,466,132, payable in cash, subject to adjustment and holdback provisions; and (5) for substantially all of the assets of McCaw/Rock Seward, consideration in the amount of $2,883,868, payable in cash, subject to adjustment and holdback provisions. In addition, in a private offering separate from this Proxy Statement/Prospectus, MCI, in return for payment to the Company of $13,000,000 and subject to the terms of the MCI Proposed Transaction, will be issued the MCI Company Stock. See, "PROPOSED TRANSACTIONS: Cable Company Purchase Agreements--Consideration to be Received" and "PROPOSED TRANSACTIONS: MCI Purchase Agreement."

Actions Necessary for Consummation of Acquisition Plan. The closing and consummation of one Proposed Transaction is not dependent upon the closing and consummation of one or more of the other Proposed Transactions, with the exception that the Prime Purchase Agreement and the MCI Proposed Transaction are each contingent upon the closing of the other. "PROPOSED TRANSACTIONS:

Cable Company Purchase Agreements--General, Closing Date" and "PROPOSED TRANSACTIONS: MCI Purchase Agreement."

Each Purchase Agreement is subject to the satisfaction of certain conditions generally including the following: (1) the Acquisition Plan and the Proposed Transactions contemplated by it shall have been duly approved by the shareholders of the Company and separately by the security holders of each of the Cable Companies and consented to by the Senior Lenders and the lenders of Prime, Alaskan Cable and Alaska Cablevision, and, as to the replacement of the Voting Agreement with the New Voting Agreement, the board of directors of MCI and the other parties to the Voting Agreement; (2) the waiting period applicable to the consummation of the respective Proposed Transactions under the Hart-Scott-Rodino Act shall have expired or shall have been terminated; (3) the Registration Statement shall have become effective in accordance with the provisions of the Securities Act, any necessary state securities law approvals shall have been obtained, and no stop order suspending the effectiveness of the Registration Statement shall have been issued by the Commission and remain in effect; (4) all consents of the APUC necessary for the transfer of control of the cable television franchises, to the extent required to be obtained under the Acquisition Plan, shall have been obtained; and (5) the FCC shall have consented, to the extent such consent is legally required, to transfer of control to the Company of all FCC licenses possessed by the Cable Companies, except where the failure to receive such consent will not have a materially adverse effect on the business, properties, assets, condition (financial or otherwise), liabilities, or operation of the Company and the Cable Companies, taken as a whole. See, "PROPOSED TRANSACTIONS: Conditions to the Proposed Transactions."

As of the Record Date, the Company anticipated it would be in compliance with all applicable state securities laws prior to an offer of the Company Stock and it would be in compliance with item (4) and (5) by the Closing Date. Of these five items, only item (4) as it pertains to the franchises held by Prime and Alaskan Cable to provide cable television to certain military installations was considered waivable prior to closing on the respective Purchase Agreements, but only with the consent of the parties to the Purchase Agreement affected by the waiver. As of the Record Date the waiting periods applicable to the Proposed Transactions under the Hart-Scott-Rodino Act had lapsed or terminated with no adverse action taken against the Acquisition Plan, the Company or other parties associated with the plan. See, "CERTAIN INFORMATION REGARDING THE CABLE COMPANIES: Background and Description of Business--Prime; Alaska Cable" and "PROPOSED TRANSACTIONS: Cable Company Purchase Agreements--Governmental Approvals."

Changes in Control. With the consummation of the Prime Purchase Agreement, the Alaskan Cable Purchase Agreement, and the MCI Purchase Agreement, the Company will issue Company Stock and MCI Company Stock totalling approximately 16.7 million new shares of Class A common stock, and several new persons will become shareholders. The issuance of the Company Stock and the MCI Company Stock will dilute the holdings of existing shareholders of the Company, and the concentration of ownership of the Company will become even greater in a few shareholders. If the Company Stock and MCI Company Stock had been issued under the Acquisition Plan as of the Record Date, the percentage ownership of the aggregate outstanding Company Class A and Class B common stock would have become as follows: (1) Prime Sellers (prior to any distributions to their security holders, including other Prime Group members) - 29%; (2) MCI - 23% (down from approximately 31% immediately prior to the closing on the Proposed Transactions); (3) the Company's employees and management combined - 10% (down from approximately 17% immediately prior to the closing on the Proposed Transactions); (4) Alaskan Cable - 7%; and (5) others - 31%. See, "RISK FACTORS: Concentration of Stock Ownership."

The Company

The Company, through its wholly-owned subsidiaries, provides a broad spectrum of telecommunication services to residential, commercial and governmental customers primarily throughout Alaska. The Company operates in two industry segments and offers five primary product lines. The message and data transmission services industry segment offers message toll, private line, and private network services, and the system sales and service industry segment offers data communication equipment sales and technical services.

In March, 1995 the Company was the successful bidder on a license auctioned off by the FCC as a part of a plan by the FCC to license PCS throughout the country. The license will allow the Company to enter into the PCS market and to provide PCS in Alaska. PCS systems are expected to make an individual carrying a pocket-sized telephone available at the same number, whether at home, at work, or traveling. A caller using a PCS system will not need to know the location of the person the caller is trying to reach. The difference in the way a PCS system is configured as compared to a cellular system means that a PCS system could be less costly to operate than a cellular system and therefore less expensive for users. Rapid growth of cellular telephone service and the anticipation of PCS systems has generated substantial interest in wireless communications. The Company believes that with the license for Alaska, it will be able to organize the necessary resources and provide such services in Alaska because of its experience in providing telecommunication services in Alaska and its business relationship with MCI.

Management of the Company believes the functionally distinct lines that have historically existed between telephone and cable services, are beginning to converge. The Acquisition Plan allows the Company to integrate cable services to bring more information not only to more customers but in a manner that is expected to be quicker, more efficient and more cost effective than before. Management further believes the Acquisition Plan will allow consolidation of operations of cable television services in the state and offer a platform for developing new customer products and services for the Company over the next several years.

The Company's other products and services are described elsewhere in this Proxy Statement/Prospectus. See, "CERTAIN INFORMATION CONCERNING THE COMPANY."

The Company is an Alaska corporation incorporated in 1979 and has principal executive offices located at 2550 Denali Street, Suite 1000, Anchorage, Alaska 99503-2781, and telephone number (907) 265-5600. The affairs of the Company are directed by a seven member board of directors. Individuals are elected to board membership in three classes of staggered three year terms with annual elections.

The Company Class A common stock is designated as a national market system stock on the Nasdaq Stock Market, and the stock is traded on the Nasdaq Stock Market under the symbol "GNCMA." The Company Class B common stock is quoted in the over-the-counter market and traded on a more limited basis.

Cable Companies and MCI

Prime. Prime General Partner is the sole general partner of Prime, and Prime has three limited partners (ACI, Prime Growth, Prime Holdings). The sole shareholder of Prime General Partner is PCLP. All of these entities, including Prime, were organized under Delaware law. Three entities hold equity participation interests to share in the appreciation of the value of the equity of Prime. Prime is engaged in the ownership and operation of the Prime Alaska Systems, i.e., cable television businesses located in Anchorage, Eagle River, Chugiak, Kenai, Soldotna, Bethel, Fort Richardson and Elmendorf Air Force Base, Alaska. The mailing address and telephone number of the principal executive offices of Prime General

Partner are One American Center, 600 Congress Avenue, Suite 3000, Austin, Texas 78701 and (512) 476-7888. See, "CERTAIN INFORMATION REGARDING CABLE COMPANIES: Prime" and "ACQUISITION PLAN: Interests of Certain Persons in the Acquisition Plan -- Prime Equity Participation Interest Holders."

Alaskan Cable. The three corporations comprising Alaskan Cable are as follows: (1) Alaskan Cable/Fairbanks; (2) Alaskan Cable/Juneau; and (3) Alaskan Cable/Ketchikan. Alaskan Cable is principally engaged in the ownership and operation of cable television businesses and cable television systems located in Fairbanks, Juneau, Sitka, and Ketchikan, Alaska. The mailing address and telephone number for the principal executive offices of all three of these corporations are Kent Farms, Middleburg, Virginia 20117, and (540) 687-4000. See, "CERTAIN INFORMATION REGARDING CABLE COMPANIES: Alaskan Cable."

Alaska Cablevision. Alaska Cablevision is principally engaged in the ownership and operation of cable television businesses and cable television systems located in Petersburg, Wrangell, Cordova, Valdez, Kodiak, Kotzebue, and Nome, Alaska. The mailing address and telephone number of Alaska Cablevision's principal executive offices are 135 Lake Street South, Suite 265, Kirkland, Washington 98033 and (206) 822-0252. See, "CERTAIN INFORMATION REGARDING CABLE COMPANIES: Alaska Cablevision."

McCaw/Rock Homer. McCaw/Rock Homer is principally engaged in the

ownership and operation of the cable television business and cable television system located in Homer, Alaska. The joint venturers of McCaw/Rock Homer are Rock Associates, Inc. and McCaw Communications of Homer, Inc. The mailing address and telephone number of the principal executive offices of McCaw/Rock Homer are 135 Lake Street South, Suite 265, Kirkland, Washington 98033 and (206) 822-0252. See, "CERTAIN INFORMATION REGARDING CABLE COMPANIES: McCaw/Rock Homer."

McCaw/Rock Seward. McCaw/Rock Seward is principally engaged in the ownership and operation of the cable television business and cable television system located in Seward, Alaska. The joint venturers of McCaw/Rock Seward are Rock Associates, Inc. and McCaw Communications of Seward, Inc. The mailing address and telephone number of the principal executive offices of McCaw/Rock Seward are 135 Lake Street South, Suite 265, Kirkland, Washington 98033 and (206) 822-0252. See, "CERTAIN INFORMATION REGARDING CABLE COMPANIES: McCaw/Rock Seward."

MCI. MCI, a Delaware corporation, provides a broad spectrum of telecommunication services throughout the United States and the world. The corporation has been a principal customer of the Company for many years and since March, 1993 has been the holder of the largest number of shares of Company Class A and Class B common stock, has through the Voting Agreement been able to designate two members of the Company Board, and has entered into a series of agreements with the Company pertaining to services provided by each to the other company. The mailing address and telephone number of the principal executive offices of MCI are 1801 Pennsylvania Avenue, N.W., Washington, D.C. 20006 and (202) 872-1600. See, "PROPOSED TRANSACTIONS: MCI Purchase Agreement."

Company Annual Meeting

The Annual Meeting of shareholders of the Company will be held in the Denali Ballroom of the Regal Alaskan Hotel at 4800 Spenard Road, Anchorage, Alaska at 6 p.m. (Alaska Time) on October 17, 1996. At the Annual Meeting, the shareholders will be asked to do the following: (1) to elect individuals to fill three positions on the Company Board; (2) to approve the Acquisition Plan; and (3) to conduct other business as may properly come before the Annual Meeting. See, "COMPANY ANNUAL MEETING" and "ACQUISITION PLAN."

In accordance with the Company Bylaws, the Record Date has been set as August 19, 1996, the date indicated in the Notice of Annual Meeting of Shareholders of the Company accompanying this Proxy Statement/Prospectus. The Record Date is the date for the determination of holders of Company common stock entitled to vote at the Annual Meeting. As to each of the agenda items to be addressed at the Annual Meeting, each share of Company Class A common stock is entitled to one vote, and each share of Company Class B common stock is entitled to ten votes. The adoption of the Annual Meeting agenda items will each require an affirmative vote of the holders of at least a simple majority of the voting power of the issued and outstanding Company Class A and Class B common stock entitled to vote as of the Record Date. The Company Articles expressly provide for non-cumulative voting in the election of directors.

As of the Record Date, the percentage of outstanding shares entitled to vote held by directors and executive officers of the Company and their affiliates was 9,984,702 shares constituting approximately 50.3% of the outstanding Class A and 2,679,499 shares constituting approximately 65.6% of the outstanding Class B common stock. As of the Record Date, 7,562,430 shares constituting approximately 38.1% of the outstanding Class A common stock and 4,085,461 shares constituting approximately 58.8% of the outstanding Class B common stock of the Company were subject to the Voting Agreement described elsewhere in this Proxy Statement/Prospectus. Also as of the Record Date the voting power of the common stock of the Company subject to the Voting Agreement was approximately 52.2% of the effective voting power of the combined outstanding Class A and Class B common stock of the Company. When combined, the voting power held by management of the Company and the parties to the Voting Agreement constituted approximately 60.8% of the outstanding voting power of Class A and Class B common stock of the Company as of the Record Date. The executive officers and directors of the Company as well as the persons subject to the Voting Agreement have indicated they will vote their shares in the Company in favor of management's slate of directors for the Company Board and will vote for adoption of the Acquisition Plan. See, "COMPANY ANNUAL MEETING" and "OWNERSHIP OF THE COMPANY: Changes in Control -- Voting Agreement."

Should the shares held by management of the Company and the shares subject to the Voting Agreement be voted for management's slate for the Company Board and for the Acquisition Plan as the parties have previously indicated, management's slate of directors for the Company Board and the Acquisition Plan would be approved and adopted at the Annual Meeting and the issuance of the MCI Company Stock and the issuance of the Company Stock would be assured irrespective of the vote of any other shareholder of the Company.

Cable Company Security Holder Consents

General. Prime and Alaskan Cable have chosen to seek the consent and approval of their respective groups of security holders of record as of the Record Date to their respective Proposed Transactions by means of written Consents in lieu of special meetings of security holders. These Consents are to be received by the Consent Deadline. See, "CABLE COMPANY SECURITY HOLDER CONSENTS: Time and Place."

Prime. At the same time this Proxy Statement/Prospectus is sent to the Company's shareholders, the Prime Group will be requested to give their written consents to the Prime Proposed Transaction.

For purposes of determining parties entitled to vote or to give their consents to the Prime Proposed Transaction, it is anticipated that there will be no transfers of securities of a Prime Group member whose approval or consent to the Prime Proposed Transaction or any part thereof, is required, except for possible transfers by limited partners of PCLP. In the case of ACI, its shareholders will be asked to sign a written consent of shareholders (such consent will either be unanimous or be signed by the holders of at least

66-2/3% of the shares) approving the ACI Merger of ACI with and into GCI Cable, and the sole shareholder of Prime General Partner will sign a written consent to the PCFI Merger of Prime General Partner with and into GCI Cable, in each case in lieu of a meeting of shareholders. The other Prime entities whose approval or consent is required are limited partnerships, consisting of PCLP, Prime Growth, Prime Holdings and PVII. Under applicable Delaware law, the provisions of the respective limited partnership agreements, or as otherwise required by the general partner, the consent of holders of the requisite percentages of limited partner interests in such partnerships (at least 80% in the case of Prime Growth and at least 66-2/3% in the case of each of Prime Holdings, PVII and PCLP) will be effective to bind the other holders, including transferees of such holders in the event of any subsequent transfer of a limited partner interest in any such entities, which is not anticipated.

Prime General Partner will seek consents separately from the limited partners of Prime and separately from the security holders of each limited partner of Prime, and from PCLP (the sole shareholder of Prime General Partner). In the case of each limited partnership that is a limited partner of Prime, each such limited partner is entitled to vote or consent based upon that partner's limited partner interest in the particular limited partnership. The ACI Merger must be approved by the affirmative vote of the holders of a majority of the outstanding shares of ACI's Class A common stock, which is the only class of ACI stock entitled to vote on the merger. Each share of ACI Class A common stock is entitled to one vote. The PCFI Merger must be approved by the affirmative vote of the holders of a majority of the outstanding shares of common stock of Prime General Partner, which is the only authorized class of PCFI stock. Each share of Prime General Partner common stock is entitled to one vote. See, "CABLE COMPANY SECURITY HOLDER CONSENTS: Voting Rights, Votes Required for Approval and Consents."

As of the Record Date, neither Prime General Partner nor any of its officers or directors held any direct limited partner interests in Prime entitled to vote on the Prime Proposed Transaction. As of that date, neither the officers or directors of ACI nor of the general partners of the other two of the three limited partners of Prime (Prime Holdings and Prime Growth), nor any of their officers or directors held any outstanding limited partner interests in Prime entitled to vote on the Prime Proposed Transaction. Certain of the officers and directors of Prime General Partner are also officers and directors of the general partners of PCLP, Prime Growth, Prime Holdings and PVII. See, "ACQUISITION PLAN: Interests of Certain Persons in the Acquisition Plan--Prime Security Ownership and Officer/Director Relationships" and "DISTRIBUTION OF COMPANY STOCK: Management--Prime."

Alaskan Cable. The sole shareholder of each of the three corporations comprising Alaskan Cable will be invited and encouraged by the respective boards of directors to give its written consent to the Acquisition Plan as it pertains to that corporation, i.e., the Alaskan Cable Proposed Transaction, and the subsequent distribution of the Alaskan Cable Company Shares to the respective shareholder of the respective corporation. See, "CABLE COMPANY SECURITY HOLDER CONSENTS: Voting Rights, Votes Required for Approval and Consents."

As of the Record Date, Jack Kent Cooke, a director and executive officer of each of the three corporations comprising Alaskan Cable, controlled directly or indirectly through affiliates all of the shares of outstanding voting common stock of all of those corporations entitled to vote on the Alaskan Cable Proposed Transactions. Mr. Cooke executed the Alaskan Cable Proposed Transactions as an executive officer of each of those corporations.

Acquisition Plan, Proposed Transactions

General. Through the Acquisition Plan the Company will acquire assets or securities of the seven Cable Companies having cable distribution systems passing approximately 74% of the households throughout Alaska: (1) Prime; (2) three corporations comprising Alaskan Cable; (3) Alaska Cablevision;

(4) McCaw/Rock Homer; and (5) McCaw/Rock Seward. The total purchase price for the acquisition of the Cable Companies to be paid by the Company to the Cable Companies under the Purchase Agreements is approximately $280,700,000 and will be paid by the Company through the issuance of the Company Stock (valued at $95,700,000), bank financing of approximately $162,000,000 (including assumption of approximately $103,000,000 of existing Prime debt and new financing of approximately $59,000,000), sale of the MCI Company Stock for $13,000,000, and

the sale of Cablevision Company Notes for $10,000,000. The offer and sale of the MCI Company Stock to MCI will be a part of the Acquisition Plan but made through a private offering and a separate agreement. The Company Stock and MCI Company Stock were valued by the parties at $6.50 per share for an aggregate total value of $108,700,000. On October 3, 1996, the last trading day before the date of this Proxy Statement/Prospectus, the last reported sale price on the Nasdaq Stock Market for shares of the Company Class A common stock was $5.875 per share. The Acquisition Plan is to be implemented through the Proposed Transactions, i.e., Purchase Agreements with each of the Cable Companies and a separate Purchase Agreement between the Company and MCI and related agreements entered into separately between the Company and each Cable Company.

Consideration to be Received. Pursuant to the Purchase Agreements, the Cable Companies will upon closing receive the following consideration: (1) Prime--in return for the following consideration, the Company will issue Company Stock (a) to the holders of equity participation interests in Prime in exchange for such interests, (b) to Prime Growth and Prime Holdings in exchange for their limited partner interests in Prime and (c) pursuant to the mergers of ACI and Prime General Partner with and into GCI Cable, pro rata on the same basis had such shares been distributed in accordance with the Prime Partnership Agreement, but subject to share holdback provisions of the Prime Purchase Agreement; (2) Alaskan Cable--in return for transfer to the Company of substantially all of the assets of Alaskan Cable (subject to adjustment at closing), each corporation comprising Alaskan Cable will receive or be issued a portion of the consideration which will be agreed to by those corporations and the Company and for subsequent distribution to their respective sole shareholders, aggregating for those three corporations (a) $51,000,000, in cash, and (b) the Alaskan Cable Company Shares, i.e., 2,923,077 shares of Company Class A common stock, subject to share holdback; (3) Alaska Cablevision--in return for transfer to the Company of substantially all of the assets of Alaska Cablevision (excluding certain identified assets), the shareholders of Alaska Cablevision will receive or be issued pro rata, based upon shareholdings in Alaska Cablevision, (a) $16,650,000 payable in cash, subject to adjustment at closing on the Alaska Cablevision Purchase Agreement, and (b) $10,000,000 in Cablevision Company Notes, subject to note holdback and convertible into shares of Company Class A common stock; (4) McCaw/Rock Homer--in return for transfer to the Company of substantially all of the assets of the joint venture (with certain identified exclusions), the joint venturers will receive $1,466,132 (subject to adjustment and holdback at closing), in cash; and (5) McCaw/Rock Seward--in return for transfer to the Company of substantially all of the assets of the joint venture (with certain identified exclusions), the joint venturers will receive $2,883,868 (subject to adjustment and holdback at closing), in cash.

In addition, in a private offering, separate from this Proxy Statement/Prospectus, MCI in return for payment to the Company of $13,000,000, will be issued the MCI Company Stock, i.e, 2,000,000 shares of Company Class A common stock. See, "PROPOSED TRANSACTIONS: Cable Company Purchase Agreements--Consideration To Be Received" and "PROPOSED TRANSACTIONS: MCI Purchase Agreement."

Interconnection of Proposed Transactions. The closing and consummation of one Proposed Transaction is not dependent upon the closing and consummation of one or more of the other Proposed Transactions, with the exception that the Prime Purchase Agreement and the MCI Proposed Transaction are each contingent upon the closing of the other. The cable systems operated by the seven Cable Companies are at least several hundred and up to in excess of one thousand miles apart from one another. While the Company proposes to operate them through one or more subsidiaries and subject to

the Prime Management Agreement, the economic viability of the operation of these systems is not dependent upon the integration of the systems. Therefore, the Company believes the failure to close on one or more of the Proposed Transactions will not affect the economic viability of going forward with the remaining Proposed Transactions. The Company is prepared, subject to its shareholders' approval and other conditions as set forth in the Proposed Transactions described elsewhere in this Proxy Statement/Prospectus, to close on one or more or all of the Purchase Agreements. See, "PROPOSED TRANSACTIONS."

Recommendations of the Board of Directors of the Company and the Governing Bodies of the Cable Companies. The Company Board has unanimously approved the Acquisition Plan, has determined unanimously that the plan is advisable and fair and in the best interests of the Company and its shareholders taken as a whole and unanimously recommends that holders of shares of common stock of the Company vote "FOR" approval of the Acquisition Plan. The Company Board believes that the plan represents an opportunity for the Company to acquire substantial cable television company assets and securities. The Company Board has concluded that the plan will benefit the Company because the Company Board believes that, in acquiring Prime as a wholly-held subsidiary, it will be acquiring a cable system operation with a consistent record of revenue growth and cash flow provided by operations. The Company Board further believes that the acquisition of the Cable Company assets or securities provide the Company with the opportunity to realize operational efficiencies and strategic opportunities to enter new product markets where the cable systems of those Cable Companies are located throughout the State of Alaska, and will increase the Company's cash provided by operations and borrowing capacity. See, "ACQUISITION PLAN: Recommendation of the Company Board and Its Reasons for the Acquisition Plan; Recommendations of the Cable Company Boards and Their Reasons for the Acquisition Plan" and "CERTAIN CONSEQUENCES OF THE ACQUISITION PLAN:

Management and Personnel."

In reaching these conclusions, the Company Board considered a number of factors, including among other things, the terms and conditions of the Proposed Transactions, information with respect to the financial condition, business, operations and prospects of the Cable Companies and the Company on both a historical and prospective basis, including certain information reflecting the combination of the assets or securities of the Cable Companies as envisioned in the Acquisition Plan and the Company on a pro forma combined basis and the Cable Companies' historical cash provided by operations, and the views and opinions of the management of the Company. In making its final determination on the Acquisition Plan, the Company Board did not seek or receive independent valuations or opinions as to the fairness of the consideration to be paid in connection with any of the Proposed Transactions. See, "ACQUISITION PLAN: Recommendation of Company Board and Its Reasons for the Acquisition Plan" and "COMPANY ANNUAL MEETING: Recommendations of Company Board."

The board of directors of Prime General Partner and the respective boards of directors of the three corporations comprising Alaskan Cable each independently and unanimously approved the relevant portions of the Acquisition Plan, and determined the relevant portions of the Acquisition Plan are advisable and fair and in the best interests of the respective company. Prime General Partner determined that the Prime Proposed Transaction was in the best interests of the Prime Group, taken as a whole, and recommended that the members of the Prime Group vote "FOR" or otherwise consent and approve the Prime Proposed Transaction. The respective boards of directors of the three corporations comprising Alaskan Cable determined that the Alaskan Cable Proposed Transaction was in the best interests of the respective sole shareholder of each corporation, and recommended that the respective sole shareholder consent and approve the Alaskan Cable Proposed Transaction as it related to that corporation. In reaching its decision to approve the Acquisition Plan and to recommend to its security holders to vote to approve the Acquisition Plan, the respective governing bodies previously referred to considered the following factors: (1) industry, economic, and market conditions, including anticipated regulation that could increase competition between telephone companies, cable companies, and long distance carriers, could

result in increased consolidation within the cable industry; (2) presentations by management of the Company in the form of the Company's initial proposal for a joint use of Prime's facilities and later, after the Company re-evaluated Prime's counter offer for the Company to acquire Prime, in the form of the Company's counter proposal to acquire Prime and, once a tentative consensus was reached between management of the Company and management of Prime, the separate proposals by management of the Company to acquire Alaskan Cable, Alaska Cablevision, McCaw/Rock Homer and McCaw/Rock Seward (see, "ACQUISITION PLAN: Recommendation of Company Board and Its Reasons for the Acquisition Plan--Decision-Making Process"); (3) the terms of the Acquisition Plan, including the consideration to be received by the security holders of that governing body's company, and the representations, warranties, covenants, and conditions of the parties contained in the corresponding Proposed Transactions; (4) the opportunity for the security holders of the governing body's company to participate, as holders of Company Class A common stock, in a larger more diversified publicly-held company (of which, in the case of Prime, it would become a significant part of the Company, and of which, in the case of the other Cable Companies, their assets would contribute to access to a larger share of the Alaska cable television marketplace); and (5) in the case of Prime, to accomplish a portion of the Prime Proposed Transaction by means of reorganizations designed to be tax-free to certain of its security holders (shareholders of ACI and Prime General Partner, respectively). While Prime's initial proposal to the Company for the Company to acquire Prime was based upon the method of valuation of Prime described elsewhere in this Proxy Statement/Prospectus (see, "ACQUISITION PLAN: Determination of Value"), ultimately Prime accepted the Company's method of valuation of the Company Class A common stock at 1.3 times its market price of $5.00 per share prior to March 14, 1996, resulting in the $6.50 per share valuation used as the basis for the Prime Proposed Transaction. The same value was used in subsequent negotiation of the terms of the Alaskan Cablevision Proposed Transaction. The Prime Proposed Transaction will not be tax-free to the partners of Prime Growth and Prime Holdings. In addition, in the event that Prime Company Shares are distributed to the partners of PCLP (following the PCFI Merger) or to the partners of any one or more of the limited partnerships that are shareholders of ACI (following the ACI Merger), such distributions may be taxable to such partners to the extent that the fair value of such shares distributed exceeded their adjusted bases in the distributing partnership, although a proposed Treasury Regulation would treat such distributions as not taxable. See, "CERTAIN CONSEQUENCES OF THE ACQUISITION PLAN: Certain Federal Income Tax Consequences." The Company and Alaska Cablevision and the joint venturers in McCaw/Rock Homer and the joint venturers in McCaw/Rock Seward have executed Purchase Agreements for the sale to the Company of the respective assets of that corporation and those joint ventures. See, "ACQUISITION PLAN: Cable Companies' Reasons for the Acquisition."

In making the decision to enter into the Prime Proposed Transaction, neither the signatories nor Prime nor the Company in particular sought or relied upon a financial advisor for a determination or opinion on fairness of consideration for the securities to be exchanged in the transaction. Jack Kent Cooke, the president of each of the three corporations comprising Alaskan Cable and, indirectly, the controlling shareholder of them, has directed Alaskan Cable to adopt the Alaskan Cable Proposed Transaction. In making the decision to enter

into the Alaskan Cable Proposed Transaction, neither Mr. Cooke nor Alaskan Cable nor the Company sought or relied upon a financial advisor for a determination or opinion on fairness of consideration for the securities or assets exchanged in the transaction.

Conditions of the Acquisition Plan. As of the Record Date, the respective obligations of the Company and the Cable Companies to consummate the Acquisition Plan are subject to the satisfaction of certain conditions generally including the following: (1) the Acquisition Plan and the Proposed Transactions contemplated by it shall have been duly approved by the shareholders of the Company and separately by the security holders of each of the Cable Companies and consented to by the Senior Lenders and the lenders of Prime, Alaskan Cable and Alaska Cablevision, and, as to the replacement of the Voting Agreement with the New Voting Agreement, the board of directors of MCI and the other parties to the Voting Agreement; (2) the Registration Statement shall have become effective in accordance with

the provisions of the Securities Act, any necessary state securities law approvals shall have been obtained, and no stop order suspending the effectiveness of the Registration Statement shall have been issued by the Commission and remain in effect; (3) all consents of governmental entities necessary for the transfer of control of the cable television franchises, to the extent required to be obtained under the Acquisition Plan, shall have been obtained, e.g., consent of the APUC; and (4) the FCC shall have consented, to the extent such consent is legally required, to the transfer of control to the Company of all FCC licenses possessed by the Cable Companies, except where the failure to receive such consent will not have a materially adverse effect on the business, properties, assets, condition (financial or otherwise), liabilities, or operation of the Company and the Cable Companies, taken as a whole. See, "ACQUISITION PLAN"; "PROPOSED TRANSACTIONS"; and "CERTAIN CONSEQUENCES OF THE ACQUISITION PLAN: Certain Federal Income Tax Consequences."

In the case of a given Purchase Agreement, the consent of the parties to that agreement would be required to waive any of these conditions as they pertain to that agreement. In the case of the Prime Proposed Transaction, the consent of each of the Prime Sellers and the Company would be required in order to waive any of the above enumerated conditions to the parties' respective obligations to consummate the Prime Proposed Transaction, except that the Prime Sellers may in their sole discretion unanimously agree to waive the condition referenced in item (2) above with respect to the effectiveness of the Registration Statement.

Regulatory Approvals. As of the Record Date, the only governmental consents and governmental filings of which the Company and the Cable Companies were aware that had to be obtained or made in connection with the consummation of the Acquisition Plan, other than in connection with compliance with federal securities laws, were as follows: (1) filings with, and consents, orders or approvals required to be received from, the APUC which are required in connection with the transfer of control of the certificates of public convenience and necessity issued by the APUC related to the cable television operations of the Cable Companies; (2) filings with, and consents, orders or approvals required to be received from, the FCC in connection with the transfer of control of licenses related to the cable television operations of the Cable Companies; (3) filings with, and consents orders or approvals required to be received from, various U.S. military contracting officers that are required in connection with the transfer of control of contracts to provide cable television service to various U.S. military installations related to the cable television operations of the Cable Companies; and (4) state securities registration or exemption from registration requirements. Of these items, only item (3) as it pertains to the franchises held by Prime and Alaskan Cable to provide cable television to certain military installations, was considered waivable prior to closing on the respective Purchase Agreements. See, "CERTAIN INFORMATION REGARDING THE CABLE COMPANIES: Background and Description of Business--Prime; Alaskan Cable" and "PROPOSED TRANSACTIONS: Cable Company Purchase Agreement--Governmental Approvals."

Applications for transfer of control to the Company of 15 certificates of public convenience and necessity held by the various Cable Companies were filed with the APUC on May 23, 1996 and approved in an order dated September 23, 1996, such transfers to be effective on the Closing Date. No other local governmental or state authorization is required for the transfer of the certificates of public convenience and necessity or otherwise for the Company to take control and operate the cable systems of the Cable Companies located in Alaska.

The approval of the transfer of the 15 certificates of public convenience and necessity to the Company by the FCC is not required under federal law, with one area of limited exception. The Cable Companies operate in part through the use of several radio-band frequencies licensed through the FCC. On August 5, 15, and 16, 1996, the Company and the Cable Companies applied to the FCC for a transfer of these licenses. The FCC procedure for the transfer of such licenses is considered routine. As of the

Record Date, the FCC had granted transfers for some of the Alaska Cablevision licenses, and approval of transfers of the remaining licenses was expected prior

to October 31, 1996.

As of the Record Date, the Company and Prime were seeking consent of the military commanders of the military bases serviced by the Prime Alaska Systems to the assignment of the respective franchises for those bases. Similarly the Company and Alaskan Cable were, as of that date seeking consent of the military commanders at the military bases serviced by the Alaskan Cable cable systems to the assignment of the respective franchises for those bases. Should such commanders wish to defer such consents until after closing on the corresponding Purchase Agreement, the Company and the corresponding Cable Company will seek the assignment or other transfer of those franchises subsequent to that closing.

The Company and the Cable Companies intend to pursue vigorously all required authorizations that have not been obtained as of the Record Date. There can be no assurance, however, that such approvals will, in fact, be obtained or, if obtained, as to the time of their receipt. See, "PROPOSED TRANSACTIONS: Cable Company Purchase Agreements--Governmental Approvals."

Prior to the Record Date, the statutory waiting period under the Hart-Scott-Rodino Act had expired in the case of the Company and Mr. Jack Kent Cooke (as the ultimate parent entity of the three corporations comprising Alaskan Cable). Also prior to the Record Date, the statutory waiting period had been terminated by the FTC and the U.S. Department of Justice in the case of the Company and ACI (as the ultimate parent entity of Prime).

Termination of Acquisition Plan. Each of the Purchase Agreements with the Cable Companies and the MCI Proposed Transaction is subject to termination by mutual consent of the parties, upon default, or if not closed by a specified date. In the case of each of the Cable Companies the corresponding Purchase Agreement is subject to termination if not closed by October 31, 1996 or, if the consent of the APUC is not obtained by that date, then at the option of the Company or the corresponding Cable Company no later than December 31, 1996. However, that final closing date may be extended by mutual consent of the corresponding parties to that Purchase Agreement. The MCI Proposed Transaction is subject to termination at the option of either party if the agreement is not closed on or before December 31, 1996. The MCI Proposed Transaction is also contingent upon the consummation of the Prime Purchase Agreement. See, "PROPOSED TRANSACTIONS: MCI Purchase Agreement."

Accounting Treatment. The several Proposed Transactions shall be accounted for using the purchase method for accounting and financial reporting purposes.

Changes in Control. It is estimated that, if the Acquisition Plan were consummated as of the Record Date, the percentage ownership of outstanding shares of Company Class A and Class B common stock would be as follows: (1) Prime Sellers (prior to any distributions to their securities holders, including other Prime Group members) -- 29% (2) MCI -- 23% (down from approximately 31% immediately prior to closing on the Proposed Transactions on that date); (3) the Company's employees and management combined -- 10% (down from approximately 17% immediately prior to closing on the Proposed Transactions on that date); (4) Alaskan Cable -- 7%; and (5) others -- 31%. Upon consummation of the Acquisition Plan, the ownership of Company common stock by MCI, the Prime Sellers (and their distributees, including other Prime Group members, who agree in writing to be bound thereby) and certain other persons will be subject to the New Voting Agreement described elsewhere in this Proxy Statement/Prospectus. Should the Acquisition Plan have been completed as of the Record Date, the ownership of Company common stock subject to the New Voting Agreement would have been in excess of 58% of the outstanding common stock of the Company and the parties to the agreement would then have the power to control the Company. See, "RISK FACTORS: Company Common Stock Inherent Factors--Concentration of Stock Ownership" and "PROPOSED TRANSACTIONS: New Voting Agreement." The

actual ownership and voting interests of these shareholders and prospective shareholders of the Company will depend upon a variety of factors and may vary from the estimated percentages set forth above.

Interests of Certain Persons in the Acquisition Plan

In considering the recommendation of the Company Board with respect to the Acquisition Plan, shareholders of the Company, the Prime Group, and the shareholders of Alaskan Cable should be aware that no member of the Company Board or of management of the Company has any interests in the Acquisition Plan that is in addition to or different from the interests of the shareholders of the Company generally. Similarly, in considering the recommendations of Prime General Partner and the board of directors of each of the three corporations comprising Alaskan Cable with respect to the plan, the corresponding security holders should be aware that neither the Company nor management of those Cable Companies is aware of any member of those governing bodies or officers of those companies that has any interest in the Acquisition Plan that is in addition to or different from the interests of the security holders of those companies generally, other than as disclosed elsewhere in this Proxy Statement/Prospectus. See, "ACQUISITION PLAN: Interests of Certain Persons in the Acquisition."

Appraisal Rights

Under Alaska corporate law, the law under which the three corporations

comprising Alaskan Cable were incorporated and to which the corresponding Alaskan Cable Proposed Transaction is subject, holders of securities of corporations subject to a sale of assets not in the ordinary course of business such as the Alaskan Cable Proposed Transaction are provided certain rights to dissent from such action being taken. The parties to the Alaskan Cable Proposed Transaction have resolved that 100% approval of the outstanding voting common stock of the three corporations comprising Alaskan Cable will be required in order for that Proposed Transaction to close. That is, should one shareholder dissent, the Alaskan Cable Proposed Transaction would not go forward, and there would be no dissenter's appraisal rights. See, "APPRAISAL RIGHTS: Alaskan Cable."

Prime, PCLP and two of Prime's limited partners are Delaware limited partnerships. Prime General Partner and ACI, the third of the three limited partners of Prime, are Delaware corporations. Delaware partnership law provides for contract appraisal rights as agreed to under a limited partnership agreement. However, none of the Prime limited partnerships provide appraisal rights to a limited partner who may dissent from the Prime Proposed Transaction. The Delaware General Corporation Law provides appraisal rights to shareholders in the context of a merger, such as contemplated for ACI and Prime General Partner. However, that law expressly prohibits appraisal rights where the stock to be received by the shareholders in the merger is a national market system security traded on the Nasdaq Stock Market as is the Company Stock to be issued in the Prime Proposed Transactions. See, "APPRAISAL RIGHTS: Prime."

Certain Federal Income Tax Consequences

The ACI Merger and PCFI Merger are intended to qualify as reorganizations within the meaning of Section 368(a) of the Code. Special tax counsel to Prime has provided opinions to the effect that no gain or loss will be recognized by the shareholders of ACI or Prime General Partner other than with respect to cash received in lieu of fractional shares. Such opinions are subject to certain assumptions as more fully described under "CERTAIN CONSEQUENCES OF THE ACQUISITION PLAN: Certain Federal Income Tax Consequences--Prime." None of the other portions of the Proposed Transactions involving Alaskan Cable or the Prime Sellers (other than shareholders of ACI and Prime General Partner, respectively) are expected to qualify as reorganizations within the meaning of Section 368(a) of the Code. These tax consequences and certain federal income tax consequences pertaining to other Prime Group,

Alaskan Cable, and the Company are described elsewhere in this Proxy Statement/Prospectus. See, "CERTAIN CONSEQUENCES OF THE ACQUISITION PLAN: Certain Federal Income Tax Consequences."

Comparative Market Price Data

Company. The Company Class A common stock is designated a national market system stock by the Nasdaq Stock Market, and it is traded on the Nasdaq Stock Market under the symbol "GNCMA." The following table sets forth the high and low sale prices of Company Class A common stock for the periods indicated from March 14, 1996 (the day before the public announcement of the Acquisition Plan) through the week ended September 28, 1996. The prices are quoted as the highest and lowest for the corresponding day or week, are rounded up to the nearest eighth, do not include retail markups, markdowns, or commissions, and do not necessarily represent actual transactions. The Company's fiscal year ends on December 31. Shares of the Company Class B common stock are traded on the over-the-counter market. Under the Company Articles, its Class B common stock is readily convertible into Company Class A common stock.

<TABLE>

High and Low Sale Prices for
General Communication, Inc. Class A Common Stock
March 14 - September 28, 1996

<CAPTION>

	High	Low
<S>	<C>	<C>
March 14, 1996....................................	$ 5 1/8	4 7/8
March 15, 1996....................................	5 1/8	4 3/4
Week ended 03/23/96...............................	6 7/8	5 7/8
Week ended 03/30/96...............................	6 1/4	5 7/8
Week ended 04/06/96...............................	6 1/2	6
Week ended 04/13/96...............................	6 5/8	6 3/8
Week ended 04/20/96...............................	8 1/2	7 3/4
Week ended 04/27/96...............................	8 1/4	7 7/8
Week ended 05/04/96...............................	8 1/4	7 7/8
Week ended 05/11/96...............................	8 3/4	7 7/8
Week ended 05/18/96...............................	9 1/4	8 7/8
Week ended 05/25/96...............................	9	8 5/8
Week ended 06/01/96...............................	8 1/2	8 1/4
Week ended 06/08/96...............................	8 1/8	7
Week ended 06/15/96...............................	7 5/8	7 1/8
Week ended 06/22/96...............................	7 1/2	7
Week ended 06/29/96...............................	8	7 3/8
Week ended 07/06/96...............................	8 3/8	7 3/4
Week ended 07/13/96...............................	8 3/8	6 3/8
Week ended 07/20/96...............................	7 1/8	5 3/4
Week ended 07/27/96...............................	6 3/4	5 3/4
Week ended 08/03/96...............................	6 3/8	6
Week ended 08/10/96...............................	7 3/4	6 1/4

Week ended 08/17/96	7 5/8	7 1/4
Week ended 08/24/96	7 3/8	6 3/8
Week ended 08/31/96	7 1/4	6 3/4
Week ended 09/07/96	7	6 3/8
Week ended 09/14/96	6 3/4	6 3/8
Week ended 09/21/96	6 3/4	6 3/8
Week ended 09/28/96	6 1/2	5 3/4

</TABLE>

The high and low sale prices for Company Class A common stock as of March 14, 1996 (the day preceding the public announcement of the Proposed Transactions) were $5 1/8 per share and $4 7/8 per

share, respectively. The Company Class B common stock is not actively traded. It is commonly converted into Company Class A common stock to facilitate trading. Accordingly, the Company Class A common stock price approximates the price of the Company Class B common stock. On October 3, 1996, the last trading day before the date of this Proxy Statement/Prospectus, the last reported sale price on the Nasdaq Stock Market for Company Class A common stock was $5.875 per share.

During the six-month period ended June 30, 1996, the top 5 market makers (in terms of number of trades) out of the approximately 18 market makers in the Company Class A common stock were as follows: (1) PaineWebber, Inc.; (2) Mayer & Schweitzer, Inc.; (3) Herzog, Heine, Geduld, Inc.; (4) Troster Singer Corp; and (5) John G. Kinnard & Co., Inc.

Cable Companies. All of the Cable Companies are privately held. There are no established public trading markets for their securities. As of the Record Date there had been no purchases or sales of the securities of Alaskan Cable or Prime since and including March 14, 1996.

Holders

Company. As of the Record Date, there were the following number of security holders of record in each class of equity of the Company: (1) for Class A common stock - approximately 1,820 shareholders; (2) for Class B common stock - - approximately 720 shareholders; and (3) for preferred stock - none issued.

Cable Companies. As of the Record Date, there were the following number of securities holders of each of Prime and Alaskan Cable: (1) Prime--three limited partners holding all of the limited partner interests, one general partner holding no limited partner interests and three holders of equity participation interests with no partnership voting rights; and (2) Alaskan Cable-- one shareholder in each of the three corporations comprising Alaskan Cable.

Dividends

Company. The Company has never paid a cash dividend on its common stock, and, as of the Record Date, there was no expectation that it would do so in the future. The Company is prohibited, under its existing Credit Agreement with its Senior Lender, from payment of cash dividends. Payments of cash dividends by the Company in the future, if any, will be determined by the Company Board in light of the Company's earnings, financial condition, credit agreements, and other relevant considerations. As of the Record Date, the Company was not in default in principal or interest with respect to any of its securities. See "RISK FACTORS: Dividends."

Cable Companies. Alaskan Cable has paid cash dividends for each of the years ended December 31, 1995, 1994, and 1993, however, no cash dividends were paid during the six-month period ended June 30, 1996. Prime paid no cash dividends and made no cash distributions to limited partners during those periods. Alaska Cablevision paid cash dividends to its shareholders during those periods. See, "CERTAIN INFORMATION REGARDING THE CABLE COMPANIES: Market Price of and Dividends of Cable Companies -- Dividends." and "INDEX TO FINANCIAL STATEMENTS: Historical Financial Statements."

Selected Historical Financial and Pro Forma Data and Certain Comparative Per Share Data

Company. The table below sets forth the following: (1) selected historical consolidated financial data for the Company and subsidiaries; (2) selected pro forma financial data for the Company giving effect to consummation of the Acquisition Plan; and (3) certain comparative per share data on the Company.

The selected historical consolidated financial data are (1) as of June 30, 1996 and as of December 31 for each of the years in the five-year period ended December 31, 1995, (2) for the six-month period ended June 30, 1996 and (3) for each of the years in the five-year period ended December 31, 1995. These data, insofar as they relate to each of the years 1991 through 1995, are subject in their entirety to, and should be read in conjunction with, the consolidated financial statements and notes to them of the Company, incorporated by reference into this Proxy Statement/Prospectus. The data pertaining to the Company,

insofar as they relate to the six-month period ended June 30, 1996, have been derived from the unaudited financial statements filed with the Commission in the form of Form 10-Q for the respective periods, and are subject in their entirety to, and should be read in conjunction with, the corresponding Forms 10-Q, incorporated by reference into this Proxy Statement/Prospectus. The unaudited financial statements, in the opinion of management of the Company, include all adjustments, consisting only of normal recurring adjustments necessary for the fair statement of the results for unaudited periods. See, "INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE" "INDEX TO FINANCIAL STATEMENTS: Pro Forma Financial Information -- Company"; and "ANNUAL REPORT."

The following table sets forth for and as of the periods and dates indicated, in comparative columnar form, historical balance sheet data, historical operating data, pro forma balance sheet data, pro forma operating data, historical per share data, and pro forma per-share data for the Company. Per share data, where applicable, is provided for the following items: (1) book value per share; (2) cash dividends declared per share; and (3) earnings (loss) per share from continuing operations. The pro forma information shown is derived from the pro forma financial statements presented elsewhere in this Proxy Statement/Prospectus, which give effect to the Acquisition Plan as if it had occurred as of June 30, 1996 with respect to the pro forma balance sheet data. The pro forma operating data give effect to the Acquisition Plan as if it had occurred as of the beginning of the period presented. The pro forma financial data are unaudited and are not necessarily indicative of the financial position or results of operations of the Company that would have occurred had the Acquisition Plan been completed as of the dates indicated or of the future results of operations of the Company. The information shown below should be read in conjunction with the consolidated historical financial statements and notes to them for the Company (which are incorporated by reference into this Proxy Statement/Prospectus) and the Cable Companies (included in this Proxy Statement/Prospectus to the extent material), the accompanying historical financial statements of the Cable Companies and notes to them, and the accompanying pro forma financial statements and notes to them for the Company. See, "INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE" and "INDEX TO FINANCIAL STATEMENTS." The Company has followed a policy of not paying cash dividends throughout the periods in question. Certain of the Cable Companies did pay cash dividends on their common stock or made distributions to the holders of limited partner interests during that period. See, "CERTAIN INFORMATION REGARDING THE CABLE COMPANIES: Market Price and Dividends of Cable Companies--Dividends."

<TABLE>

General Communication, Inc.
($ in thousands, except per share data)

<CAPTION>

	Pro Forma	Historical					
	June 30,	June 30,	December 31,				
	1996 (1)	1996	1995	1994	1993	1992	1991
	(unaudited)	(unaudited)					
Summary Balance Sheet Data:							
Property and equipment, net	$ 113,036	63,661	50,454	47,513	43,288	44,233	45,116
Total assets	387,943	109,643	84,765	74,249	71,610	72,351	70,167
Long-term debt and obligations under capital leases, including current portion	188,793	31,143	11,027	13,851	22,345	38,955	35,825
Convertible notes	10,000	---	---	---	---	---	---
Total stockholders' equity	147,201	47,493	43,016	35,093	27,210	14,870	13,554
Book value per common share (2)	3.63	2.00	1.81	1.48	1.18	0.97	0.90

</TABLE>
<TABLE>
<CAPTION>

Pro Forma		Historical					
Six Months Ended June 30, 1996 (3)	Year Ended December 31, 1995 (3)	Six Months Ended June 30, 1996	Year Ended December 31,				
			1995	1994	1993	1992	1991

	(unaudited)	(unaudited)	(unaudited)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Summary of Operations Data:								
Revenues	$ 104,894	182,308	77,169	129,279	116,981	102,213	96,499	75,522
Operating income	14,896	26,468	7,918	13,504	12,997	8,804	5,269	1,557
Earnings (loss) before income tax expense	7,799	12,823	7,290	12,601	11,681	6,715	1,524	(1,422)
Net earnings (loss)	3,857	6,199	4,288	7,502	7,134	3,951	890	(1,092)
Net earnings (loss) per common and common equivalent share (4)	0.09	0.15	0.17	0.31	0.30	0.17	0.02	(0.12)
Cash dividends declared per common and common equivalent share (5)	---	---	---	---	---	---	---	---

<FN>

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1 Reflects the effects of the transactions as if they occurred as of such date.

2 Represents total stockholders' equity divided by the number of shares outstanding at the end of the period. Historical book value per common share amounts as of December 31, 1991 through 1995 and June 30, 1996 are computed using the historical number of common shares outstanding at the end of each period without giving effect to the transactions. Equivalent pro forma book value per common share as of June 30, 1996 is computed using the historical number of common shares outstanding at June 30, 1996 after giving effect to the transactions (includes an additional 16,723,077 shares).

3 Reflects the effects of the transactions as if they occurred as of the beginning of the period presented.

4 Historical net earnings (loss) per common and common equivalent share for the years ended December 31, 1991 through 1995 and for the six-month period ended June 30, 1996 are computed using the historical weighted average number of common and common equivalent shares outstanding each period without giving effect to the transactions. Pro forma net earnings per equivalent common share for June 30, 1996 and December 31, 1995 are computed using the historical weighted average number of common and common equivalent shares outstanding each period after giving effect to the transactions (includes an additional 16,723,077 shares).

5 The Company no cash dividends on its common stock during the periods presented.

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</FN>
</TABLE>

Prime, Alaskan Cable, and Alaska Cablevision. The following tables set forth selected historical financial data separately for Prime, Alaskan Cable and Alaska Cablevision (1) as of June 30, 1996 and as of December 31 for each of the years in the five-year period ended December 31, 1995, and (2) for the six-month period ended June 30, 1996 and for each of the years in the five-year period ended December 31, 1995. The data for the six-month period ended June 30, 1996 have been derived from the unaudited financial statements also appearing elsewhere in this Proxy Statement/Prospectus. The unaudited financial statements, in the opinion of management of the respective Cable Company, includes all adjustments, consisting only of normal recurring adjustments, necessary for the fair statement of the results for the unaudited periods. The following information is qualified in its entirety by, and should be read in conjunction with, the accompanying financial statements and notes to them for the corresponding Cable Company and the Company. See, "INDEX TO FINANCIAL STATEMENTS." Certain of the Cable Companies did pay dividends on their common stock during that period. See, "CERTAIN INFORMATION REGARDING THE CABLE COMPANIES: Market Price and Dividends of Cable Companies--Dividends."

<TABLE>

Prime Cable of Alaska, L.P. (1)
($ in thousands, except per share data)

<CAPTION>

	June 30, 1996	December 31, 1995	1994	1993	1992	1991
	(unaudited)			(unaudited)	(unaudited)	(unaudited)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Summary Balance Sheet Data:						
Property, plant and equipment, net	$ 27,628	29,175	31,866	34,984	39,183	43,416
Total assets	61,224	74,141	85,303	98,322	111,179	120,397
Term and subordinated debt	107,320	116,606	111,754	114,282	116,090	112,680
Partners' capital surplus (deficiency)	(53,793)	(48,474)	(32,147)	(20,420)	(9,169)	3,189
Book value per equivalent common share (2)	(4.56)	(4.11)	n/a	n/a	n/a	n/a
Pro forma book value per equivalent common share (3)	5.89	n/a	n/a	n/a	n/a	n/a

</TABLE>
<TABLE>
<CAPTION>

	Six Months Ended June 30, 1996	Year Ended December 31, 1995	1994	1993	1992	1991
	(unaudited)				(unaudited)	(unaudited)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Summary of Operations Data:						
Revenues	$ 17,276	32,594	30,599	29,101	27,677	25,951
Operating loss	(726)	(1,831)	(2,962)	(3,514)	(3,696)	(3,920)
Net loss	(5,319)	(16,327)	(11,727)	(11,251)	(12,358)	(15,071)
Net loss per equivalent common share (4)	(0.45)	(1.38)	(0.99)	(0.95)	(1.05)	(1.28)
Pro forma net income (loss) per equivalent common share (5)	(0.05)	(0.13)	n/a	n/a	n/a	n/a
Cash dividends declared per equivalent common share (6)	n/a	n/a	n/a	n/a	n/a	n/a

<FN>
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1 In this table, "n/a" means not applicable.

2 Prime is organized as a partnership. As such, historical book value per equivalent common share is not applicable. For this presentation, partners' capital surplus (deficiency) as of June 30, 1996 and December 31, 1995 are divided by the number of shares to be issued pursuant to the Prime Proposed Transaction (11,800,000 shares).

3 Represents pro forma partners' capital surplus at June 30, 1996 divided by the number of shares outstanding at the end of the period giving effect to the Prime Proposed Transaction at that date (11,800,000 shares).

4 Prime is organized as a partnership. As such, historical net loss per common share is not applicable. For this presentation, net loss for

each period ended December 13, 1991 through 1995 and June 30, 1996 is divided by the number of shares to be issued pursuant to the Prime Proposed Transaction (11,800,000 shares in each period).

5 Represents pro forma net loss for the year ended December 31, 1995 and the six-month period ended June 30, 1996 divided by the number of shares to be issued pursuant to the Prime Proposed Transaction (11,800,000 additional shares in each period).

6 Prime is organized as a partnership and has paid no dividends. As such, historical and pro forma cash dividends declared per common share is not applicable.

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</FN>
</TABLE>
<TABLE>

Alaskan Cable Companies (1)
($ in thousands, except per share data)

<CAPTION>

<S>	June 30, 1996 (unaudited) <C>	December 31, 1995 <C>	1994 <C>	1993 <C>	1992 <C>	1991 (unaudited) <C>
Summary Balance Sheet Data:						
Property and equipment, net	$ 10,909	12,144	14,161	15,901	15,624	17,003
Total assets	19,209	24,494	33,380	33,115	35,167	38,242
Debt	3,000	8,000	---	---	---	54,500
Total shareholders' equity (deficit)	13,442	13,498	30,036	29,407	31,793	(19,763)
Book value per common share (2)	4,571	4,590	10,215	10,001	10,812	(6,721)
Pro forma book value per equivalent common share (3)	5.89	n/a	n/a	n/a	n/a	n/a

</TABLE>

<TABLE>
<CAPTION>

<S>	Six Months Ended June 30, 1996 (unaudited) <C>	Year Ended December 31, 1995 <C>	1994 <C>	1993 <C>	1992 <C>	1991 (unaudited) <C>
Summary of Operations Data:						
Revenues	$ 7,442	14,515	13,883	14,142	13,914	13,761
Operating income	329	632	516	367	(99)	540
Earnings (loss) before income tax expense	(51)	712	751	(2,274)	(2,200)	(4,266)
Net earnings (loss) before cumulative effect	(36)	920	742	(1,652)	(2,200)	(4,266)
Cumulative effect of change in accounting principle	---	---	---	(622)	---	---
Net earnings (loss)	(36)	920	742	(2,274)	(2,200)	(4,266)
Net earnings (loss) per common share (4)	(12)	313	252	(773)	(748)	(1,451)
Pro forma net income (loss) per equivalent common share (5)	(0.01)	(0.03)	n/a	n/a	n/a	n/a
Cash dividends declared per common share (6)	---	6,188	---	38	---	---
Pro forma cash dividends declared per common equivalent share (7)	---	6.22	n/a	n/a	n/a	n/a

<FN>
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1 Combined for Alaskan Cable/Fairbanks, Alaskan Cable/Juneau, and Alaskan Cable/Ketchikan. In this table, "n/a" means not applicable.

2 Represents historical total stockholders' equity (deficit) divided by the aggregate number of shares outstanding for Alaskan Cable/Fairbanks,

Alaskan Cable/Juneau and Alaskan Cable/Ketchikan combined of 2,940.5 shares at the end of each period without giving effect to the Alaskan Cable Proposed Transaction.

3 Represents total Alaskan Cable pro forma stockholders' equity at June 30, 1996 divided by the number of shares outstanding at the end of the period giving effect to the Alaskan Cable Proposed Transaction at that date (includes the Alaskan Cable Company Shares, i.e., 2,923,077 shares).

4 Historical net earnings (loss) per common share for the years ended December 31, 1991 through 1995 and for the six-month period ended June 30, 1996 are computed using the historical weighted average number of common and common equivalent shares outstanding each period without giving effect to the Alaskan Cable Proposed Transaction.

5 Represents Alaskan Cable pro forma net earnings (loss) for the year ended December 31, 1995 and the six-month period ended June 30, 1996 divided by the weighted average number of shares outstanding giving effect to the Alaskan Cable Proposed Transaction as of the beginning of the period presented (2,923,077 shares in each period).

6 Represents cash dividends declared per common share divided by the historical weighted average number of common and common equivalent shares outstanding during the period without giving effect to the Alaskan Cable Proposed Transaction. No dividends were paid during the six-month period ended June 30, 1996.

7 Represents cash dividends declared per common share divided by the number of equivalent common shares outstanding during the period giving effect to the Alaskan Cable Proposed Transaction (2,923,077 shares in each period).

- ---------------

</FN>
</TABLE>
<TABLE>

Alaska Cablevision, Inc. (1)
($ in thousands, except per share data)

<CAPTION>

	June 30, 1996 (unaudited)	December 31, 1995	1994	1993	1992	1991
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Summary Balance Sheet Data:						
Property and equipment, net	$ 2,497	2,494	2,139	1,365	1,473	1,502
Total assets	3,446	3,306	2,663	2,211	2,076	2,212
Debt	5,559	5,668	5,602	5,747	6,184	7,371
Total stockholders' deficit	(2,591)	(2,864)	(3,375)	(3,917)	(4,499)	(5,469)
Book value per common share (2)	(392.58)	(409.14)	(482.14)	(559.57)	(642.71)	(781.29)
Pro forma book value per equivalent common share (3)	n/a	n/a	n/a	n/a	n/a	n/a

</TABLE>

<TABLE>
<CAPTION>

	Six Months Ended June 30, 1996 (unaudited)	Year Ended December 31, 1995	1994	1993	1992	1991
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Summary of Operations Data:						
Revenues	$ 3,007	5,920	5,709	5,660	5,626	5,488
Operating income	1,072	2,163	2,216	2,382	2,586	2,411
Earnings before income tax expense	646	1,206	1,192	1,318	1,462	1,188
Net earnings	646	1,206	1,192	1,318	1,462	1,188
Net earnings per common share (4)	97.86	172.24	170.29	188.29	208.86	169.71
Pro forma net earnings per equivalent common share (5)	n/a	n/a	n/a	n/a	n/a	n/a
Cash dividends declared per common share (6)	31.74	99.15	92.98	105.16	70.21	86.72

Pro forma cash dividends declared per common equivalent share (7)	n/a	n/a	n/a	n/a	n/a	n/a

<FN>

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1 In this table, "n/a" means not applicable.

2 Represents historical total stockholders' deficit divided by the number of shares outstanding at the end of each period without giving effect to the Alaska Cablevision Proposed Transaction.

3 The Alaska Cablevision Proposed Transaction does not involve the direct issuance of the Company's common stock. Accordingly, pro forma book value per equivalent common share is not applicable.

4 Historical net earnings per common share for the years ended December 31, 1991 through 1995 and for the six-month period ended June 30, 1996 are computed using the historical weighted average number of common and common equivalent shares outstanding each period without giving effect to the Alaska Cablevision Proposed Transaction.

5 The Alaska Cablevision Proposed Transaction does not involve the direct issuance of the Company's common stock. Accordingly, pro forma net earnings per equivalent common share is not applicable.

6 Represents cash dividends declared per common share divided by the historical weighted average number of common and common equivalent shares outstanding during the period without giving effect to the Alaska Cablevision Proposed Transaction. Dividends totalling $373,588 per share were paid during the six-month period ended June 30, 1996.

7 The Alaska Cablevision Proposed Transaction does not involve the direct issuance of the Company's common stock. Accordingly, pro forma cash dividends declared per common equivalent share is not applicable.

</FN>
</TABLE>

Capitalization Table

The following table sets forth the unaudited debt and capitalization of the Company as of June 30, 1996 and as adjusted to give effect to the exchange or sale of the Company Stock and the MCI Company Stock and the application of the net proceeds from those Proposed Transactions. This table should be read in conjunction with the Company's audited financial statements and the selected financial data and notes to them appearing elsewhere in this Proxy Statement/Prospectus. See, "PROPOSED TRANSACTIONS"; "SUMMARY: Selected Historical Financial and Pro Forma Data and Certain Comparative Per Share Data"; "ANNUAL REPORT"; and "INDEX TO FINANCIAL STATEMENTS."

<TABLE>

CAPITALIZATION TABLE
FOR GENERAL COMMUNICATION, INC.
($ in thousands)

<CAPTION>

	June 30, 1996	
	Actual	As Adjusted
<S>	<C>	<C>
Short-term debt:		
Current maturities of long-term debt	$ 23,890	23,890
Current portion of obligations under capital leases	198	198
Total short-term debt:	24,088	24,088
Long-term Debt:		
Long-term debt, excluding current maturities	6,343	6,343
Long-term debt, required for acquisitions	-	54,650 (1)
Assumed debt	-	103,000 (2)
Obligations under capital leases, excluding current maturities	3	3
Subordinated, convertible notes issued	-	10,000
Obligations under capital leases due to related parties, excluding current maturities	709	709
Total long-term debt:	7,055	174,705
Stockholders' equity:		
Class A -- authorized 50,000,000 shares; issued and outstanding 19,768,150 shares; 36,491,227 as adjusted	14,015	113,723
Class B -- authorized 10,000,000 shares; issued and outstanding 4,159,657 shares	3,432	3,432

Less cost of 122,611 Class A common shares held in treasury	(389)	(389)
Paid-in capital	4,127	4,127
Retained earnings	26,308	26,308
Total stockholders' equity	47,493	147,201
Total capitalization	$ 78,636	345,994

</TABLE>
<TABLE>
<CAPTION>

	Shares		Dollars	
	Class A	Class B	Class A	Class B
<S>	<C>	<C>	<C>	<C>
Share roll forward:				
Class A outstanding	19,768,150	---	$ 14,015	$ ---
Class B outstanding	---	4,159,657	---	3,432
Issued to Prime	11,800,000	---	69,493	---
Issued to Alaskan Cable	2,923,077	---	17,215	---
Issued to MCI (3)	2,000,000	---	13,000	---
Total	36,491,227	4,159,657	$ 113,723	$ 3,432
Total shares sold under Acquisition Plan (4)	14,723,077			

<FN>

1 Debt required equivalent to cash payments to Cable Companies net of MCI equity of $13 million.

2 As part of the Proposed Transactions, the Company has agreed to assume balances owing pursuant to Prime's existing bank loan agreement as further described in the accompanying financial statements and notes thereto for Prime. See, "INDEX TO FINANCIAL STATEMENTS."

3 To be issued to MCI pursuant to a private offering separate from this Proxy Statement/Prospectus. See. "PROPOSED TRANSACTIONS: MCI PURCHASE AGREEMENT."

4 Does not include Cablevision Company Notes which may be converted into as many as 1,538,462 shares of Company Class A common stock and does not include MCI Company Stock (2 million shares of Company Class A common stock) to be issued to MCI, thus making the maximum issuance under the Acquisition Plan 18,261,539 shares of Company Class A common stock.

</FN>
</TABLE>

Material Contacts with Cable Companies

Except as disclosed in this Proxy Statement/Prospectus, and reports, filings, and other documents incorporated by reference in it, there have been no material contracts, arrangements, understandings, relationships, negotiations or transactions between the Company and any of the Cable Companies. See, "ACQUISITION PLAN: Recommendation of the Company Board and Its Reasons for the Acquisition Plan" and "ANNUAL REPORT."

RISK FACTORS

The following factors, among others, should be considered carefully by shareholders of the Company and separately by the Prime Sellers and the sole shareholder of each corporation comprising Alaskan Cable in considering whether to vote in favor or otherwise consent to and approve the Acquisition Plan as it pertains to their respective companies or partnerships.

Risks and Effects of the Proposed Transactions

Uncertainties in the Method of Determining Offering Price. Management of Prime used an operating cash flow valuation method to determine its value representing a multiple of 10.7 times the net operating cash flow for the first calendar quarter of 1996 (annualized), less indebtedness of $109.4 million, resulting in a net equity value of $76.7 million. Prime management used an assumed value of $6.50 per share for the Company Stock for purposes of determining the fixed number of shares of Company Stock to be issued and delivered in connection with the Prime Proposed Transaction. The $6.50 per share valuation is equal to approximately 7.7 times annualized budgeted operating cash flow of the Company for the first calendar quarter of 1996, based upon budgets prepared by the Company. The only other recent acquisition of a comparable long distance company of similar size was consummated on the basis of a multiple of 6.7 times operating cash flow. That 6.7 multiple when applied to the Company for the year ended December 31, 1995 and projected for the year ending December 31, 1996, would result in $4.97 per share and $4.25 per share valuations, respectively. No assurance can be given that this valuation method results in a purchase price that is in the best interests of the Prime Group. See,

"ACQUISITION PLAN: Determination of Value." Similarly, the value placed upon the assets of Alaskan Cable were determined by the board of directors of the respective corporations comprising Alaskan Cable. The actual value, if any, a Prime Group member may realize from its interests in Prime through the exchange for Company Stock will depend upon the excess of the market price of that stock over the price paid for those interests in Prime by that holder. The actual value, if any, a shareholder of Alaskan Cable may realize in acquiring Company Stock as partial consideration for Alaskan Cable's sale of assets to the Company will depend upon the excess of the market price of that stock over the portion of the price paid for those assets allocated to the partial consideration in the form of Company Stock.

There are many uncertainties inherent in estimating Cable Company assets and the present value attributed to such assets and therefore indirectly the value of the interests of the Cable Companies. The value assigned to the assets by management of each of these entities during the process leading up to the execution of the letters of intent as the bases for the Proposed Transactions may be less than that which these entities could have obtained through independent third parties. In that event, the use of these valuation methodologies would have resulted in an under valuation of the assets and securities of those Cable Companies and otherwise the security interests of the Prime Group members and the security

interests held in the three corporations comprising Alaskan Cable. See, "ACQUISITION PLAN: Recommendations of the Cable Company Boards and their Reasons for the Acquisition Plan."

Potential Decline in Market Price of Company Stock. Access to an active trading market by the Prime Group members and the sole shareholder of each of the three corporations comprising Alaskan Cable may result in a relatively large number of shares of Class A common stock being offered for sale within a reasonable time after the closing on the Prime Purchase Agreement and the Alaskan Cable Purchase Agreement. This activity may tend to lower the market price for the Company Class A common stock in general including the Company Stock. Future market conditions in the telecommunications industry in general or the effect of those conditions on the Company in particular could adversely affect the market price of the Company Stock. There can be no assurance regarding the potential appreciation in the market price of the Company Stock, if any. Any decline in that market price could reduce an investor's original investment or increase the loss on that investor's original investment. See, "PROPOSED TRANSACTIONS: Cable Company Purchase Agreements--Consideration To Be Received" and "DISTRIBUTION OF COMPANY STOCK."

Conditions on Distribution of Company Stock, Restrictions on Transferability. Under the Acquisition Plan both the Prime Sellers and the sole shareholder of each of the three corporations comprising Alaskan Cable will, at closing on the respective Purchase Agreements, be required to hold back and deposit into separate escrows by Cable Company (Prime Escrow Holdback in the case of the Prime Sellers) a significant portion of their respective portions of the Company Stock or assets of comparable value to secure each respective party's indemnification for breaches of representations, warranties and covenants under those agreements. Under those agreements, the Company will place a similar number of shares or assets of comparable value into escrow to secure its indemnification for breaches of representations, warranties and covenants under those agreements. In addition, the Prime Sellers are subject to a separate escrow agreement with PIIM whereby any Prime Seller shares released from the Prime Escrow Holdback will be held in separate escrow with PIIM as escrow agent for one year and ten days from the Closing Date for the Prime Purchase Agreement. Distributions of shares of Company Stock to the shareholders of ACI (including PVII) and PCLP (the sole shareholder of Prime General Partner) will be subject to transfer limitations imposed by the ACI shareholder and PCLP. These transfer limitations will be designed to preserve the "continuity of interest" requirement so that the Prime Purchase Agreement, as it applies to the owners of ACI and Prime General Partner, will be federal income-tax free reorganizations in the form of statutory mergers with GCI Cable. The owners of ACI will be required to deposit into a corporate escrow as a group 50% of the aggregate number of shares of the Company Stock receivable by them in connection with the ACI Merger (less the number of shares placed in the Prime Escrow Holdback). Shares deposited in this escrow will be released to the shareholders of ACI on that date which is one year and five days from the Closing Date on the Prime Purchase Agreement. PCLP intends to hold 50% of the Prime Company Shares receivable by PCLP in connection with the PCFI Merger and not distribute such shares, for a period of at least two years from the Closing Date on the Prime Purchase Agreement. See, "CERTAIN CONSEQUENCES OF THE ACQUISITION PLAN: Certain Federal Income Tax Consequences--Prime Escrow and Holdback Agreements" and "PROPOSED TRANSACTIONS: Cable Company Purchase Agreements--Escrow and Holdback Agreements."

Certain of the Prime Group members may be deemed to be affiliates of the Company with consummation of the Acquisition Plan and as such any resale of a portion or all of their shares of Company Stock will be subject to volume of sale restrictions and other restrictions applicable to affiliates as set forth in Rule 144 adopted pursuant to the Securities Act. Should a security holder of Prime or Alaskan Cable not be the person to whom the offer of the Company Stock is made directly, resales of that stock may require new registrations under the Securities Act and Blue Sky law, all of which may delay that holder's ability to accomplish such resales. See, "DISTRIBUTION OF COMPANY STOCK."

Lack of Independent Representations for Non-Affiliated Offerees, No Fairness Opinion. No independent representative was selected or hired to represent the interests of Prime Group members who are not affiliates of Prime in the negotiation of the terms of the Prime Proposed Transaction. The value of Prime, for purposes of the Prime Proposed Transaction, was determined by Prime management and management for the Company as a result of arms' length negotiations. Neither the Company nor Prime retained an independent third party to render an opinion regarding the fairness of the terms of the Prime Proposed Transaction. While Prime management believes that the terms of the Prime Proposed Transaction are fair and in the best interest of the Prime Group involved, their conclusions were made without benefit of independent third parties. No assurance can be given that the consideration to be received by the Prime Group members is in fact fair to them and in their best interests. The value assigned to Prime during the negotiating process with the Company may be less than that which could have been obtained through another buyer. See, "ACQUISITION PLAN: Determination of Value."

The sole shareholder in case of each of the three corporations comprising Alaskan Cable is an affiliate of the corresponding corporation. However, no independent representative was selected or hired by Alaskan Cable to represent the interests of those shareholders in negotiating the terms of the Alaskan Cable Proposed Transaction. Neither the Company, nor any of the three corporations comprising Alaskan Cable retained an independent third party to render an opinion regarding the fairness of the terms of the Alaskan Cable Proposed Transaction. While the officers and directors of each of the three corporations comprising Alaskan Cable believe that the terms of the Alaskan Cable Proposed Transaction are fair and in the best interest of those shareholders for the reasons set forth elsewhere in this Proxy Statement/Prospectus (see, "ACQUISITION PLAN: Recommendations of Cable Company Boards and Their Reasons for the Acquisition Plan"), these conclusions were made without benefit of independent third parties. No assurance can be given that the consideration to be received by those shareholders is in fact fair to them and in their best interests. See, "ACQUISITION PLAN: Recommendations of Cable Company Boards and their Reasons for the Acquisition Plan."

Potential Benefits of Alternatives to the Proposed Transactions. The alternatives to the Prime Proposed Transaction are the continuation of Prime and the entities associated with it, the sale of the assets of the security interests for cash, or the liquidation of the assets of those entities and distribution of the liquidation proceeds to the corresponding investors. Either alternative to the Prime Proposed Transaction could potentially be more beneficial to the Prime Group members than that transaction by avoiding the risks associated with ownership of Company Stock and, in the case of a liquidation, by providing an immediate cash return to the Prime Sellers. Similarly, the alternatives to the Alaskan Cable Proposed Transaction are the continuation of the three corporations comprising Alaskan Cable or the liquidation of the assets of those corporations and distribution of the liquidation proceeds to the sole shareholder in the corresponding corporation. Either alternative to the Alaskan Cable Proposed Transaction could potentially be more beneficial to those shareholders than that transaction by avoiding the risks associated with ownership of Company Stock and, in the case of a liquidation, by providing an immediate cash return to those shareholders. See, "ACQUISITION PLAN: Recommendations of the Cable Company Boards and their Reasons for the Acquisition Plan."

No Appraisal Rights. Neither the Prime Group members nor the sole shareholder of each of the corporations comprising Alaskan Cable will have any dissenter's appraisal rights should they dissent from approval of the corresponding Proposed Transaction put before them. See, "APPRAISAL RIGHTS."

Conflicts of Interest. The determination of the value of Prime was arrived at through the significant involvement of PIIM, which will on the Closing Date for the Prime Purchase Agreement enter into the Prime Management Agreement and thereby have the right to earn substantial management fees over a term of at least two and as much as nine years. See, "ACQUISITION PLAN: Interests of Certain Persons in the Acquisition Plan"; "ACQUISITION PLAN: Recommendations of the Cable Company Boards

and Their Reasons for the Acquisition Plan" and "PROPOSED TRANSACTIONS: Prime Management Agreement."

In the case of each corporation comprising Alaskan Cable, the corresponding persons determining the value of the assets to be sold from the three corporations were executive officers and directors of more than one of the three corporations and had inherent conflicts of interest. While the exact allocation of value of assets between the three corporations had not as of the Record Date been determined, Jack Kent Cooke, one of the officers of these corporations, may ultimately receive directly or indirectly a portion of the Company Stock under the Alaskan Cable Proposed Transaction. A person, as an officer of one or more of these corporations, owes a fiduciary duty to the shareholders of each of those corporations. While the officers and directors of these corporations believe that they have fulfilled these obligations in their determination of the corresponding portion of the Alaskan Cable Proposed Transaction, they did not obtain independent valuations of the assets of the corresponding corporations. No degree of objectivity or professional competence can eliminate this inherent conflict of interest. See, "ACQUISITION PLAN:

Interests of Certain Persons in the Acquisition Plan" and "ACQUISITION PLAN: Recommendations of the Cable Company Boards and Their Reasons for the Acquisition Plan."

Company Dividend Policy. The Company's policy has been to retain its earnings to support the growth of its business. The Company has never paid cash dividends on its common stock, and, as of the Record Date, there was no expectation that it would do so in the future. Payment of cash dividends in the future, if any, will be determined by the Company Board in light of the Company's earnings, financial condition, credit agreements, and other relevant considerations. The Company's existing Credit Agreement with its Senior Lenders prohibits payment of dividends, other than stock dividends. It may therefore take a considerable length of time before a holder of Company common stock will realize a return on investment, if any. Upon consummation of the respective Proposed Transactions, Prime Group members and shareholders of Alaskan Cable will no longer, to the extent they had, receive cash distributions, and it is unlikely that cash dividends will be paid to them as shareholders of the Company at any time in the foreseeable future. See, "ANNUAL REPORT" and "AVAILABLE INFORMATION."

No Fractional Shares. Fractional shares of Company Stock will not be issued pursuant to the Prime Proposed Transaction and the Alaskan Cable Proposed Transaction. Prime Group members and shareholders of Alaskan Cable otherwise entitled to fractional shares of Company Stock will be paid cash in an appropriate amount based upon the value of Class A common stock used in these Proposed Transactions, i.e., $6.50 per share. See, "PROPOSED TRANSACTIONS: Cable Company Purchase Agreements--Fractional Shares."

Change in Control, Interconnection of Proposed Transactions. As a result of the consummation of the Prime Proposed Transaction, the Company will acquire all security interests and equity participation interests in Prime held by the Prime Sellers, will assume direct control of the Prime Alaska Systems, and will operate those systems through the management of PIIM. ACI and Prime General Partners will be merged into GCI Cable. As a result of the consummation of the Alaskan Cable Proposed Transaction and the other Proposed Transactions of the Acquisition Plan, the Company will take possession of the assets acquired in those transactions and reorganize them with the Prime Alaska System to establish the Company Cable Systems in Alaska.

The closing and consummation of one Proposed Transaction is not dependent upon the closing and consummation of one or more of the other Proposed Transactions, with the exception that the Prime Purchase Agreement and the MCI Proposed Transaction are each contingent upon the closing of the other. The Company is prepared, subject to its shareholders' approval and other conditions as set forth in the Proposed Transactions to close on one or more or all of the Purchase Agreements. No assurance

can be given, should the Company close on one but not all of the Proposed Transaction, that the resulting Alaska Cable Systems will prove economically viable. See, "PROPOSED TRANSACTIONS."

Needed Acquisition Plan Financing. The Acquisition Plan will require approximately $162 million in bank financing, which the Company will seek through modification or assumption of an existing or negotiation of a new bank credit facility with its Senior Lenders or others. While, as of the Record Date, the Company had held discussions with its Senior Lenders and others regarding such a facility, no agreement existed concerning the amounts or terms of such a facility. See, "ACQUISITION PLAN."

Alaskan Cable Tax Issues. Alaskan Cable experienced income (loss) before income taxes and cumulative effect of change in accounting principle of $712,000, $715,000 and ($2,274,000) for the years ended December 31, 1995, 1994, and 1993, respectively. Although Alaskan Cable has experienced pretax profits in the past two years, Alaskan Cable had a loss in 1993 as well as in the past. These losses have resulted, as of December 31, 1995, in unused net operating loss carryforwards for federal and state income tax purposes of approximately $4,500,000 and $5,900,000, respectively.

In light of Alaskan Cable's history of losses prior to 1994, the potential negative impact of recent deregulation in the cable television industry, and the ability of other Jack Kent Cooke Incorporated entities to utilize Alaskan Cable's net operating loss carryforwards, management currently believes it is more likely than not that Alaskan Cable will be unable to realize its deferred tax assets in the amount of $2,661,000 million as of December 31, 1995, prior to the expiration of the net operating loss carryforwards. Accordingly, a valuation allowance for $2,661,000 was reflected in Alaskan Cable's December 31, 1995 financial statements. Alaskan Cable will continue to assess the need for a valuation allowance based upon future operating results and facts and circumstances at the time. See, "INDEX TO FINANCIAL STATEMENTS: Historical Financial Statements" and "CERTAIN INFORMATION REGARDING THE CABLE COMPANY: Management's Discussion and Analysis of Financial Condition and Results of Operation for Certain Cable Companies--Alaskan Cable."

Risks of the Businesses in Which the Company Will Be Engaged

Lack of Management Experience in Cable Television. Through the Acquisition Plan, the Company will acquire a substantial portion of the existing cable television distribution systems in Alaska and gain entry into the cable

television business, for which it presently has little experience to operate. The Company will, upon closing on the Prime Proposed Transaction, enter into the Prime Management Agreement with PIIM to manage the Alaska Cable Systems including the Prime Cable Systems. The Acquisition Plan envisions the Company utilizing the experience of some of the persons presently managing the Cable Companies. However, as of the Record Date the Company had not entered into nor made commitments to, subsequent to the Closing Date on the Proposed Transactions, enter into employment agreements or promised employment to any of the executive officers, directors, or personnel of the Cable Companies, with one exception. However, as of the Record Date, the Company did not contemplate that that individual would join the Company as an executive officer of the Company or a subsidiary of it. No assurance can be given that the Company will be successful in its efforts to reorganize and manage the Cable Company businesses which will be acquired through the Acquisition Plan. See, "CERTAIN INFORMATION REGARDING THE CABLE COMPANIES" and "CERTAIN CONSEQUENCES OF THE ACQUISITION PLAN: Company Cable Systems."

Factors Affecting Future Performance. Future operating results of the Company with or without the consummation of the Acquisition Plan will depend upon many factors and will be subject to various risks and uncertainties, including those set forth in this section. The information contained in the Proxy Statement/Prospectus includes forward looking statements regarding the Company and the Cable Companies' future performance. In particular, the Proxy Statement/Prospectus contains pro forma data

and comparative per share data and pro forma financial statements (unaudited) giving effect to the consummation of the Acquisition Plan. This pro forma information is based upon numerous assumptions including but not limited to the assumption that the Company can commence operations and be successful in a new industry segment in which it has no prior experience. Some or all of these assumptions may prove to be inaccurate, the results of the Company's operation in the cable television industry may vary from those pro forma statements, and the Company's operation in the cable industry, as a result of the consummation of the Acquisition Plan, may materially and adversely affect the Company's operating results. See, "SUMMARY: Selected Historical Financial and Pro Forma Data and Certain Comparative Per Share Data"; "ACQUISITION PLAN"; "PROPOSED TRANSACTIONS"; "ANNUAL REPORT"; and "INDEX TO FINANCIAL STATEMENTS."

Emergence of New Services. The Company in providing telecommunication and cable services will be expanding into markets where the emergence of new services (especially digital cellular radio, PCS, interactive television, and video dial tone) has created opportunities for significant growth in local services areas such as Alaska. The confluence of new technology and consumer response is forcing competition among telephone, computer, and entertainment industries just as each industry converges on similar digital technologies. As opportunities for new wireless and video services arise and competitors expand beyond their traditional markets, competition between existing telephone companies and these major industries will likely intensify. To survive in this competitive environment, the Company must respond to this technologically driven change with services that its customers demand. No assurance can be given that the Company will be successful in its use of these new technologies to remain competitive and to provide services to its customers. See, "CERTAIN INFORMATION CONCERNING THE COMPANY" and "ANNUAL REPORT."

Regulation. The telecommunication and cable television industries in Alaska are subject to federal and state government regulation, and state franchise requirements. Substantial changes in the federal regulation of telecommunications and the cable industries were accomplished through the 1996 Telecom Act. This act will result in substantial changes in the marketplace for cable communications, telephone and other telecommunication services. Other existing federal regulation and copyright licensing are currently the subject of judicial proceedings, legislative hearings, and administrative proposals which could change, in varying degrees, the manner in which cable communication systems operate. Neither the outcome of these proceedings nor their impact upon the cable communication industry in general nor the Company's entry into that industry in its operations of cable television systems acquired or controlled through the Acquisition Plan can be predicted at this time. See, "CERTAIN INFORMATION REGARDING CABLE COMPANIES: Regulatory Developments, Competition and Legislation/Regulation."

Economic Risks

Expansion of Services. The combined growth of the Company's revenues will depend to a significant degree upon its ability to make use of new technologies to provide quality service to its existing customers and to expand into new service areas, while at the same time to maintain control of operating costs. One new technology being considered by the Company is PCS. PCS systems are expected to make an individual carrying a pocket-sized phone available at the same number, whether at home, at work, or traveling. The Company began developing plans for PCS deployment in 1995 and expects to incur up to $2,000,000 during the fourth quarter of 1996 and the first quarter of 1997 in equipment and installation costs associated with a limited technology trial in the Anchorage, Alaska area. Service is expected to be offered as early as late 1997 or 1998. While the entry of the Company into PCS will be important to its ability to compete in a highly competitive telecommunications industry, no assurance can be given that its technology service trial will be successful nor that its PCS will prove profitable in the future. As a part of the Acquisition Plan, the Company believes the Company will, in order to be competitive in the

cable television industry, have to implement a plan to upgrade or convert plant and

equipment of the distribution systems of the Company Cable Systems from the present analog to digital systems enabling the Company, among other things, to provide new high-bandwidth services such as cable modems for high-speed telecommunication services over enhanced cable networks. These services are not within the capabilities of the present Cable Company cables systems in Alaska. The Company expects to incur in excess of $20 million in this upgrade and conversion process over the next five years. Estimates of the costs for further development of the Company Cable Systems beyond that point had not, as of the Record Date, been made. See, "ACQUISITION PLAN: Recommendation of Company Board and Its Reasons for the Acquisition Plan"; "CERTAIN INFORMATION CONCERNING THE COMPANY: Products and Services"; "ANNUAL REPORT"; and "AVAILABLE INFORMATION."

Competition. There is a high level of risk inherent in the highly competitive telecommunications industry both because of rapidly changing technology and because of other competitors in the market place. The Company's business is highly dependent on telecommunications technology, and the introduction of new technology by one of the Company's competitors could have a materially adverse effect on the Company.

The Company's principal competitor, AT&T Alascom, Inc., has substantially greater resources than the Company. That competitor's interstate rates are integrated with those of a nationwide communications firm, AT&T Corp., which rates are regulated by the FCC. While the Company initially competed based upon offering substantial discounts, those discounts have been eroded in recent years due to lowering of prices by its principal competitor. To the extent that a competitor lowers its rates, in order to remain competitive, the Company would of necessity likely reduce its rates. Such action by the Company could have a materially adverse effect on the Company.

The application filed by Anchorage Telephone Utility (the local telephone exchange serving the Anchorage area, "ATU") in May, 1996 with the APUC to provide telecommunication services as a reseller throughout the state of Alaska, was acted upon favorably in September, 1996 and will place ATU in direct competition with the Company in seeking to provide those services. As of December 31, 1995, the Company provided approximately 48% and 42% of telecommunication services to customers in the Anchorage area and throughout the state (other than the Anchorage area), respectively, with its existing competitors providing the balance of those services. ATU has announced that its new telecommunication services are to be offered to the public by the fall of 1996. The Company believes its approach to developing, pricing, and providing telecommunication services in Alaska and elsewhere will continue to allow it to be competitive in providing those services. However, there can be no assurance that the Company will be able to stand the test of additional competition from a public utility owned by a municipality with the largest population base of any local government in the state.

Management of the Company has no control over the possible future entry into the market place of other potential competitors, all of whom may be much larger than the Company and have much larger capital bases from which to develop and compete with the Company. Aggressive competition for customers in communities served by the Company could also result in increased marketing expenditures by the Company. Such reductions in customer base and rates and increases in costs by the Company could have a materially adverse effect on the Company. Because of the high level of competition and the inability of the Company to control certain of its costs, the Company's ability to expand its operations and increase market share is uncertain. Therefore, while the Company anticipates growth in certain markets and growth in revenues, no assurance can be given that this growth will be achieved or that the Company will not lose market share due to competitive pricing, greater resources of its competitors or other factors. See, "ANNUAL REPORT" and "ACQUISITION PLAN: Recommendations of Company Board and Its Reasons for the Acquisition Plan."

Distribution Costs. The amounts of originating and terminating access costs charged to the Company, which constitute a substantial portion of the costs of the Company in providing telephone services to the public, are fixed by government regulation and are beyond the direct control of the Company to adjust except through petition to government agencies including the FCC. Furthermore, the rates that the Company may charge for services provided to the public are subject to competition from other providers of similar services. There can be no assurance that, should the provider of originating and terminating access services be successful in obtaining governmental agency approval of an increase in the charges for these services, the Company will thereby be able to pass on a portion or all of that cost increase to its customers and remain competitive in offering telephone services to the public. Should the Company not be able to pass on a portion or all of that cost, its profit margin will decrease. See, "ANNUAL REPORT."

Customer Base. For approximately the past seven years the Company has provided services to MCI Telecommunications Corporation and to U.S. Sprint, two common carrier companies, providing substantial revenues to the Company varying from approximately 11% to 27% of total revenues per year for the Company during

that period. These two common carriers and other customers of the Company are free to seek out long distance communication services from companies other than Company. Loss of one or both of these common carrier companies or a considerable number of other direct customers of the Company would have a detrimental effect on the revenues and gross profits of the Company. See "ANNUAL REPORT."

Geographic Concentration and Alaska Economy. The Company offers a broad spectrum of telecommunication services to residential, commercial and governmental customers primarily throughout Alaska. As a result of this geographic concentration, the Company's growth and 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 tourism, government, and United States military spending. Any deterioration in these markets could have an adverse impact on the Company. Oil revenues over the past several years have contributed in excess of 75% of the revenues from all segments of the Alaska economy. The volume of oil transported by the TransAlaska Oil Pipeline System over the past 20 years has been as high as 2.1 million barrels per day in 1988. Over the past several years, it has begun to decline and is expected to average approximately 1.4 million barrels per day in 1996. The volume of oil transported by that pipeline is expected to decrease to 1.0 million barrels per day within a few years, based upon present developed oil fields using the pipeline for transport. The trend of continued decline is inevitable, short of new recovery techniques and discovery and development of other oil fields with access to the present pipeline. The probability of discovery of such oil reserves sufficient to maintain oil production at present-day levels will be challenging at best. No assurance can be given that such production levels can be maintained. With the decline of oil production, all segments of the Alaska economy will be affected. The Company has, since its entry into the telecommunication marketplace aggressively marketed its services to seek a larger share of the available market. However, with a small population of approximately 600,000 people, one-half of whom are located in the Anchorage area and the rest of whom are spread out over the vast reaches of Alaska, the customer base in Alaska is limited. 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, let alone a stable economy and demand for telecommunication services. See, "ANNUAL REPORT."

Company Common Stock Inherent Factors

Concentration of Stock Ownership. As of the Record Date, executive officers and directors of the Company and their affiliates owned approximately 50.3% of the outstanding Class A and approximately 65.6% of the outstanding Class B common stock of the Company. As a result, these persons effectively have the ability to direct the Company's business and affairs and to control matters requiring the consent

of shareholders, including the election of the Company Board. This concentration of ownership may have the effect of delaying or preventing a change of control of the Company. Two of the directors of the Company are officers of MCI, another corporation offering telecommunication services, which as of the Record Date held approximately 31.2% of the outstanding Class A and 31.5% of the outstanding Class B common stock of the Company. See, "OWNERSHIP OF THE COMPANY."

The Voting Agreement provides, in part, that the voting stock of its signatories will be voted at shareholder meetings as a block in favor of no more than two nominees by MCI for no more than two positions on the Company Board at any one time. The Voting Agreement similarly commits MCI and the other three parties to vote their shares for four board nominees proposed by and allocated between the other parties. As of the Record Date, the shares subject to the Voting Agreement constituted approximately 38.1% of the outstanding Class A and approximately 58.8% of the outstanding Class B common stock of the Company. As of the Record Date the voting power subject to the Voting Agreement was approximately 52.2% of the effective voting power (one vote per share of Class A and ten votes per share of Class B common stock) of the combined outstanding Class A and Class B common stock of the Company. Therefore, the parties to the Voting Agreement hold sufficient voting power to control the Company. See, "OWNERSHIP OF THE COMPANY: Changes in Control -- Voting Agreement."

If the Company Stock and MCI Company Stock had been issued under the Acquisition Plan as of the Record Date, the percentage ownership of the aggregate outstanding Company Class A and Class B common stock would have become as follows: (1) Prime Sellers (prior to any distributions to their securities holders, including other Prime Group members) - 29%; (2) MCI - 23% (down from approximately 31% immediately prior to the closing on the Proposed Transactions); (3) the Company's employees and management combined - 10%; (down from approximately 17% immediately prior to the closing on the Proposed Transactions); (4) Alaskan Cable - 7%; and (5) others - 31%. Under these same assumptions but applied to the Company Class A common stock above, the percentage ownership of Company Class A common stock would be as follows: (1) Prime Sellers (prior to any distributions to their securities holders, including other Prime Group members) -- 32%; (2) MCI -- 23%; (3) the Company's employees and management combined -- 9%; (4) Alaskan Cable -- 8%; and (5) others -- 28%. See "OWNERSHIP OF THE COMPANY: Changes in Control--Acquisition Plan."

As a part of the Prime Proposed Transaction, the parties to the Voting Agreement will allow the Prime Sellers (and their distributees, including other Prime Group members, who agree in writing to be bound thereby) through PIIM as their designated agent, to become a party to and participate in the agreement

under terms as described elsewhere in this Proxy Statement/Prospectus. The proposed New Voting Agreement will supersede and replace the Voting Agreement, provided the Prime Purchase Agreement and the MCI Purchase Agreement are consummated. Should the New Voting Agreement have been effective and the Company Stock and MCI Company Stock have been issued as of the Record Date, approximately 58.7% of the Company Class A and 58.8% of the Company Class B common stock would have been subject to the New Voting Agreement. As of the Record Date and assuming the Company Stock and the MCI Company Stock were issued and outstanding on that date, the voting power subject to the New Voting Agreement would be approximately 58.7% of the effective voting power of the combined outstanding Class A and Class B common stock of the Company. The parties to the New Voting Agreement would then have the voting power to control the Company. See, "PROPOSED TRANSACTIONS: New Voting Agreement."

Thinly Traded Stock. The Class A common stock of the Company is designated as a national market system stock on the Nasdaq Stock Market and is traded on that market. With approximately 1,820 holders of Class A common stock of record as of the Record Date, the stock was experiencing moderate levels of trading. There were as of that date eighteen market makers in the stock, only five of whom on the average had trading volumes in excess of 108,000 shares per month during the six-month period

ended June 30, 1996. As of the Record Date the previous six month average level of trades in that stock was approximately 1,100,000 shares per month, and the previous one year average level of trades in that stock was approximately 845,000 shares per month. There can be no assurance that a broader based market will develop. Even if the market in that stock were to expand, there can be no assurance that the market price at some point in the future, when a holder of shares of that stock might wish to sell a portion or all of it, will be equal or greater than the initial purchase price paid by that holder. The Class B common stock of the Company is traded in the over-the-counter market on a more limited basis than the Class A common stock. As of the Record Date, there were approximately 720 shareholders of record in that Class B common stock. Prospective investors in the Company Stock should be aware that any future market for the sale of that stock will develop, if at all, based upon a limited number of trades over a period of time. See, "SUMMARY: Comparative Market Price Data"; "AVAILABLE INFORMATION" and "ANNUAL REPORT."

Pledges of Securities. In 1990, the Company transferred all of its operating assets to its wholly owned subsidiary GCC. The Company's present Credit Agreement with its Senior Lenders requires that all of the outstanding capital stock of GCC be pledged to the Senior Lenders with the pledge remaining in place so long as the Credit Agreement remains in effect. Should the Company default on its obligations under the Credit Agreement, the Senior Lenders may exercise those pledge of stock provisions and thereby gain direct control of the essential operating assets through which the Company and its subsidiaries provide telecommunication services. See, "CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS: Certain Transactions with Management and Others -- Credit Agreement" and "ANNUAL REPORT."

Under loan agreements between Prime and its senior lenders, certain interests in Prime have been pledged to the lenders as follows: all of Prime's assets and all of Prime General Partner's interests in Prime. In addition, under those agreements, PIIM has pledged all of its rights under the management agreement under which it managed the Prime Alaska Systems as of the Record Date. As of the Record Date, the Company expected the Prime security interests, which the Company would receive under the Prime Purchase Agreement, would continue to be subject to those pledge agreements previously entered into by Prime, Prime General Partner and PIIM.

Restrictions Imposed by Lenders. The Company's present Credit Agreement with its Senior Lenders (see, "Pledges of Stock" within this section) imposes upon the Company certain financial and operating covenants including, among other things, requirements that the Company maintain certain financial ratios, and satisfy certain financial tests, limitations on capital expenditures, and restrictions on the ability of the Company to incur indebtedness, pay dividends, or take certain other corporate actions, all of which may restrict the Company's ability to expand or to pursue its business strategies. Changes in economic or business conditions, results of operations or other factors could in the future cause a violation of one or more covenants in the Credit Agreement. See, "CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS: Certain Transactions with Management and Others -- Credit Agreement" and "ANNUAL REPORT."

COMPANY ANNUAL MEETING

General

This Proxy Statement/Prospectus is furnished in connection with the solicitation of proxies from the holders of the Company's Class A and Class B common stock for use at the 1996 annual meeting of shareholders ("Annual Meeting"). The Proxy Statement/Prospectus, the letter to shareholders, Notice of Meeting and the accompanying Company Proxy are first being sent or delivered to shareholders of the Company on or about October 7, 1996. A copy of the Company's Annual Report in the form of a Form

10-K, as amended by a Form 10-K/A, for the year ended December 31, 1995, and a copy of the Company's unaudited quarterly report for the quarter ended June 30, 1996 accompany this Proxy Statement/Prospectus. See, "ANNUAL REPORT."

Time and Place

The Annual Meeting will be held in the Denali Ballroom of the Regal Alaskan Hotel at 4800 Spenard Road, Anchorage, Alaska at 6 p.m. (Alaska Time) on October 17, 1996. A reception for shareholders will commence at 5 p.m. at that location.

Purpose

As indicated in the Notice of Annual Meeting, the following matters will be considered and voted upon at the Annual Meeting:

(1) Election of three directors in Class I of the classified Company Board, each for three year terms;

(2) Approval of the Acquisition Plan, i.e, a plan of acquisition whereby the Company will acquire all of the assets or securities of seven companies offering cable television services in Alaska, will expand the Company Board by two positions and in addition increase its capital by issuing and selling the MCI Company Stock; and

(3) Transaction of such other business as may properly come before the Annual Meeting and any adjournment or adjournments of that meeting ("Other Business").

Approval by the shareholders of the Acquisition Plan will constitute approval of the issuance of (1) the Company Stock to the security holders of Prime Cable of Alaska, L.P. and the three corporations comprising the Alaskan Cable companies and (2) the MCI Company Stock to MCI.

Outstanding Voting Securities

The holders of common stock of the Company as of the close of business on August 19, 1996 ("Record Date") will be entitled to notice of, and to vote at, the Annual Meeting. As of the Record Date and under the Company Articles, the common stock of the Company was divided into two classes: (1) Class A common stock for which the holder of a share is entitled to one vote; and (2) Class B common stock, for which the holder of a share is entitled to ten votes. On the Record Date, there were 19,648,382 shares of Class A common stock and 4,085,461 shares of Class B common stock outstanding and entitled to be voted at the Annual Meeting.

Voting Rights, Votes Required for Approval

Except as otherwise provided by applicable law or the Company Articles, at any meeting of the shareholders, a simple majority of the issued and outstanding common stock of the Company entitled to be voted as of the Record Date will constitute a quorum. As an example, since there were a total of 19,648,382 shares of Class A and 4,085,461 shares of Class B common stock issued and outstanding and entitled to be voted as of the Record Date, a quorum would be established by the presence, in person or by proxy, of at least 7,781,461 shares of Class A common stock and all 4,085,461 shares of Class B common stock. Because of the ten-for-one voting power of the Class B common stock, shares of that stock have a more substantial impact on the voting power for purposes of taking votes on matters

addressed at the Annual Meeting. The total number of votes to which Class A common stock and Class B common stock were entitled as of the Record Date were 19,648,382 and 40,854,610, respectively.

Adoption of the Annual Meeting agenda items pertaining to the election of directors and adoption of the Acquisition Plan will each require an affirmative vote of the holders of at least a simple majority of voting power of the issued and outstanding Class A common stock and Class B common stock of the Company entitled to be voted as of the Record Date. The Company Articles expressly provide for non-cumulative voting in the election of directors.

As of the Record Date, the number and percentage of outstanding shares entitled to vote held by directors and executive officers of the Company and their affiliates were 9,984,702 shares constituting approximately 50.3% of the outstanding Class A common stock and 2,679,499 shares constituting approximately 65.6% of the outstanding Class B common stock. As of the Record Date, 7,562,430 shares constituting approximately 38.1% of the outstanding Class A and 4,085,461 shares constituting approximately 58.8% of the outstanding Class B common stock of the Company, were subject to the Voting Agreement. Also as of the Record Date the voting power of the common stock of the Company subject to the Voting Agreement was approximately 52.2% of the effective voting power of the combined outstanding Class A and Class B common stock of the Company. The shares subject to the Voting Agreement when voted in concert in accordance with its terms are sufficient to assure the approval of management's slate and of the Acquisition Plan. When combined, the voting power held by management of the Company and the parties to the Voting Agreement constituted approximately 60.8% of the outstanding voting power of Class A and Class B common stock of the Company as

of the Record Date.

The parties to that Voting Agreement and management of the Company have indicated their intent to vote for the Acquisition Plan and management's slate of nominees for the Company Board. Should these shares be so voted, management's slate of directors for the Company Board and the Acquisition Plan would be approved and adopted at the Annual Meeting and the issuance of the MCI Company Stock and the Company Stock would be assured, irrespective of the vote of any other shareholder of the Company. See, "OWNERSHIP OF THE COMPANY: Management."

Proxies

The accompanying form of Company Proxy is being solicited on behalf of the Company Board for use at the Annual Meeting.

Subject to the conditions described in this section, the shares represented by each Company Proxy executed in the accompanying form of Company Proxy will be voted at the Annual Meeting in accordance with the instructions in that Company Proxy. The Company Proxy will be voted for management's nominees for directors as a classified board and as otherwise specified in the Company Proxy, unless a contrary choice is specified.

All votes cast by holders of common stock of the Company as of the Record Date, in person or by Company Proxy completed and executed in accordance with the instructions on the Company Proxy, will be counted at the Annual Meeting. A Company Proxy having one or more clearly marked abstentions or having no indication of vote on one or more of the proposals to be addressed at the Annual Meeting will be honored as an abstention or non-vote, respectively. However, such a Company Proxy will be counted for purposes of establishing a quorum at the Annual Meeting.

A Company Proxy executed in the form enclosed may be revoked by the person signing the Company Proxy at any time before the authority thereby granted is exercised by giving written notice to the Secretary of the Company Board delivered to 2550 Denali Street, Suite 1000, Anchorage, Alaska or

at the Annual Meeting. Thereafter the person signing the Company Proxy may vote in person or by other proxy as provided by Company Bylaws. The person signing the Company Proxy may also revoke that proxy by a duly executed proxy bearing a later date.

The expenses of this Company Proxy solicitation made by the Company Board for the Annual Meeting, including the cost of preparing, assembling and mailing the Notice of Meeting, Company Proxy, Proxy Statement/Prospectus, and return envelopes, the handling and tabulation of proxies received, and charges of brokerage houses and other institutions, nominees or fiduciaries for forwarding such documents to beneficial owners, will be paid by the Company. In addition to the mailing of these proxy materials, solicitation may be made in person or by telephone, telecopy, or telegraph by officers, directors, or regular employees of the Company, none of whom will receive additional compensation for that effort.

Recommendations of Company Board

Company Board Nominees. Management and the Company Board recommend to the shareholders of the Company a vote "FOR" the slate of three directors for the three positions up for election at the Annual Meeting, i.e., a vote for item number 1 on the Company Proxy: for Class I-John W. Gerdelman, Carter F. Page, and Robert M. Walp. Background and other information on each of the nominees is provided elsewhere in this Proxy Statement/Prospectus. See, "MANAGEMENT OF THE COMPANY."

Acquisition Plan. Management and the Company Board recommend to the shareholders of the Company a vote "FOR" approval of the Acquisition Plan, i.e., a vote for item number 2 on the Company Proxy. Further information and reasons for this recommendation are provided elsewhere in this Proxy Statement/Prospectus. See, "ACQUISITION PLAN" and "PROPOSED TRANSACTIONS."

CABLE COMPANY SECURITY HOLDER CONSENTS

Purpose

This Proxy Statement/Prospectus is furnished in connection with the solicitation of consents and approvals for the respective Proposed Transactions ("Consents") separately for the security holders of Prime and Alaskan Cable. The Consents are being solicited in lieu of formal meetings of the respective security holders of Prime and Alaskan Cable. The Proxy Statement/Prospectus and the accompanying separate Consents for each of these Cable Companies are first being sent or delivered to those security holders on or about October 7, 1996. A copy of the Company's Annual Report, as amended, for the year ended December 31, 1995 and a copy of its quarterly report for the three- and six-month periods ended June 30, 1996 accompany this Proxy Statement/Prospectus. See, "ANNUAL REPORT." Financial Statements for Prime, Alaskan Cable, and Alaska Cablevision also accompany this Proxy Statement/Prospectus. See, "INDEX TO FINANCIAL STATEMENTS."

Time and Place

The Consents are to be executed and returned by security holders of the companies in favor of the corresponding Proposed Transaction by no later than 12:00 midnight (Alaska Time) October 28, 1996 ("Consent Deadline") as follows: (1) Prime Group members--delivered to Prime at One American Center, 600 Congress Avenue, Suite 3000, Austin, Texas 78701; and (2) Alaskan Cable--delivered to the board of directors of the corresponding corporation of Alaskan Cable at Kent Farms, Middleburg, Virginia 22117.

Outstanding Voting Securities

The holders of voting securities of Prime (and the holders of voting securities of the Prime entities from which Consents are to be sought, i.e., Prime General Partner, PCLP, ACI (including PVII, one of ACI's shareholders), Prime Growth, and Prime Holdings), and of Alaskan Cable as of the close of business on the Record Date will be asked to sign and return such Consents not later than the Consent Deadline. As of the Record Date, the voting securities of each of these Cable Companies outstanding was as follows: (1) Prime-- all of the limited partner interests based upon capital contributions of the partners and no partner voting rights in the equity participation interests (however, consent of such holders is required for distributions by Prime); and (2) Alaskan Cable - -- (a) for Alaskan Cable/Fairbanks -- 1,000 shares of common stock; (b) for Alaskan Cable/Juneau -- 540.5 shares of common stock; and (c) for Alaskan Cable/Ketchikan -- 1,000 shares of common stock.

Voting Rights, Votes Required for Approval and Consents

Alaskan Cable. With the exception of Alaskan Cable/Ketchikan, under articles of incorporation or bylaws of Alaskan Cable, at a meeting of the securities holders of the company, a simple majority of the issued and outstanding securities of the company entitled to vote will constitute a quorum. The articles of incorporation for Alaskan Cable/Ketchikan provide that one-third of the shares entitled to vote constitutes a quorum for all meetings of shareholders.

The Bylaws of each of the three corporations comprising Alaskan Cable provide that each share is to have one vote on matters addressed to the shareholders at a meeting. Those Bylaws also provide that any action required by law to be taken at a shareholder meeting or which may be taken at such a meeting may be taken without a meeting if a consent in lieu of meeting in writing setting forth the action so taken is signed by all of the shareholders entitled to vote with respect to the subject matter in question. Such consent is to have the same force and effect as a unanimous vote of shareholders. The boards of directors of the corporations comprising Alaskan Cable intend to seek 100% consent of the shareholders of the respective corporations.

The written consents of the shareholders of the corporations comprising Alaskan Cable are being sought by delivering to each such shareholder a copy of the Proxy Statement/Prospectus along with a form Consent for that person to date, sign, and return to the corresponding corporation of Alaskan Cable.

Prime. The Prime Partnership Agreement provides that a quorum for a meeting of limited partners consists of limited partners owning at least a majority of the outstanding limited partner interests in the partnership. In the case of Prime, the consent of all the limited partners is required in order to approve the Prime Proposed Transaction.

The Prime Partnership Agreement provides that any consent, ratification or approval required or permitted to be given by the limited partners pursuant to the agreement may be given without a meeting of the partners. Such consent, ratification, and approval must be in writing setting forth the matters as to which such action is requested and signed by the limited partners that would be entitled to take the action at a meeting of partners called for that purpose representing the necessary percentage of outstanding limited partner interests. The agreement further provides that the general partner must give prompt notice of any action to be taken pursuant to the written consent of less than all the partners, to each partner that did not give such consent, ratification, or approval. The limited partnership agreements of the other Prime limited partnership entities that are Prime Sellers or other members of the Prime Group also permit taking action without a meeting. The approval of the Prime Proposed Transaction will require the consent of Prime General Partner and each of Prime's limited partners.

As part of the Prime Proposed Transaction, PCLP will exchange all the outstanding capital stock of Prime General Partner for shares of Prime Company Shares in the PCFI Merger, i.e., a merger of Prime General Partner into GCI Cable. In order to effect the PCFI Merger, the consent of limited partners of PCLP owning at least 66-2/3% of the outstanding limited partner interests of PCLP is required. Also as a part of the Prime Proposed Transaction, the shareholders of ACI will exchange all of their stock in ACI for shares of Prime Company Shares in the ACI Merger, i.e., a merger of ACI into GCI Cable. In order to effect the ACI Merger, the approval of all of the shareholders of ACI is required, subject to waiver of the requirement by the Company, in which case approval of holders of 66-2/3% of ACI's voting stock will be required in order to effect the ACI Merger. The determination as to whether or not to waive such requirement is in the sole discretion of the board of directors of GCI Cable.

As part of the Prime Proposed Transaction, Prime Growth and Prime Holdings (the other two of the three limited partners of Prime), will sell to the Company the limited partner interests in Prime held by them. The consent of the limited partners of Prime Growth, who own at least 80% of the outstanding limited partner interests of Prime Growth is required in order for Prime Growth to effect that sale, excluding for purposes of calculating the 80%, interests held by PVI (a general partner of Prime Growth) and its affiliates. The consent of limited partners of Prime Holdings who own at least two-thirds of the outstanding limited partner interests in Prime Holdings is required in order for Prime Holdings to effect that sale. Also as a part of the Prime Proposed Transaction, PVII will exchange the capital stock of ACI held by PVII for shares of Prime Company Shares in the ACI Merger. In order to effect that exchange, the consent of limited partners of PVII owning at least two-thirds of the outstanding limited partner interests of PVII will be required.

The written consents of the limited partners of Prime and of the security holders of those limited partners and the equity participation interest holders in Prime are being sought by delivering to each such person a copy of the Proxy Statement/Prospectus along with an appropriate form of Consent for that party to date, sign, and return to Prime.

Expenses

The expenses of solicitation of the Consents made by the board of directors or other governing bodies of Alaskan Cable and Prime, including the cost of preparing, assembling and mailing the Consents, Proxy Statement/Prospectus, and return envelopes, will be paid by the Company. Charges for handling and tabulation of Consents received will be paid by the corresponding Cable Company. In addition to the mailing of these Consent materials, solicitation may be made in person or by telephone, telecopy, or telegraph by officers, directors, or regular employees of the corresponding Cable Company, none of whom will receive additional compensation for that effort.

SECURITY HOLDERS OF PRIME SHOULD NOT SEND IN ANY STOCK OR OTHER SECURITY CERTIFICATE WITH THEIR CABLE COMPANY CONSENTS.

ACQUISITION PLAN

Background

On March 14, 1996 the Company entered into four non-binding letters of intent to acquire the securities of Prime and all of the assets of Alaskan Cable, Alaska Cablevision, McCaw/Rock Homer and McCaw/Rock Seward (the seven companies collectively, "Cable Companies"). Those companies have cable distribution systems passing approximately 74% of households throughout Alaska. As of June 30, 1996, those systems had more than 105,000 basic subscribers in the state. As a part of this intention and to assist the Company in its capitalization needs, the Company also entered into a letter of intent with MCI

for MCI to purchase additional Company common stock. These letters of intent form the basis for the Acquisition Plan, i.e., the plan to acquire the assets or securities of the Cable Companies and to recapitalize the Company. These events were reported to the Commission on a Form 8-K dated March 28, 1996, as amended by an amendment dated May 20, 1996.

The letters of intent provided that the parties would seek to reduce their intents to written agreements. In April-May, 1996 the Company entered into Purchase Agreements with the Cable Companies. As of the Record Date, the Company and MCI were in the process of reducing the letter of intent, as it pertains to the purchase of the MCI Company Stock, to a formal agreement. These Purchase Agreements and related agreements are described further elsewhere in this Proxy Statement/Prospectus. See, "PROPOSED TRANSACTIONS."

On April 12, 1996 the Company Board held a meeting at which the terms of the Acquisition Plan, as well as the substantive provisions of the Proposed Transactions were fully discussed. At the conclusion of the review, the Company Board unanimously approved the Acquisition Plan as embodied in the Proposed Transactions. Over a short period of time following the meeting, the Company and the corresponding other parties executed the Purchase Agreements.

In making the decision to enter into the Prime Proposed Transaction, neither the signatories nor Prime sought or relied upon a financial advisor for a determination or opinion on fairness of consideration for the securities to be exchanged in the transaction. Jack Kent Cooke, the president of each of the three corporations comprising Alaskan Cable and, indirectly, the controlling shareholder of them, has directed Alaskan Cable to adopt the Alaskan Cable Proposed Transaction. In making the decision to enter into the Alaskan Cable Proposed Transaction, neither Mr. Cooke nor Alaskan Cable nor the Company sought or relied upon a financial advisor for a determination or opinion on fairness of consideration for the securities or assets exchanged in the transaction.

Recommendation of Company Board and Its Reasons for the Acquisition Plan

Decision-Making Process. In early 1995, the Company through Mr. Duncan, its president, initiated discussions with Prime proposing a joint use of cable plant of the Prime Alaska Systems by the Company and Prime to enhance the

services provided by the Company. In July, 1995, representatives of Prime met with Mr. Duncan and other executive officers of the Company to discuss facility sharing as well as a Prime proposal for the Company to acquire Prime rather than enter into a joint use agreement. The proposal included an analysis of the Company's acquisition of Prime as well as the acquisition of the cable systems of Alaskan Cable, Alaska Cablevision, McCaw/Rock Homer, and McCaw/Rock Seward. During the period from July-December, 1995, Prime and the Company engaged in several discussions as to the method and valuation of their respective companies culminating with the Company making a tentative proposal to acquire Prime. In January, 1996, representatives of Prime attended a meeting of the Company Board, to negotiate further the price and structure of the proposed acquisition. After full discussion of the issues, the Company Board concluded the acquisition of Prime was preferable to a joint use of cable plant agreement. During the time period January-March, 1996, the Company and Prime negotiated the terms of a letter of intent whereby the Company would acquire all of the security interests in Prime from the Prime Sellers. In February, 1996, the Company made contact with representatives of Alaskan Cable and separately with representatives of Alaska Cablevision, McCaw/Rock Homer, and McCaw/Rock Seward to acquire the assets of those Cable Companies. These negotiations were coordinated through Prime and resulted in a formal offer of acquisition by the Company to Alaskan Cable on February 16, 1996 and to Alaska Cablevision, McCaw/Rock Homer, and McCaw Rock/Seward on February 19, 1996. The negotiation process involving all of the Cable Companies was formalized with the execution on March 14, 1996 of letters of intent between the Company and the Cable Companies as further described elsewhere in this Proxy Statement/Prospectus. See, within this section, "Background."

Recommendation. The Company Board has unanimously approved the Acquisition Plan, has determined unanimously that the Acquisition Plan is advisable and fair to and in the best interests of the Company and its shareholders, taken as a whole, and has unanimously recommended that holders of shares of Class A and Class B common stock of the Company vote "FOR" approval of the Acquisition Plan.

The Company Board believes the once distinct lines drawn between telephone and cable services are beginning to merge. The Acquisition Plan allows the Company to integrate cable services to bring more information not only to more customers but in a manner that is expected to be quicker, more efficient and more cost effective than before. The Company Board further believes the Acquisition Plan will allow consolidation of operations of cable television services in the state and offer a platform for developing new customer products and services for the Company over the next several years.

The Company Board believes that the Acquisition Plan represents an attractive opportunity for the Company to acquire substantial cable television assets and securities of cable operations that have historically generated positive cash flow from operating activities. While the proposal will require a substantial dilution in percentage ownership represented by existing holdings of shareholders, a substantial increase in debt of the Company through bank financing, and use of a portion of the Company's cash reserves, the Company Board believes that the Proposed Transactions will allow the Company to diversify into another market which compliments its long-term involvement in telecommunications and long distance carrier services. The Company Board has concluded that the Acquisition Plan will benefit the Company because the board believes that the Cable Companies have consistent records of growth of revenues and cash provided by operations. The Company Board further believes that the acquisition of the Cable Companies will provide the Company with the opportunity to realize operational efficiencies and strategic opportunities to enter new product markets where the Cable Companies' cable systems, all located in Alaska, are located in close proximity to other operations of the Company.

In reaching these conclusions and its decision to approve the Acquisition Plan and to recommend that the Company's shareholders vote to approve the Acquisition Plan as outlined through the Proposed Transactions, the Company Board considered several factors. These factors included among other things, the terms and conditions of the Proposed Transactions, the strategic fit of all the cable infra-structure in the Company's future plans, information with respect to the financial condition, business, operations, and prospects of the Cable Companies and the Company on both a historical and prospective basis, including certain information reflecting the Company and the Cable Companies on a pro forma combined basis and the Cable Companies' historical cash provided by operations, and the view and opinions of the management of the Company.

Specifically, the key decision factors used by the Company Board in reaching the conclusion to approve the Acquisition Plan were as follows:

Industry Trends. The Company Board believes that the telecommunications industry is entering a period of consolidation across industry segments. All participants (local telephone, broad band entertainment, interexchange, wireless and information service providers) will be competing with each other. Technological change is blurring the distinctions in how services are provided, and consumers are increasingly looking to single providers to meet their communication needs. The Company Board believes the Acquisition Plan along with the Company's ownership of PCS wireless frequencies will provide the Company with a firm technical platform to expand from an interexchange carrier to a full-service telecommunications provider.

Diversified Sources of Revenue and Cash Flow. The Company Board

believes the Acquisition Plan will reduce the Company's reliance on its cash flows from the existing long distance business by

spreading its revenues and gross margin over a broader range of customers and services. This action will reduce the impact on the Company of adverse events in a single line of business. The increased stability in the Company's consolidated cash flows will allow the Company to support higher levels of debt without undue increases in risk. However, the Company, in taking on higher levels of debt, will increase its obligation to repay that debt from its finite sources of cash flow.

Capital and Operational Synergies. The Company Board believes the combining of the Cable Companies into a single operational unit will increase the efficiency of the cable operations. Additionally, the Company Board believes the capital upgrades necessary to make the Cable Companies more competitive will provide facilities that will be useful to the Company in its other lines of business. The Company Board believes this action will reduce the overall capital requirements of the consolidated business. However, see within this section "--Financing"; "--Operational Challenges" and "--Competitive Risk."

Increased Equity. The Company Board believes the issuance of a substantial amount of stock as part of the consideration in the Prime Proposed Transaction and as a part of the consideration in the Alaskan Cable Proposed Transaction will substantially increase the Company's equity and correspondingly will broaden its financial base. To accomplish this end, existing shareholders of the Company will have their shareholdings in the Company diluted, and Prime and Alaskan Cable will acquire significant voting power of the outstanding common stock of the Company should the Prime Company Shares, the Alaskan Cable Company Shares, and the MCI Company Stock be issued on that date. See, "DISTRIBUTION OF COMPANY STOCK" and "RISK FACTORS: Company Common Stock Inherent Factors--Concentration of Stock Ownership."

Financing. Financing of the Proposed Transactions was a key consideration of the Company Board. The Company Board believes there are banks willing to lend the amounts required to close the Proposed Transactions. However, while the Company has had discussions with its Senior Lenders regarding the financing of the Proposed Transaction, those lenders had not as of the Record Date agreed to provide that financing. The use of a substantial equity component in the consideration should increase the Company's available leverage capacity. The Company Board believes this additional capacity will enhance the Company's ability to raise the substantial additional debt that it will require to meet its large capital budget for integration of the Cable Company operations into those of the Company.

Competitive Risk. The Company Board believes both the Company's existing business and the businesses it is to acquire through the Acquisition Plan will face increasing competitive pressures. In this context, the Company Board considered the likelihood of potential new entrants into the cable television market, including direct broadcast services, that may reduce market share subsequent to consummation of the Acquisition Plan, as well as the likelihood of ATU, i.e., Anchorage Telephone Utility providing cable television services. ATU is a public utility owned by the Municipality of Anchorage and is the only telephone exchange servicing the Anchorage, Alaska area. While the former would be new entrants into the Alaska marketplace, the latter, through its established telephone line distribution system, services a substantial majority of the residents in the Anchorage area, and could prove to be a formidable competitor in the cable television services area should it seek to provide such service. The Company Board also took into consideration the action by ATU in May, 1996 to file an application with the APUC to provide telecommunication services as a reseller throughout the state of Alaska. As of December 31, 1995, ATU had a base of approximately 137,000 individual and business access lines and total revenues and total assets of approximately $123.6 million and $289.9 million, respectively. With its entry into the intra-state telecommunications service area, ATU will be in direct competition with the Company to provide such services to existing customers of the Company in the Anchorage area (who already subscribe to local exchange services from ATU) and elsewhere in the state. As of December 31, 1995 the Company provided telecommunication services to approximately 48% and 42% of the customers in the Anchorage

area and throughout the state (other than the Anchorage area), respectively, with its existing competitors providing the balance of the services. ATU has announced that its new telecommunication services are to be offered to the public by the fall of 1996. The Company Board concluded that the Company's approach to developing, pricing, and providing telecommunication services in Alaska and elsewhere will continue to allow it to be competitive in providing those services. The Company Board also concluded that the consummation of the Acquisition Plan will allow the Company to expand its customer base to include cable television customers. The Company Board believes that the consolidated operations of the Company subsequent to the consummation of the Acquisition Plan will create a more effective competitor to respond to the increasing competitive challenges in the communication industry. No assurance can be given that the view will prove correct, and no assurance can be given that the Company will be able to stand the test of additional competition from a public utility owned by a municipality with the largest population base of any local government in the

state. See, "RISK FACTORS: Economic Risks--Competition."

Operational Challenges. The Company Board believes the Company will face significant operational issues in consolidating its current operations with those of the Cable Companies and in managing the growth in both revenue and personnel that the board believes will result from the consummation of the Proposed Transactions. The Company Board considered that, through the Acquisition Plan, the Company will acquire a substantial portion of the existing cable television distribution systems in the state of Alaska and gain entry into the cable television business, an entirely new industry segment for the Company, for which it has no prior experience to operate. The Company Board considered the plan which includes the Company entering into the Prime Management Agreement with PIIM to manage the resulting combination of the seven cable television systems acquired from the Cable Companies. The Company Board considered the possibility of retaining some portion of the persons presently managing and working with the Cable Companies. The Company Board did not authorize employment of any specific officer, director, or employee of the Cable Companies, with one exception, however, as of the Record Date the Company Board did not contemplate that that individual would join the Company as an executive officer of the Company or a subsidiary of it. The Company Board considered the high cost of required plant and equipment upgrade and conversion of the distribution systems of the Company Cable Systems from present analog to digital systems enabling, among other things, the Company to provide new high-bandwidth services such as cable modems for high-speed telecommunication services over enhanced cable networks. These services are not within the capabilities of the present Cable Company cable systems in Alaska. However, the Company Board believes the Company, in remaining competitive in the cable industry, will have to be able to provide such services within the next few years. The Company Board considered the need to expend more than $20 million over the next five years for the Company to be in a position to provide such services. The Company Board considered the difficulties in combining the plant, equipment, and operations of the Alaska cable systems of the seven Cable Companies, a business of significant size compared to the Company based upon total revenues for the year ended December 31, 1995, and one which is to have business operations in widely dispersed locations over a large geographic area of the state. In addition, the Company Board considered the effect on the Alaska Cable Systems of competition from providers of services making use of new technologies, such as satellite-based direct television signal to customers having separate satellite signal receivers and other similar direct broadcast services. These competing services may reduce market share subsequent to the consummation of the Acquisition Plan. No assurance can be given that this initial plan adopted by the Company Board for the transition, reorganization, management, operation, and development of the Company Cable Systems will prove successful. See, "RISK FACTORS: Risks of the Businesses in Which the Company Will Be Engaged" and "CERTAIN CONSEQUENCES OF THE ACQUISITION PLAN: Company Cable Systems."

Pricing and Valuation. The Company Board spent considerable time evaluating the relative valuations of the Company and the proposed acquisitions of the Cable Companies to assure that the

Proposed Transactions are fair to the shareholders of the Company. The Company Board has relied heavily on the expertise of its directors, many of whom are senior executives in national companies in the interexchange and cable industries. The stock to be issued by the Company was valued at a 30% premium to its pre-acquisition price. The valuation of the Cable Companies was based upon the directors' assessment of the Cable Companies' value as independent cable companies. The Company Board determined that the proposed price and structure of the Acquisition Plan represented fair prices for all parties and created opportunities for growth in the future value of the equity. However, no assurance can be given as to the growth in future value of the Company Class A common stock in that it will depend on a number of factors including the performance of the Company with its newly acquired Cable Companies and the perception of investors in equity as to the Company's performance and future performance. See within this section, "--Determination of Value."

The foregoing discussion is believed by the Company Board to include all material factors considered by the board. In reaching the determination to approve the Acquisition Plan, the Company Board did not assign any relative or specific weight to the foregoing factors which were considered. Individual directors may have given differing weights to different factors. In making its final determination on the Acquisition Plan, the Company Board did not receive any independent valuations or opinions as to the fairness of the consideration to be paid in connection with any of the Proposed Transactions.

For a discussion of the ownership interests in the Company, the members of the Company Board and the Named Executive Officers, see, "OWNERSHIP OF THE COMPANY."

Recommendations of the Cable Company Boards and Their Reasons for the Acquisition Plan

General. Each of the boards of directors (in the case of each of the three corporations comprising Alaskan Cable) and the board of directors of the Prime General Partner (in the case of Prime) has unanimously approved the Acquisition Plan as it pertains to their corresponding companies, has determined unanimously that the Acquisition Plan is advisable and fair to and in the best interests of their respective companies and their respective securities holders (and in the case of Prime General Partner, the Prime Group), taken as a whole,

for each respective company. Each of these governing bodies has unanimously recommended to security holders of their respective companies a vote "FOR" approval of the Acquisition Plan. In reaching its decision to approve the Acquisition Plan and to recommend that its company's securities holders (and in the case of Prime General Partner, the Prime Group), vote to approve or otherwise consent and approve the Acquisition Plan, each such governing body of these Cable Companies independently considered the following factors.

Industry, Economic and Market Conditions. Each board of directors of Alaskan Cable and the board of directors of the general partner of Prime considered the present and anticipated technological and regulatory changes affecting the telecommunications industry in general and concluded that such changes could significantly affect the competitive pressures in the cable industry. Each such governing body concluded that these changes include advances in technology and changes in regulation that could permit telephone companies to offer broad-based entertainment programming on telephone networks and could permit cable companies to offer telephone services on cable networks. In addition, these governing bodies concluded services such as direct broadcast satellites and personal communications services could increase competition to both cable companies and telephone companies. The governing bodies concluded that, based upon their knowledge of the business, operations, properties, assets, financial condition, operating results and future prospects of their respective Cable Companies, in order to meet these competitive challenges the companies would require access to greater financial, managerial and technological resources than they individually possessed or anticipated being able to possess. The Company is a diversified company that these governing bodies believe has the resources, with the acquisition envisioned through the Acquisition Plan, and access to capital markets that will enable the

Company to compete in the changing environment of the cable and telecommunications marketplaces in Alaska.

Decision-Making Process. Management of Prime and management of Alaskan Cable separately arrived at their respective decisions to enter into separate Proposed Transactions with the Company as follows.

Prime. The management for Prime neither sought nor received any offers from third parties to acquire the securities or assets of Prime during the time period of its consideration of the Company's proposal as previously described. Management for Prime has extensive experience in and knowledge of the cable communications industry and believes that it is generally familiar with transactions involving the purchase and sale of cable communications systems of comparable size to the Prime Alaska Systems. Based upon that experience and knowledge, Prime management concluded that the terms of the transaction as negotiated with the Company were at least as favorable as could have been obtained from any such party. In reaching such conclusion, management for Prime believes that the transaction with the Company offers to the partners of Prime (and to the shareholders of ACI and Prime General Partner) and to the equity participation interest holders of Prime the opportunity to diversify their investment in a cable communications business into a business that offers a broad range of telecommunication services to residential, commercial and governmental customers in Alaska and to capitalize on the combination of that business with a cable communications business in that state. See, within this section "--Determination of Value." Furthermore, Prime management negotiated terms with the Company that provide the shareholders of ACI and Prime General Partner with such diversification in a tax-free transaction to them. However, in the event the Prime Company Shares are distributed to the partners of PCLP or to the partners of any one or more of the limited partnerships that are shareholders of ACI, such distributions may be taxable to such partners to the extent that the fair value of such shares distributed exceeded their adjusted basis in the distributing partnership, although a proposed Treasury Regulation would treat such distributions as not taxable. See, "CERTAIN CONSEQUENCES OF THE ACQUISITION PLAN: Certain Federal Income Tax Consequences."

In early 1995, the Company initiated discussions with Prime proposing a joint use of cable plant, and subsequent discussions resulted in the Company and Prime agreeing to consider an acquisition of Prime by the Company. See, "ACQUISITION PLAN--Recommendation of Company Board and Its Reasons for the Acquisition Plan."

In 1995, Prime management concluded that developments in telecommunications technology, the anticipated deregulation of the telecommunications and the cable television industries, and the anticipated consolidation of the telecommunications and communications entertainment industries, made it advisable either to sell the Prime Alaska Systems or to combine the Prime Alaska Systems with a telecommunications company providing service in the same market that Prime serves. Prime management believes that continuing Prime as a separate, stand alone business would place the Prime Alaska Systems at a competitive disadvantage with telecommunications companies which plan to provide video entertainment to the same markets. After considering the possibility of a sale of all the Prime Alaska Systems or a sale of the systems piecemeal in a liquidation, Prime management concluded that the investors in Prime would achieve a better return on their investment if they were part of a larger telecommunications organization. Prime management also believed that the number of buyers that might be interested in Prime was limited, due to the fact that the Prime Alaska Systems were geographically remote.

The combination of the Prime Alaska Systems with the other Company Cable Systems proposed to be acquired has the potential of achieving economies of scale in management, employee benefits, billing, customer service and regulatory matters. Economies of scale also may be achieved from the

combination of the Company and Prime in connection with the proposed construction and use of a fibre optic network being considered by Prime management for the Prime Alaska Systems for a proposed PCS system. The combination also offers the Company and Prime the opportunity to fully integrate video, high-speed data and long distance services which may increase the ability to attract and retain new customers. The combination of the Company and Prime would also achieve a diversification of sources of revenues. Because of the several benefits that a combination would offer to the Company, Prime management concluded that Prime had more value to the Company than as a stand-alone acquisition opportunity for other potential buyers. In the course of the discussions with the Company, Prime management concluded that a cash transaction was not available on any acceptable terms and the decision was made to enter into an agreement for the acquisition by the Company, directly and indirectly, of all the partnership interests in Prime.

Prime management did not solicit any offers to acquire Prime. The cable television market for systems the size of the Prime Alaska Systems is relatively small, and Prime management is confident that if there had been another prospective buyer for Prime on terms that would have been comparable to that negotiated with the Company, such a buyer would have approached Prime management. Prime management is unaware of any offers which have been made for an acquisition, tender offer, change of control, merger, consolidation, or combination of any of such partnerships or of Prime or a material amount of any of their assets.

In the negotiation of the transactions leading up to the Prime Purchase Agreement, representatives of Prime, including Prime General Partner, agreed with the Company upon an aggregate value for all of the equity ownership interests and equity participation interests in Prime of $76.7 million. The Prime Company Shares was based upon that $76.7 million equity value of Prime and a negotiated price per share of Company Stock of $6.50 per share. The allocation of the Prime Company Shares among the Prime Sellers was determined by representatives of the various Prime Sellers based upon the following: (1) a value of the equity participation interests of Prime as negotiated and agreed upon by representatives of the Prime Sellers (including Prime General Partner) and the Company of $76.7 million; (2) a value per share of Company Stock as negotiated and agreed upon by representatives of the Prime Sellers (including Prime General Partner) and the Company of $6.50 per share; (3) a deemed liquidation and dissolution of Prime; and (4) a deemed distribution in liquidation of the Prime Company Shares in accordance with the Prime Partnership Agreement, after taking into consideration the contractual rights of the holders of the outstanding profit participation interests in Prime in accordance with the terms of the agreements pursuant to which the Prime equity participation interests were created and issued. The number of the Prime Company Shares were allocated as among the Prime Sellers based upon what each partner in Prime and each Prime equity participation interest holder would receive in connection with such deemed liquidation for its respective interest in Prime pursuant to the terms of the Prime Partnership Agreement and the terms of the agreements pursuant to which the Prime equity participation interests were created and issued by Prime. In this manner, the number of shares of the Prime Company Shares which a given limited partner of Prime will receive upon the consummation of the Prime Proposed Transaction was calculated by determining that number of the Prime Company Shares that such limited partner of Prime would have received in respect of its limited partner interest in Prime in such deemed liquidation and dissolution of Prime (based upon the agreed per share value of Company Stock of $6.50).

Alaskan Cable. The management for each of the three corporations comprising Alaskan Cable neither sought nor received any offers from third parties to acquire the assets of any of the corporations during the time period of its consideration of the Company's proposal as previously described. Management for each of these corporations has extensive experience in and knowledge of the cable communications industry and believes that it is generally familiar with transactions involving the purchase and sale of cable communications systems of comparable size to the cable systems which are the subject of the Alaskan Cable Purchase Agreement. Based upon that experience and knowledge, management

for each of these corporations concluded that the terms of the transaction as negotiated with the Company were at least as favorable as could have been obtained from any such party. In reaching this conclusion, management for each of these corporations believes that the transaction with the Company offers to the shareholder of the respective corporation the opportunity to diversify its investment in cable communications business to include a business that offers a broad range of telecommunication services to residential, commercial and governmental customers in Alaska, and to capitalize on the combination of that business with a cable communications business in Alaska.

Terms of the Acquisition Plan. The governing body of each of Alaskan Cable and Prime considered the terms of the Proposed Transaction as it pertained

to that body's company, including the representations, warranties, covenants, and conditions of the parties contained in that Proposed Transaction and the consideration to be received pursuant to that Proposed Transaction. The consideration to be paid for the company or its assets is clearly fixed in the corresponding Purchase Agreement without hinderance by contingency adjustments prior to closing. Prime believes that it is not likely that the company would receive any unsolicited offer that would be more favorable to the company's security holders than the Prime Purchase Agreement. Each governing body independently noted that its decision to limit the solicitation of further offers was subject to the fiduciary duties of that body.

Diversification of the Company. Each of the Cable Companies is privately-held and, therefore, there has been no public market for their securities. If the Acquisition Plan is consummated, the securities holders of Prime and Alaskan Cable will receive Class A common stock of the Company, which is currently traded on the Nasdaq Stock Market. See "PROPOSED TRANSACTIONS: Cable Company Purchase Agreements--Consideration to be Received." The governing body of each of Alaskan Cable and Prime has concluded that the liquidity of Company Class A common stock, as well as the diversification of the Company's operations, will enable the securities holders of that Cable Company to realize greater value for their securities holdings than they would if they continued to invest in their privately held company.

In view of the variety of factors considered in connection with its evaluation of the Acquisition Plan, each of the governing bodies of the Cable Companies did not find it practicable to and did not quantify or otherwise assign relative weights to the specific factors considered in reaching its determination.

Determination of Value

Company. Company management considered several alternative methods to value its stock to be issued pursuant to the Proposed Transactions, including multiples of net sales, return on equity and multiples of operating cash flow. A range of multiples and corresponding values were derived and evaluated. For example, the Company gathered information on six similar transactions closing during the period from January, 1993 through December, 1995. The Company calculated a range of net sales multiples for those companies from 0.62 to 3.38. The mean multiple was 1.77 times net sales which, if used for the Company, would result in a stock price of approximately $8.08 per share for the year ended December 31, 1995. In general, smaller companies in those transactions received lower multiples, and each of the companies included in the analysis generated revenues in excess of those of the Company. Valuations vary based upon a number of factors including the size of the company studied, its equity structure and the nature of its products and services.

A value of $6.50 per share was agreed upon as a fair value for the Company Stock after considering several factors, including the following: (1) management's evaluation of other transactions in the telecommunications industry; (2) management's consideration of the value it would likely receive in a sale of equity in the public markets; (3) management's broad knowledge and experience in the telecommunications industry; and (4) arms-length negotiations between the parties to the Proposed

Transactions. This price represents a 30% premium to its pre-acquisition price, which was approximately $5.00 per share prior to March, 1996.

The Company's valuation of the Cable Companies was based upon the Company Directors' assessment of the Cable Companies' value as independent cable companies, using cash flow multiples that the Company Board believes are less than other recent acquisitions in the cable industry. The Company Board determined that the proposed price and structure of the Acquisition Plan represents fair prices for all parties and creates opportunities for growth in the future value of the equity. In making its final determination on the Acquisition Plan, the Company Board did not seek and did not receive any independent valuations or opinions from financial advisors as to fairness of the consideration to be paid in connection with any of the Proposed Transactions. See, within this section, "--Recommendation of Company Board and Its Reasons for the Acquisition Plan-Recommendation-Pricing and Valuation."

Prime and Alaskan Cable. Cable television companies have traditionally been valued on the basis of a multiple of historical or projected operating cash flow. The particular multiple varies depending upon general market and economic conditions, the regulatory climate for the cable television industry, and other factors.

Prime. Prime management considered a range of multiples of twelve-month historical or projected operating cash flow, less indebtedness owed by the Cable Company. In determining operating cash flow, Prime used "earnings before interest, taxes, depreciation and amortization." Using the operating cash flow valuation method, Prime was valued by Prime management and the Company at $186.1 million, representing a multiple of 10.7 times the net operating cash flow for the first calendar quarter of 1996 (annualized), less indebtedness of $109.4 million, resulting in a net equity value of $76.7 million.

Prime management used an assumed value of $6.50 per share for the Company Stock for purposes of determining the fixed number of shares of Company Stock to be issued and delivered in connection with the Prime Proposed

Transaction. The $6.50 per share valuation is equal to approximately 7.7 times annualized budgeted operating cash flow of the Company for the first calendar quarter of 1996, based upon budgets prepared by the Company.

The $6.50 per share value for the Company was agreed upon after considering several valuations methods, including return on equity, a multiple of revenues and a multiple of operating cash flow. In addition to the information referred to in the preceding paragraph, Prime management also gathered information regarding recent acquisitions involving telecommunications companies, although some of the acquisitions were between long distance companies and might have involved a synergy that might not exist in the Prime Proposed Transaction. One group of acquired companies with annual revenues below $500 million (Link, Enhanced, WCT, and American Sharecom) were valued at an average multiple of 1.26 times gross revenue. Using this same multiple, the Company would be valued at $6.28 per share at the end of calendar 1995 and a $5.80 per share value at the end of 1996. The decline in such per share valuation at the end of 1996 is due primarily to the planned capital expenditures for 1996 which will require the Company to incur additional indebtedness at a rate that exceeds the increase in gross asset value based on revenues.

Alaskan Cable. Management for each of the corporations comprising Alaskan Cable has extensive experience in and knowledge of the cable communications industry and believes that it is generally familiar with transactions involving the purchase and sale of cable communications systems of comparable size to the cable systems which are the subject of the Alaskan Cable Purchase Agreement. Based upon that experience and knowledge, management for each corporation concluded that the terms of the Alaskan Cable Purchase Agreement as negotiated with the Company were at least as favorable as could have been obtained from any third party.

Interests of Certain Persons in the Acquisition Plan

General. In considering the recommendations of the governing bodies of Alaskan Cable and Prime regarding their corresponding Proposed Transaction, security holders of those companies should be aware that certain members of management and the governing bodies of those companies have certain interests in the Proposed Transactions that are in addition to or different from the interests of securities holders of those companies generally. Each governing body was aware of these interests as pertains to its Cable Company and considered them, among other matters, in approving the corresponding Proposed Transaction.

Registration of Company Class A Common Stock. The registration rights in the Company Stock to be acquired by the Prime Sellers (and their distributees, including other Prime Group members) and by the shareholders of Alaskan Cable are essentially the same. The registration rights in the Company Class A common stock to be issued and distributed to shareholders of Alaska Cablevision upon exercise of conversion rights under the Cablevision Company Notes are similar to those registration rights of the Prime Sellers and the shareholders of Alaskan Cable. See, "PROPOSED TRANSACTIONS: Registration Rights Agreements."

Alaskan Cable Security Ownership and Officer/Director Relationships. The three corporations comprising Alaskan Cable are controlled, directly or indirectly, through one or more intermediaries by Jack Kent Cooke, the president of each of the three corporations. Each corporation has a sole corporate shareholder as follows, which in turn is controlled directly or indirectly by Mr. Cooke: (1) Alaskan Cable/Fairbanks--sole shareholder is Alaskan Cable Network, Inc.; (2) Alaskan Cable/Juneau--sole shareholder is Alaskan Cable Network/Juneau Holdings, Inc.; and (3) Alaskan Cable/Ketchikan-Sitka--sole shareholder is Jack Kent Cooke, Inc. No other officer or director of the three corporations comprising Alaskan Cable holds any of the stock of or beneficial interest in the stock of those corporations.

Prime Security Ownership and Officer/Director Relationships. Certain of the officers, directors and principal shareholders of Prime II Management, Inc. ("PMI") are also officers and directors of the following entities: (1) Prime General Partner; (2) Prime Cable GP, Inc., a Delaware corporation and the general partner of PCLP ("PGP"); (3) ACI; and (4) the two general partners (Prime Venture I, Inc., a Delaware corporation ("PVI") and Prime II Management Group, Inc., a Delaware corporation ("PMG")) of Prime Holdings. PVI is also general partner of Prime Growth. PMI is the general partner of Prime II Management, L.P., a Delaware limited partnership ("PIIM"). PIIM is a limited partner of Prime Holdings and sole general partner of the general partner of Prime Venture II, L.P., a Delaware limited partnership and shareholder of ACI ("PVII"). PVII has as its general partner Prime Investors, L.P., a Delaware limited partnership ("PI") and is a shareholder of ACI. As of the Record Date, PIIM managed the Prime Alaska Systems under a management agreement with Prime. Following the consummation of the Prime Proposed Transaction, PIIM will manage the Company Cable Systems (including the Prime Alaska Systems) under the Prime Management Agreement. See "PROPOSED TRANSACTIONS: Prime Management Agreement."

None of the general partners of any of the Prime Sellers receives any fees or other compensation from such partnerships other than as represented by their partnership interests. However, PIIM may be deemed to be an "affiliate" of each of the Prime Sellers, within the meaning of the rules and regulations of the Securities and Exchange Commission. PIIM is currently managing the Prime

Alaska Systems but none of the other Company Cable Systems.

PIIM is entitled to management fees equal to 5% of the total revenues of the Prime Alaska Systems for managing those systems. The following table presents information as to the actual amounts

of management fees paid to PIIM or accrued by Prime for managing the Prime Alaska Systems for the past three fiscal years, and for the seven months ended July 31, 1996.

Calendar Year	Management Fees (1)
1993	$ 1,455,060
1994	1,529,955
1995	1,629,691
Seven months ended 7/31/96	1,003,404 (2)

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1 PIIM pays to a wholly-owned subsidiary of PVI an amount equal to 20% of such management fees when they are received, in consideration of PVI's agreement to refer to PIIM opportunities to manage cable television systems.

2 This amount has been accrued and payment deferred pursuant to Prime's bank line of credit. PIIM is entitled to interest at the rate of 17-1/2% per annum on the accrued and unpaid fees.

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See "PROPOSED TRANSACTIONS: Prime Management Agreement" for a description of the management fees that will be paid to PIIM for managing the Company Cable Systems following the closing of the Prime Proposed Transaction. Such fees will be a fixed amount per annum, rather than based on a percentage of revenues, and assuming no significant reduction in revenues, such fees will be less than what PIIM would receive if such fees were based on 5% of the revenues of the Prime Alaska Systems. Such fees will also be considerably less than they would be if they were based on 5% of the total revenues of all Company Cable Systems, assuming all of them are acquired by the Company. The net annualized fees to be paid to PIIM by the Company for managing the Company Cable Systems will be $1,000,000 for the first year, $750,000 for the second year and $500,000 for each year thereafter that the Prime Management Agreement is in effect.

The several following tables identify as of the Record Date the directors, executive officers and principal shareholders of PMI and the relationship of such persons to the identified entities:

<TABLE>
<CAPTION>

Name of Entity	Relationship of Entity to Prime and its Partners
Prime Cable Fund I, Inc. (PCFI)	General Partner of Prime
Prime Venture I, Inc. (PVI)	General Partner of Prime Growth and Prime Holdings (limited partners of Prime)
Prime II Management Group, Inc. (PMG)	General Partner of Prime Holdings
Prime Cable GP, Inc. (PGP)	General Partner of Prime Cable Limited Partnership (PCLP), the sole stockholder of PCFI
Alaska Cable, Inc. (ACI)	Limited partner of Prime
Prime II Management, Inc. (PMI)	General Partner of PIIM, which is the sole General Partner of the sole general partner of PVII, and which is a limited partner of Prime Holdings

</TABLE>
<TABLE>

EXECUTIVE OFFICERS AND DIRECTORS AND PRINCIPAL SHAREHOLDERS OF PMI

<CAPTION>

Name	Position with PMI (1)	% of Ownership Interest in PMI (2)
Robert W. Hughes	Chairman of the Board, Director	31.02%
Paul-Henri Denuit	Director	*
Brian Greenspun	Director	*

Gregory S. Marchbanks (3),(4)	Director, Chief Executive Officer	22.75%
Michael Sherwin	Director	*
William P. Glasgow	President	11.03%
Jerry D. Lindauer (4)	Sr. Vice President	8.27%
Allan Barnes (4)	Sr. Vice President and Chief Operating Officer	*
Daniel Pike	Sr. Vice President-Science and Technology	9.09%
Duncan Butler	Vice President	*
Mark Greenberg	Vice President	9.09%

<FN>

1 The executive officers of PMI shown in this table occupy the same executive officer positions with ACI and Prime General Partner, except that ACI does not have a chief operating officer and Daniel Pike, Duncan Butler, and Mark Greenberg are not officers of ACI. In addition, Mr. Butler is not an officer of Prime General Partner.

2 An asterisk (*) means the individual owns less than 5% of the outstanding common stock of PMI.

3 Sole director of ACI.

4 Director of Prime General Partner.

</FN>
</TABLE>

PMI owns 55% of the equity of PIIM through its interest as the sole general partner of PIIM. PIIM is the sole general partner of Prime Investors, L.P., which is the sole general partner of PVII, i.e., Prime Venture II, L.P., a shareholder of ACI. PIIM also manages other cable television systems in which Prime's limited partner has ownership interests.

Certain of the officers and directors of PMI are also officers and directors of PVI. The following table sets forth as of the Record Date the respective directorships and offices and the beneficial owners of 5% or more of the common stock of PVI held by the executive officers, directors and principal (5%) shareholders of PMI.
<TABLE>

RELATIONSHIP OF EXECUTIVE OFFICERS, DIRECTORS AND PRINCIPAL SHAREHOLDERS OF PMI WITH PVI

<CAPTION>

Name and Position with PMI	Position with PVI
<S>	<C>
Robert W. Hughes, Chairman of the Board and Director	Chairman of the Board and Director
Paul Henri Denuit, Director	Director
Brian Greenspun, Director	Director
Michael Sherwin, Director	Director
Gregory S. Marchbanks, Director and Chief Executive Officer	Chief Executive Officer
William P. Glasgow, President	President
Jerry D. Lindauer, Sr. Vice President	Sr. Vice President
Allan Barnes, Sr. Vice President and Chief Operating Officer	Sr. Vice President & Chief Operating Officer-Cable
Daniel Pike, Sr. Vice President-Science and Technology	Sr. Vice President-Science & Technology

</TABLE>

PVI is a subsidiary of Prime South Diversified, Inc., a Delaware corporation ("PSD"). The holders of a class of preferred stock of PSD will ultimately receive shares of Company Stock from the Prime Proposed Transaction. Some of the persons named in the above table beneficially own shares of such class of PSD preferred stock. Based on the Company Class A common stock outstanding as of the Record Date, and assuming the Prime Company Shares, the Alaskan Cable Company Shares and the MCI Company Stock had been outstanding on that date, all of the holders of such class of PSD preferred stock as a group

would have owned less than 5% of the Company Class A common stock. By contractual arrangement, the board of directors of PVI has complete discretion regarding the investment decisions for Prime Growth and Prime Holdings.

Certain of the officers and directors of PMI are also officers, directors and shareholders of Prime II Management Group, Inc., a Texas corporation ("PMG"). The following table sets forth as of the Record Date the directorships and offices and the beneficial owners of 5% or more of the common stock of PMG held by officers, directors and shareholders of PMI.

<TABLE>

RELATIONSHIP OF EXECUTIVE OFFICERS, DIRECTORS AND PRINCIPAL SHAREHOLDERS OF PMI WITH PMG

<CAPTION>

Name and Position with PMI	Position with PMG	% of Ownership Interest in PMG (1)
<S>	<C>	<C>
Robert W. Hughes, Chairman of the Board, Director	--	23.7%
Gregory S. Marchbanks, Director and Chief Executive Officer	Director and Chief Executive Officer	17.9%
Allan Barnes, Sr. Vice President and Chief Operating Officer	Director, Sr. Vice President	*
Jerry D. Lindauer, Sr. Vice President	Director, Sr. Vice President	12.5%
William P. Glasgow, President	President	*
Daniel Pike, Sr. Vice President-Science and Technology	Sr. Vice President	5.53%

<FN>

1 An asterisk (*) means the individual owns less than 5% of the outstanding common stock of PMG.

</FN>
</TABLE>

PVI and PMG are the general partners of Prime Holdings. PVI and Prime Holdings are the general partners of Prime Growth.

Additionally, certain of the officers and directors of PMI are also officers, directors and shareholders of Prime Cable GP, Inc., a Delaware corporation ("PGP"). The following table sets forth as of the Record Date the directorships and offices and the beneficial owners of 5% or more of the common stock of PGP held by officers, directors, and shareholders of PMI.

<TABLE>

RELATIONSHIP OF EXECUTIVE OFFICERS, DIRECTORS AND PRINCIPAL SHAREHOLDERS OF PMI WITH PGP

<CAPTION>

Name and Position with PMI	Position with PGP	% of Ownership Interest in PGP (1)
<S>	<C>	<C>
Robert W. Hughes, Chairman of the Board and Director	Chairman of the Board and Director	19.5% (2)
Michael Sherwin, Director	Director	-0-
Gregory S. Marchbanks, Director and Chief Executive Officer	Chief Executive Officer	17.0%
William P. Glasgow, President	President	*
Jerry D. Lindauer, Sr. Vice President	Sr. Vice President-Corporate Development	11.9%
Allan Barnes, Sr. Vice President and Chief Operating Officer	Sr. Vice President & Chief Operating Officer-Cable	-0-
Daniel Pike, Sr. Vice President-Science and Technology	Sr. Vice President-Science & Technology	5.0%

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1 An asterisk (*) means the individual owns less than 5% of the outstanding common stock of PGP.

2 In addition, Mr. Hughes may be deemed to beneficially own 2% of the outstanding common stock of PGP held of record by two trusts for the benefit of his children for which he is trustee. Mr. Hughes disclaims beneficial ownership of such shares.
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</FN>
</TABLE>

PGP is the sole general partner of PCLP, which is the sole shareholder of Prime General Partner. Taken together as a group, as of the Record Date the officers and directors of Prime General Partner beneficially own the following: (1) 85.0% of the common stock of PMI; (2) 67.0% of the common stock of PMG; and (3) 58.6% of the common stock of PGP (excluding the 2% which Mr. Hughes may be deemed to beneficially own as described in footnote 2 of the immediately preceding table).

Prime Equity Participation Interests Holders. Three entities (BancBoston Capital, Inc., First Chicago Investment Corporation and Madison Dearborn Partners V) hold profit participation contractual rights ("equity participation interests") to share in the appreciation of the value of the equity of Prime. The equity participation interests were granted by Prime to the holders thereof in connection with Prime's original financing of its acquisition of the Prime Alaska Systems in June, 1989. Under the terms of the contract creating the equity participation interests, the equity participation interests permit the holders thereof to receive in the aggregate 13.6284% of the increase in the value of the equity of Prime over its June, 1989 value. In the Prime Proposed Transaction, the holders (all such holders are institutional investors) of all of the equity participation interests have agreed to sell all of such equity participation interests to the Company in exchange for an aggregate of 664,646 Company Shares. See, "CERTAIN INFORMATION REGARDING THE CABLE COMPANIES: Background and Description of Business--Prime-Organizational Structure" and "DISTRIBUTION OF COMPANY STOCK: Principal Security Holders."

CERTAIN CONSEQUENCES OF THE ACQUISITION PLAN

General

Upon the consummation of the Acquisition Plan the following will occur: (1) the Company will own and hold all limited and general partnership interests and all equity participation interests in Prime; (2) all of the assets of Alaskan Cable, Alaska Cablevision, McCaw/Rock Homer, and McCaw/Rock Seward will become assets of and be owned by the Company; (3) the Prime Sellers (and their distributees, including other members of the Prime Group) and shareholders of Alaskan Cable will acquire their respective portions of the Company Stock; (4) Alaska Cablevision will acquire the Cablevision Company Notes; (5) the securities holders of Alaska Cablevision and Alaskan Cable will receive cash as part of the payment to them of their respective purchase prices; and (6) the joint venturers of McCaw/Rock Homer and McCaw/Rock Seward will receive cash, as full payment to them of their respective purchase prices. As described elsewhere in the Proxy Statement/Prospectus (see, "APPRAISAL RIGHTS"), neither the Prime Sellers nor the sole shareholder of each of the corporations comprising Alaskan Cable will have appraisal rights in lieu of receiving shares of the Prime Company Shares and other consideration. The Prime Sellers (and their distributees, including other members of the Prime Group) and the shareholders of Alaskan Cable who receive Company Class A common stock pursuant to the Acquisition Plan will become shareholders of an Alaska corporation. See, "COMPARISON OF SECURITY HOLDER RIGHTS IN THE COMPANY AND CERTAIN CABLE COMPANIES."

Subsequent to the consummation of the Acquisition Plan, Prime will distribute the Prime Company Shares to the limited partners of Prime who will in turn distribute their portions of those shares to their security holders, i.e., the shareholders of ACI (including PVII), the limited partners of Prime Growth and the limited partners of Prime Holdings, and the sole shareholder of Prime General Partner for distribution to its security holders (the limited partners of PCLP). Subsequent to the consummation of the Acquisition Plan, Prime Growth, Prime Holdings, PVII and PCLP will continue to manage their respective other assets with the same set of respective limited partners as before the consummation of the Acquisition Plan, and ACI and Prime General Partner will merge into GCI Cable with GCI Cable being the surviving corporation.

Security Holder Investment Changes

Prime. Upon closing on the Prime Proposed Transaction, certain of the Prime Sellers will exchange all of their partnership interests in Prime for the Prime Company Shares. The voting rights of limited partners under the Prime Partnership Agreement are extremely limited (and nonexistent for holders of equity participation interests in the partnership except for limited rights to consent to distributions) as compared to the voting rights of holders of Class A common stock of the Company as further described elsewhere in this Proxy Statement/Prospectus. See, "COMPARISON OF SECURITY HOLDERS' RIGHTS IN THE COMPANY AND CERTAIN CABLE COMPANIES."

The term of existence of Prime under the Prime Partnership Agreement is 30 years. However, the agreement further provides that the general partner in its sole discretion may sell the partnership at any time during that term. Therefore, the general partner of Prime has almost total control over the existence of the partnership, and the limited partners have for all intents and purposes no control or influence over that term of existence. The term of existence of the Company is perpetual, subject to limited exception. That is, under the Alaska Corporations Code to which the Company is subject, the existence of the Company is subject to reorganization, in the form of merger, consolidation, share exchange, or sale of assets not in the ordinary course of business. Such reorganization requires approval of the shareholders, in which case statutory appraisal rights are provided for those dissenting from such proposed action. The Prime Sellers have no appraisal rights under the present Prime Partnership Agreement, as further described elsewhere in the Proxy Statement/Prospectus. See "APPRAISAL

RIGHTS." The existence of the Company may also be terminated through statutory dissolution under the Alaska Corporations Code either involuntarily by administrative action of the Alaska Department of Commerce and Economic Development for failure to file reports and pay corporation taxes as specified in that code or by suit of the shareholders or directors but only upon specific conditions of failure of corporate governance. The existence of the Company may be terminated voluntarily, but only through a vote of shareholders holding at least two-thirds of the outstanding shares entitled to vote, or written consent of those shareholders taken without a meeting. On the other hand, as shareholders of the Company, the Prime Sellers (and their distributees, including other members of the Prime Group) will along with other shareholders have the exclusive right to amend the Articles of Incorporation of the Company to provide for a period of existence different from that of the present articles and the almost exclusive right to terminate the existence of the Company by court action. The perpetual existence of the Company coupled with a substantially larger security holder base (approximately six times larger than that of Prime) in a publicly traded security (Company Class A common stock) as compared to the privately held security interests in Prime of the Prime Sellers with no public market for sale of those interests, connotes a more stable security base with opportunity to sell or acquire more securities of the Company.

Under the Prime Partnership Agreement, management compensation is determined exclusively by the general partners without recourse by the Prime Sellers. Under the Company Articles, the affairs of the Company are directed by a board of directors which in turn retains senior management and determines or approves its compensation. As shareholders of the Company (a reporting company under the Exchange Act), the Prime Sellers (and their distributees, including other members of the Prime Group) will be entitled to receive periodic reports from management including annual reports on management compensation as a part of management's proxy statement for annual meetings of shareholders. See, for example for the Annual Meeting, "MANAGEMENT OF THE COMPANY: Remuneration of Directors and Executive Officers." The shareholders elect persons to the Company Board and can voice their displeasure with actions by or the compensation of management by casting their votes for board members who reflect the views of those shareholders.

The investment objectives of the Prime Group members, many of whom are limited partners in various Prime entities, are as pertains to the Prime Alaska Systems to seek a return on invested capital, primarily in the form of appreciation in value of such systems. The Company has never paid a cash dividend but has retained net profits for further development of the business of the Company. While this policy may change by action of the Company Board (see, "CERTAIN INFORMATION REGARDING THE CABLE COMPANIES: Market Price and Dividends of Cable Companies--Dividends"), a Prime Seller (and its distributees, including other members of the Prime Group) who exchanges its direct or indirect investment interests in Prime for shares of Prime Company Shares would then have as an investment objective for the foreseeable future the appreciation in value of that stock.

In summary, the Company Board believes that the Acquisition Plan as it pertains to the Prime Sellers (and their distributees, including other members of the Prime Group) will not subject them to significant adverse changes with respect to voting rights, the terms of existence of the entities, management compensation or investment objectives.

Alaskan Cable. Upon closing on the Alaskan Cable Proposed Transaction, each of the three corporations comprising Alaskan Cable will receive a portion of, for later distribution to its sole shareholder as partial consideration for the transfer of substantially all of the assets to the Company, the Alaskan Cable Company Shares. There will be no loss of voting rights by the shareholders of Alaskan Cable in that they will not be giving up any shares in Alaskan Cable. However, they will gain voting rights in the Company which in large part are similar to those in Alaskan Cable in that both the Company and the three corporations comprising Alaskan Cable are Alaska corporations. The voting rights of shareholders in all of these corporations are further compared elsewhere in this Proxy Statement/Prospectus. See,

"COMPARISON OF SECURITY HOLDER RIGHTS IN THE COMPANY AND CERTAIN CABLE COMPANIES."

The terms of existence of the Company and of each of the corporations comprising Alaskan Cable are perpetual. The restrictions on these terms for all of these corporations, being Alaska corporations, are the same and are as described elsewhere in this Proxy Statement/Prospectus. See, within this section "--Security Holder Investment Changes-Prime."

Under the respective articles of incorporation and the provisions of the Alaska Corporations Code to which the Company and the corporations comprising Alaskan Cable are all subject, the affairs of the respective corporations are directed by the respective boards of directors which in turn retain senior management and determine or approve its compensation. The shareholders of each corporation generally have the same rights to elect the respective boards of directors and therefore similar influences over the compensation of management as described for the Company elsewhere in this Proxy Statement/Prospectus. See, elsewhere in this section "--Security Holder Investment Changes-Prime."

The Company has never paid a cash dividend but has retained net profits for further development of the business of the Company. While this policy may change by action of the Company Board (see, "SUMMARY: Dividends"), a shareholder of Alaskan Cable who acquires Alaskan Cable Company Shares should expect that a return on that investment, if any, will be in the form of the appreciation in value of the stock rather than a shorter term cash return on investment through dividends.

In summary, the Acquisition Plan, as it pertains to the shareholders of the three corporations comprising Alaskan Cable, should not subject them to significant adverse changes with respect to voting rights, the terms of existence of the entities, management compensation, or investment objectives.

Company Cable Systems

Business. Upon consummation of the Purchase Agreements, the Company will, for the immediate future, through one or more subsidiaries (including GCI Cable) continue to operate the Prime Alaska Systems and the cable systems of the other six Cable Companies in Alaska as the Company cable systems ("Company Cable Systems"). Over a longer period of time, the Company intends to integrate the cable operations of the Company Cable Systems into the Company's telecommunication activities as a part of the Company's overall business development.

Management and Personnel. The operation of the Company Cable Systems will be managed by PIIM through the Prime Management Agreement described elsewhere in this Proxy Statement/Prospectus. See, "PROPOSED TRANSACTIONS: Prime Management Agreement." With the acquisition of all of the assets of Alaskan Cable, the Company does not envision any of the executive officers of the corporations comprising Alaskan Cable joining the Company or assisting in the development of the new line of cable services to be provided by the Company. As of the Record Date, the Company envisioned that an employee of Prime, responsible for managing portions of the Prime Alaska Systems, might, with the consummation of the Prime Purchase Agreement, become an employee of the Company or a subsidiary of the Company and might be involved with managing one of the regions of the Alaska Cable Systems. As of the Record Date, the Company envisioned that an executive officer of Alaska Cablevision might, with the consummation of the Alaska Cablevision Purchase Agreement, become an employee of the Company or a subsidiary of it. However, as of the Record Date, the Company did not envision that that individual would immediately become an executive officer of the Company or a subsidiary of it.

The Company anticipates, with the closing on the Purchase Agreements, there will be realignments of the personnel structure. The Company plans to interview employees of the Cable Companies and others, and to select the best qualified applicant for each available position. The Company has made no commitment to retain any personnel of the Cable Companies other than as described in the previous paragraph.

Certain Federal Income Tax Consequences

The following is a general description of the material federal income tax consequences of the Acquisition Plan to the Prime Sellers who exchange their interests and, in the case of three institutional investors, their equity participation interests, in Prime for a portion of the Prime Company Shares, and to Alaskan Cable and the shareholders of the three corporations comprising Alaskan Cable who acquire the Alaskan Cable Company Shares, under their respective Proposed Transactions, and to the Company. This discussion is not meant to be and is not to be construed as tax advice by any prospective purchaser of the Prime Company Shares or the Alaskan Cable Company Shares. This discussion does not address the application and effect of foreign, state, local or other tax laws on the Proposed Transactions. A prospective purchaser of the Prime Company Shares or the Alaskan Cable Company Shares is urged to seek private tax counsel advice as to how the Proposed Transactions will affect that person's tax situation, including the applicability and effect of foreign, state, local and other laws.

General. Neither the Company nor the Cable Companies are requesting a

ruling from the Internal Revenue Service in connection with the Acquisition Plan. No special federal income tax treatment is anticipated upon the closing on the sale of assets by Alaskan Cable, Alaska Cablevision, McCaw/Rock Homer or McCaw/Rock Seward. However, the ACI Merger and the PCFI Merger are intended to qualify as federal income tax-free reorganizations under the Internal Revenue Code of 1986, as amended ("Code"). Prime's special tax counsel, that will address the federal income tax consequences of the ACI Merger and the PCFI Merger on the shareholders of ACI and Prime General Partner, is Jenkens & Gilchrist, A Professional Corporation, having offices in Austin, Texas. The following discussions of all material federal income tax consequences as they pertain to the shareholders of ACI and Prime General Partner are based upon the tax opinion of that law firm.

The following discussions do not address all aspects of federal income taxation that may be important to particular securities holders and may not be relevant or applicable to securities holders who are subject to special tax rules, including shareholders who will acquire a portion of the Prime Company Shares or any other consideration pursuant to the exercise or termination of employee stock options or otherwise as compensation or who are not citizens or residents of the United States or are subject to the alternative minimum tax. It does not address the federal income tax consequences to security holders who exercise and perfect appraisal rights, if any, with respect to the Acquisition Plan. This discussion is based upon laws, regulations and rulings and judicial authorities now in effect, all of which are subject to change, and assumes the correctness of certain factual representations of the Company and the Cable Companies.

Prime.

ACI and PCFI Security Holders. The following discussion specifically addresses the proposed ACI Merger (a statutory merger of ACI with GCI Cable) and the proposed PCFI Merger (a statutory merger of PCFI with GCI Cable). These mergers are collectively referred to in this section as "Mergers" and are a part of the Prime Proposed Transaction.

For purposes of this discussion, ACI and PCFI are sometimes referred to as targets in the Merger ("Targets"), and the shareholders of these corporations are sometimes referred to as target shareholders

("Target Shareholders"). The distribution of a portion of the Prime Company Shares allocated to the Prime Proposed Transaction is subject to Escrow Holdback conditions as described elsewhere in this Proxy Statement/Prospectus (see, "PROPOSED TRANSACTIONS: Cable Company Purchase Agreements--Escrow and Holdback Agreements-Prime"). This discussion assumes that cash may be received in lieu of fractional shares. The discussion assumes there will be no dissenter's rights that will be exercised pursuant to the Mergers. It further assumes that the general partners of any of the partnerships which are ACI or PCFI shareholders and which are to receive a portion of the Prime Company Shares are to have such stock distributed to their partners and are to make representations that they have no knowledge of a partner's intent to sell or otherwise dispose of that stock. Based upon these assumptions, the discussion summarizes in general terms the material federal income tax consequences of the Mergers to the Target Shareholders based upon the opinions of Jenkens & Gilchrist, the legal counsel of ACI and PCFI, that each Merger will qualify as a "reorganization" within the meaning of Section 368(a)(1)(A) of the Code.

Subject to the limitations, qualifications, and exceptions described in this section, and assuming each Merger qualifies as a reorganization under Section 368(a) of the Code, the following federal income tax consequences generally should result.

A Target Shareholder, who, pursuant to the Mergers, exchanges ACI or PCFI stock, as the case may be, for a portion of the Prime Company Shares will not recognize any gain or loss on such exchange (except with respect to cash received in lieu of a fractional interest as discussed below). The aggregate adjusted tax basis for those Prime Company Shares (including a fractional share and shares allocable to each such Target Shareholder that are retained in escrow as part of the Prime Escrow Holdback) received by each such Target Shareholder in such exchange will equal each such Target Shareholder's aggregate adjusted tax basis in the ACI or PCFI stock surrendered in that exchange. The holding period of such Prime Company Shares will include the holding period of the ACI or PCFI stock surrendered.

An ACI or PCFI shareholder, who, pursuant to the Merger, receives cash in lieu of a fractional share of a Prime Company Share in accordance with the procedures set forth in the Prime Proposed Transaction will recognize gain or loss equal to the difference between the cash received in lieu of such fractional share and the adjusted basis of such fractional share. Such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if the holding period for such shareholder's ACI or PCFI stock exceeds one year as of the date the Merger agreement is executed by the parties ("Merger Effective Date").

The parties do not intend to request a ruling from the Internal Revenue Service regarding the federal income tax consequences of the Mergers and, in fact, the Internal Revenue Service has suspended its prior practice of giving advance rulings in connection with reorganizations involving statutory mergers. The Company will receive an opinion from Jenkens & Gilchrist to the effect that

each Merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Code. This opinion ("Tax Opinion") will neither bind the Internal Revenue Service nor preclude the Internal Revenue Service from successfully asserting a contrary position. In addition, the Tax Opinion will be subject to the following assumptions: (1) prior to the Mergers, the Company will be in control of GCI Cable within the meaning of Section 368(c) of the Code; (2) following the transaction, GCI Cable will not issue additional shares of its stock that would result in the Company losing control of GCI Cable within the meaning of Section 368(c) of the Code; (3) the Company has no plan or intention to reacquire any of the Prime Company Shares issued in the Merger except for those reacquired by the Company pursuant to the Prime Escrow Holdback; (4) the Company has no plan or intention to liquidate GCI Cable, merge GCI Cable with and into another corporation, sell or otherwise dispose of the GCI Cable stock, or cause GCI Cable to sell or otherwise dispose of any of the assets of the Targets acquired in the Mergers (except for dispositions made in the ordinary course of business or transfers described in Section 368(a)(2)(C) of the Code; (5) following the Mergers, GCI Cable will continue the historic business of the Targets or use a significant part of the Target's historic business

assets in a business; (6) neither the Targets, the Company, nor GCI Cable is an investment company as defined in Sections 368(a)(2)(F)(iii) and (iv) of the Code; (7) neither the Company nor GCI Cable own, nor has it owned during the past five years, any shares of the stock of the Targets; (8) the Mergers will be carried out strictly in accordance with the terms of the Prime Proposed Transaction; (9) the Prime Company Shares exchanged by GCI Cable in the Mergers will be received by GCI Cable immediately prior to and in connection with the Merger; (10) there are no other agreements, arrangements, or understandings among any of the Targets, the Target Shareholders, the Company, and GCI Cable other than those described or referenced in the Prime Proposed Transaction; (11) the Mergers will constitute statutory mergers under the applicable laws of the State of Alaska and the State of Delaware; and (12) neither the Target Shareholders nor their partners will dispose of the Prime Company Shares received in the Mergers to such extent as to cause the Mergers to not satisfy the continuity of proprietary interest requirement of Treasury Regulation Section 1.368-1(b).

The tax opinion will also be based on the truth and accuracy of the following representations made by ACI, Prime General Partner, and the Target Shareholders: (1) the fair value of the Prime Company Shares and other consideration receivable by each Target Shareholder will be approximately equal to the fair value of the Target stock to be surrendered in the exchange; (2) there is no plan or intention by any of the Target Shareholders or their partners to sell, exchange or otherwise dispose (except for distributions by a Target Shareholder to its partners) of a number of shares of Prime Company Shares to be received in the Mergers that would reduce the aggregate ownership of Prime Company Shares by the shareholders of ACI and their partners, in the case of the ACI Merger, and the shareholder of Prime General Partner and its partners, in the case of the PCFI Merger, to a number of shares having a value, as of the date of the Merger, of less than 50% of the value of all of the formerly outstanding stock of the Targets as of the date of the Mergers; (3) GCI Cable will acquire at least 90% of the fair value of the net assets and at least 70% of the fair value of the gross assets held by the Targets immediately prior to the Mergers; (4) the liabilities of the Targets assumed by GCI Cable and the liabilities to which the transferred assets of the Targets are subject were incurred by the Targets in the ordinary course of business; (5) neither the Company nor GCI Cable will pay the expenses of the Targets or the Target Shareholders incurred in connection with the Mergers; (6) there is no intercorporate indebtedness existing between the Company and the Targets or between GCI Cable and the Targets that was issued, acquired, or will be settled at a discount; (7) the Targets are not under the jurisdiction of a court in a title 11 or similar case within the meaning of Section 368(a)(3)(A) of the Code; (8) the fair value of the assets of the Targets transferred to GCI Cable will equal or exceed the sum of the liabilities assumed by GCI Cable, plus the amount of liabilities, if any, to which the transferred assets are subject; (9) no stock of GCI Cable will be issued in the Mergers; (10) there is a valid business reason for establishing the Prime Escrow Holdback; (11) the Prime Escrow Holdback Shares will appear as issued and outstanding on the balance sheet of the Company and such stock is legally outstanding under applicable state law; (12) all dividends paid on the Prime Escrow Holdback Shares during the 180-day period of the Prime Escrow Holdback will be distributed to the Target Shareholders upon the expiration of such period to the extent that the Prime Escrow Holdback Shares are then distributed to the Target Shareholders; (13) all voting rights of the Prime Escrow Holdback Shares are exercisable by or on behalf of the Target Shareholders or their authorized agent; (14) no shares of the Prime Escrow Holdback Shares are subject to restrictions requiring their return to the Company because of death, failure to continue employment, or similar restrictions; (15) the return of the Prime Escrow Holdback Shares will not be triggered by an event the occurrence or nonoccurrence of which is within the control of the Target Shareholders; (16) the return of the Prime Escrow Holdback Shares will not be triggered by the payment of additional tax or reduction in tax paid as a result of an Internal Revenue Service audit of the Target Shareholders or the Targets with respect to the Mergers; (17) the mechanism for the calculation of the number of shares of the Prime Escrow Holdback Shares to be returned is objective and readily ascertainable; and (18) at least 50% of the number of shares of Prime Company Shares issued initially to the Target Shareholders in the Mergers is not subject to any escrow arrangements.

Of particular importance are the assumptions and representations relating to the requirement that the Target Shareholders retain, through ownership of shares of the Company Stock, a significant equity interest in ACI's and PCFI's respective business enterprises after the Mergers (hereinafter referred to as the "continuity of interest" requirement as discussed further below). In order for the continuity of interest requirement to be met, shareholders of ACI or Prime General Partner must not, pursuant to a plan or intent existing at or prior to the Merger Effective Date dispose of an amount of the Prime Company Shares to be received in the Mergers (including, under certain circumstances, pre-merger dispositions of ACI or PCFI stock) such that the Target Shareholders do not retain a meaningful continuing equity ownership in the Company. Generally, so long as holders of ACI or PCFI stock do not plan to dispose of in excess of 50% of the portion of the shares of the Prime Company Shares to be received as described above ("50% Test"), such requirement will be satisfied. Certain Target Shareholders are partnerships that have indicated that they may intend to distribute their shares of the Prime Company Shares to their partners. Although there is no direct legal precedent which addresses the matter, Jenkens & Gilchrist does not believe, based upon analogous authority, that the distribution by the partnerships to their partners will erode the continuity of interest requirement provided the distributee partners have no plan or intention to dispose of Prime Company Shares distributed to them. To the extent they do have such plan or intent, the Prime Company Shares received by them will adversely affect satisfaction of the continuity of interest requirement. Management of ACI, PCFI and the Company have no knowledge of a plan or intention that would result in the 50% Test not being satisfied.

A successful Internal Revenue Service challenge to the reorganization status of a Merger (in consequence of a failure to satisfy the "continuity of interest" requirement or otherwise) would result in each Target Shareholder recognizing gain or loss with respect to each share of common stock equal to the difference between the shareholder's basis in such share and the aggregate amount of consideration (including the fair value of the Prime Company Shares and cash) received in exchange therefor. A Target Shareholder's aggregate basis in the Prime Company Shares so received would equal its fair market value, and the Target Shareholder's holding period for such stock would begin the day after the Merger.

Prime Growth and Prime Holdings Security Holders. The receipt of Prime Company Shares by Prime Growth and Prime Holdings in exchange for their limited partner interests in Prime, will result in gain or loss measured by the difference between the basis of Prime Growth or Prime Holdings in the limited partner interest exchanged and the fair value of the Prime Company Shares received. Such gain or loss will be capital gain or loss to Prime Growth or Prime Holdings, provided that the limited partner interests exchanged were capital assets in the hands of Prime Growth or Prime Holdings, and will be long-term capital gain or loss if the holding period for Prime Growth's or Prime Holdings' limited partner interests exceeds one year as of the effective date of the closing on the Prime Proposed Transaction. The aggregate adjusted tax basis of the Prime Company Shares received by Prime Growth or Prime Holdings will equal the aggregate adjusted tax basis of the limited partner interests exchanged, increased and decreased by any gain or loss recognized, as the case may be. The holding period for the Prime Company Shares will begin on the day after the date that the Prime Company Shares are received. If either Prime Growth or Prime Holdings receives cash in lieu of a fractional share of a Prime Company Share in accordance with the procedures set forth in the Prime Proposed Transaction, it will recognize gain or loss equal to the difference between the cash received in lieu of such fractional share and the adjusted basis of such fractional share. Such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if the holding period for Prime Growth's or Prime Holding's partnership interests in Prime exceeds one year as of the date the Prime Proposed Transaction is executed by the parties. It is uncertain whether Prime Growth and Prime Holdings may defer the portion of the gain attributable to their Prime Escrow Holdback Shares under the installment sale method set forth in Section 453 of the Code. Prime Growth and Prime Holdings are urged to seek private tax counsel advice on the applicability of the installment sale method to their receipt of Prime Company Shares in exchange for their limited partnership interests in Prime.

Other Portions of the Prime Proposed Transaction. PCLP, as the sole shareholder of Prime General Partner, and certain partnerships that are the shareholders of ACI (collectively, "ACI Partnerships") have indicated that they may distribute their shares of the Prime Company Shares to their partners. If PCLP and the ACI Partnerships do not distribute their shares, then there shall be no tax event with respect to their respective partners until PCLP or any of the ACI Partnerships, as the case may be, disposes of its shares. If PCLP or any of the ACI Partnerships does distribute its shares to its distributee partners ("Distributee Partners"), then such shares may be "marketable securities" under Section 731(c) of the Code. Section 731(c) provides that the distribution by a partnership of marketable securities shall be treated in the same manner as a cash distribution, in which case the Distributee Partners would recognize gain to the extent that the fair value of the marketable securities received exceeded their adjusted basis in the partnership. However, Proposed Treasury Regulation Section 1.731-2(d)(2) provides that marketable securities will not be treated in the same manner as cash to the extent that (1) the security was acquired in a nonrecognition transaction in exchange for property other than money or

marketable securities, (2) the distributed security is actively traded as of the date of the distribution, and (3) the security is distributed within five years of either the date on which the security was acquired by the partnership or, if later, the date on which the security became actively traded. This Proposed Treasury Regulation applies to distributions of marketable securities made after December 3, 1995 and is subject to change and is not binding before being adopted either as a Temporary or Final Treasury Regulation, and technically will not be effective until the date specified in the Temporary or Final Treasury Regulation. Accordingly, it is not certain that the treatment provided in Proposed Treasury Section 1.731-2(d)(2) will be appropriate or available unless and until a Temporary or Final Treasury Regulation becomes effective. Assuming that a Temporary or Final Regulation is issued adopting Proposed Treasury Regulation Section 1.731-2(d)(2), and its terms are otherwise complied with, a distribution of the Prime Company Shares to the Distributee Partners after the effective date of such Temporary or Final Treasury Regulation and within five years of the Prime Proposed Transaction would not be treated as a distribution of money under Section 731(c) of the Code. Thus, the Distributee Partners would not recognize gain upon such distribution, and their basis in the Prime Company Shares would be equal to (1) if a non-liquidating distribution, PCLP's or the ACI Partnerships' basis in the Prime Company Shares immediately before the distribution, as the case may be, or (2) if a liquidating distribution, the Distributee Partners' adjusted basis in PCLP or the ACI Partnerships, as the case may be, reduced by any money received in liquidation and any basis allocated to other property received in liquidation. The Distributee Partners would recognize gain or loss on a subsequent taxable disposition of the Prime Company Shares.

Alaskan Cable. In the Alaskan Cable Purchase Agreement each of the three corporations comprising Alaskan Cable is to receive cash and its respective allocable portion of the Alaskan Cable Company Shares as payment for the transfer of its respective assets subject to liabilities to the Company. Each of these corporations will recognize gain or loss based upon the difference between the cash and fair market value of their respective portions of the Alaskan Cable Company Shares over or under the tax basis in the respective assets transferred from the respective corporations.

Company. The Company will recognize no gain or loss on the issuance of the Company Stock and the MCI Company Stock. Section 1032 of the Code provides that no gain or loss is recognized by a corporation upon the receipt of money or other property in exchange for stock. The Company will acquire a tax basis in the property received under the Acquisition Plan from the reorganization entities equal to the tax basis of the transferors and increased by any gain recognized to the transferors upon those transfers. The Company will receive a tax basis in the property received under the Acquisition Plan from the taxable transactions equal to the fair market value of the shares issued in the transaction increased by any liabilities assumed. For assets acquired by cash and the subordinated notes, the Company will receive a tax basis equal to the cash and notes increased by any liabilities assumed.

Accounting Treatment

The Acquisition Plan will be accounted for using the purchase method for accounting and financial reporting purposes. See, "INDEX TO FINANCIAL STATEMENTS: Pro Forma Financial Information."

APPRAISAL RIGHTS

The following summary is qualified in its entirety by reference to the Alaska Corporations Code, the Delaware Partnership Act and the Delaware General Corporation Law regarding appraisal rights of security holders in organizations involving an exchange of stock or a sale of assets. See, "AVAILABLE INFORMATION."

Prime

All members of the Prime Group whose consents are being sought are security holders of entities that are Delaware corporations or limited partnerships. The Delaware Partnership Act provides that a limited partnership agreement may provide for contract appraisal rights. However, the Prime Partnership Agreement is silent as to appraisal rights or other rights of limited partners who dissent from a determination by the general partner or the necessary affirmative vote by the limited partners to approve the exchange of all of the limited partnership interests (and equity participation interests, if any) in the partnership for the securities of another company acquiring those partnership and participation interests. As a consequence, the limited partners of Prime do not have appraisal rights under the Prime Partnership Agreement.

Agreements of merger relating to the ACI Merger and the PCFI Merger provide that approval by the holders of all of the outstanding voting common stock of the respective corporation will be required in order for the Prime Proposed Transaction to close. That is, should one shareholder dissent, the Prime Proposed Transaction would not go forward, and there would be no dissenter's appraisal rights. However, the merger agreements involving ACI and a subsidiary of the Company (as the surviving entity) as part of the Prime Proposed Transaction, give the Company in its sole discretion the right to waive the unanimous approval requirement and accept less than 100% of the outstanding shares of ACI. Should one or more shareholders of ACI dissent, and should the Company choose to waive the unanimous approval of the outstanding voting common

stock of that corporation, the dissenting shareholders would under the Delaware General Corporation Law have no appraisal rights, in this instance, in that Section 262(b)(2) expressly prohibits such rights where the stock to be received by the shareholder in the merger is a national market system security traded on the Nasdaq Stock Market, as is the Company Stock to be issued in the Prime Proposal Transaction. Since Prime General Partner has only one shareholder, PCLP, which must vote in favor of the PCFI Merger in order for the merger to occur, there will be no situation where appraisal rights will be exercisable.

Alaskan Cable

The shareholders of each of the three corporations comprising Alaskan Cable are shareholders in Alaska corporations. Under the Alaska Corporations Code, a security holder who dissents from a proposed reorganization of its corporation involving a sale of all or substantially all that corporation's assets not in the ordinary course of business for cash and securities of an acquiring company, e.g., the sale of substantially all of the assets of Alaskan Cable for cash and shares of Company Stock, has certain statutory appraisal rights. While the Alaskan Cable Proposed Transaction contemplates such sales, the boards of directors of each of the corporations comprising Alaskan Cable have independently resolved that 100% approval of the outstanding voting common stock of the respective corporation will be required in order for that corporation to close on the Alaskan Cable Proposed Transaction. Since in the case of each

of these three corporations all of the outstanding shares are held by one shareholder and are indirectly beneficially owned by one entity, effectively there are no dissenter's rights to appraisal of shares.

PROPOSED TRANSACTIONS

The following description of the Proposed Transactions is qualified in its entirety by reference to the complete text of the individual proposed agreements encompassing them which are incorporated by reference in this Proxy Statement/Prospectus or which are otherwise available from the Company. See, "AVAILABLE INFORMATION."

General

The transactions and agreements which are the bases of the Acquisition Plan consist of the following ("Proposed Transactions"): (1) Prime Securities Purchase and Sale Agreement; (2) Alaskan Cable Purchase Agreement (agreement with three corporations comprising Alaskan Cable, treated as one joint agreement); (3) Alaska Cablevision Asset Purchase Agreement; (4) McCaw/Rock Homer Asset Purchase Agreement; (5) McCaw/Rock Seward Asset Purchase Agreement; (6) MCI Stock Purchase Agreement (as of the Record Date, being prepared by the parties); (7) Agreement and Plan of Merger of ACI with and into GCI Cable; (8) Agreement and Plan of Merger of PCFI with and into GCI Cable; and (9) MCI Purchase Agreement. The purchase agreements included in the previous items (1) - (6) and (9) are collectively referred to as "Purchase Agreements," and the merger agreements included in the previous items (7) - (8) are collectively referred to as "Merger Agreements." The Prime Proposed Transaction includes other agreements to be entered into or otherwise implemented in conjunction with the Prime Purchase Agreement including the Prime Management Agreement, the Merger Agreements, the Prime Registration Rights Agreement and the New Voting Agreement, all of which are described in this section. The Alaskan Cable Proposed Transaction includes other agreements to be entered into or otherwise implemented in conjunction with the Alaskan Cable Purchase Agreement including the Alaskan Cable Registration Rights Agreement. The Alaska Cablevision Proposed Transaction includes other agreements to be entered into or otherwise implemented in conjunction with the Alaska Cablevision Purchase Agreement including the Cablevision Company Notes and the Alaska Cablevision Registration Rights Agreement. The MCI Proposed Transaction includes the MCI Purchase Agreement and other agreements to be entered into or otherwise implemented in conjunction with the MCI Purchase Agreement including the MCI Registration Rights Agreement and New Voting Agreement.

Cable Company Purchase Agreements

General, Closing Date. The Purchase Agreements involving the Cable Companies provide for the acquisition by the Company of securities of Prime and assets of each of the other Cable Companies in exchange for cash, Cablevision Company Notes, and Company Stock. The total purchase price for the securities of Prime and assets of the other Cable Companies is approximately $280,700,000 and will be paid by the Company through the issuance of 14,723,077 shares of Company Class A common stock ("Company Stock") valued at $95,700,000, bank financing of approximately $162,000,000 (including assumption of approximately $103,000,000 of existing Prime debt and new financing of approximately $59,000,000), sale of the MCI Company Stock for $13,000,000 and sale of the Cablevision Company Notes for $10,000,000. The Company Stock is to be divided between the following Cable Companies for further distribution to their respective security holders and subject to share holdback: (1) Prime--11,800,000 shares ("Prime Company Shares"); and (2) Alaskan Cable Companies--2,923,077 shares ("Alaskan Cable Company Shares"). See, "INDEX TO FINANCIAL STATEMENTS: Pro Forma Combined Condensed Financial Statements (Unaudited)."

Each Purchase Agreement will close upon receipt of the requisite consents and approvals of the Prime Group members and the sole shareholders each of the three corporations comprising Alaskan Cable and the exchange of consideration as further described in this section. The Purchase Agreements provide for a closing as of October 31, 1996 unless consent to the transactions has not at that point been received from the APUC ("Closing Date"). In that case the Purchase Agreements provide for a final closing not later than December 31, 1996 unless agreed by the parties. Provided all conditions have been met, the parties to the Purchase Agreements contemplate closings on all of the transactions to occur on or before October 31, 1996.

The closing and consummation of one Purchase Agreement is not dependent upon the closing and consummation of one or more of the other Purchase Agreements, with one exception. The Prime Purchase Agreement and the MCI Purchase Agreement are each contingent upon the closing of the other. The Company is prepared, subject to its shareholders' approval and other conditions in the Proposed Transactions as described in this Proxy Statement/Prospectus, to close on one or more or all of the Proposed Transactions.

Consideration To Be Received. The consideration to be exchanged differs by Purchase Agreement.

Prime. The Prime Purchase Agreement centers on the Company's offer to acquire (directly or indirectly) all of the limited and general partner interests and all of the equity participation interests in Prime from the Prime Sellers (who are the limited partners of Prime, Prime General Partner, and the holders of the equity participation interests in Prime) for subsequent distribution to the other Prime Group members. Some of the Prime Group members are entities affiliated with PIIM, which presently manages the Prime Alaska Systems. Following closing on the Prime Purchase Agreement, PIIM will manage the Company Cable Systems pursuant to the Prime Management Agreement described elsewhere in this section. See, within this section "-- Prime Management Agreement" and "CERTAIN CONSEQUENCES OF THE ACQUISITION PLAN: Company Cable Systems." In the Prime Purchase Agreement, at closing the Company will deliver the Prime Company Shares (subject to holdback escrow) for subsequent distribution in exchange for which the Company will acquire, directly or indirectly, all of the partnership and equity participation interests in Prime. The parties valued the Prime Company Shares for purposes of this transaction at $6.50 per share. See, within this section "--Escrow and Holdback Agreements-Prime."

As a result of the Prime Purchase Agreement, the Company will become the owner, directly or indirectly through wholly-owned subsidiaries, of all of the general partner and limited partner interests of Prime. In addition to limited partners, three parties own equity participation interests in Prime and are included in the group of Prime Sellers. These parties hold contract rights to receive a portion of distributions made by Prime, and they have agreed to sell those rights to the Company for a fixed number of shares of the Company Stock.

The Company, subsequent to closing on the Prime Purchase Agreement, intends to use the Prime retransmission consent and programming agreements and other agreements (which Prime has with its vendors and through which Prime provides cable services in the Prime Alaska Systems) as the basis for providing cable services throughout the Company Cable Systems. Should such an agreement require the vendor's consent to a transfer of control of Prime, that consent will be sought by the Company and Prime prior to closing on the Prime Purchase Agreement. Should such consent not be obtained by then, the Company will seek it immediately after closing. The use of those agreements as the basis for the Company to provide cable services to areas within and outside of the Prime Alaska Systems may require the Company to renegotiate the terms of those agreements with those vendors. There can be no assurance that the resulting renegotiated terms will not include charges for services which are based upon

rates greater than present rates under those agreements or will not include levels of service that are less than those provided to Prime under those agreements.

Alaskan Cable. The Alaskan Cable Purchase Agreement centers on the Company's offer to purchase substantially all of the assets (subject to adjustment at closing) of the three corporations comprising Alaskan Cable, i.e., Alaskan Cable/Fairbanks, Alaskan Cable/Juneau, and Alaskan Cable/Ketchikan. Under the Alaskan Cable Proposed Agreement, at closing the Company is to deliver to Alaskan Cable, for allocation among the three corporations comprising Alaskan Cable in amounts to be agreed to by those three corporations and the Company, for subsequent distribution to the shareholders of those three corporations comprising Alaskan Cable and as payment for the Alaskan Cable assets $70,000,000, payable as follows: (1) $51,000,000 in cash; and (2) issuance of the Alaskan Cable Company Shares, subject to share holdback. The parties have valued the shares at $6.50 per share. See, within this section "--Escrow and Holdback Agreements-Alaskan Cable."

The exclusions from assets in the Alaskan Cable Purchase Agreement consist of retransmission consent agreements, insurance policies and rights and claims under them, bonds, letters of credit, surety instruments and other similar items, cash and cash equivalents, the companies' trademarks and similar proprietary rights, the companies' rights under any agreement governing or

evidencing an obligation of the companies for borrowed money, the companies' rights under any contract, license, authorization, agreement or commitment other than those creating or evidencing assumed liabilities, and specifically identified items of office equipment, computers, and supplies.

Alaska Cablevision. The Alaska Cablevision Purchase Agreement centers on the Company's offer to purchase substantially all of the assets (with certain identified exclusions) of Alaska Cablevision. Under the Alaska Cablevision Purchase Agreement, at closing the Company is to deliver to Alaska Cablevision for distribution to its shareholders as payment for the Alaska Cablevision assets $26,650,000 payable as follows: (1) $16,650,000 payable in cash, subject to adjustment at closing; and (2) $10,000,000 in subordinated convertible notes of the Company ("Cablevision Company Notes"), subject to note holdback. The Cablevision Company Notes are convertible into as many as 1,538,462 shares of Company Class A common stock. See, within this section "--Escrow and Holdback Agreements-Alaska Cablevision."

The adjustments to the purchase price at closing consist of a decrease by the amount of assumed liabilities as defined in the agreement (certain business obligations of the Cable Company from its business prior to closing and certain obligations accruing and relating to periods after closing under government permits and contracts of the Cable Company) and increased by current assets of the Cable Company (other than cash assets) as defined in the agreement (prepaid expenses of the Cable Company related to goods and services that are to be received by the Company after closing and in respect of which the Company would receive a benefit, and accounts receivable).

The exclusions from assets identified in the Alaska Cablevision Purchase Agreement consist of assets related to the operation of the Cable Company cable system including certain non-cable assets (equipment, furnishings, leases, and other assets related to the principal offices of the Cable Company) certain management and programming agreements.

The Cablevision Company Notes are to bear simple, non compounding interest at the lowest allowable rate of the Internal Revenue Service under imputed interest rules in effect at closing. The notes are convertible into shares of Company Class A common stock during a 15 day period each year for a period of ten years with any indebtedness on the notes not previously converted into those shares being due and payable in full in a single, lump sum payment on the tenth anniversary of their initial date of issuance. The conversion price for the notes is initially to be $6.50 per share, and the conversion price

for each subsequent conversion period is to be an amount equal to $6.50 plus an amount per share equal to the accrued interest on each $6.50 principal amount of the note being converted on a non-compounded basis. The first conversion period is to commence on the issuance date, and the second through the tenth conversion periods are to commence on each anniversary of that issuance date and are to conclude 15 days thereafter, respectively.

The Cablevision Company Notes are transferable or assignable only to shareholders of the Cable Company and their family members, heirs and assigns. The notes are not subject to prepayment in full or in part except with the consent of the note holder and the Company. The notes are to be subordinated to all of the Company's senior indebtedness as defined in the Alaska Cablevision Purchase Agreement including but not limited to the Credit Agreement with the Senior Lenders.

McCaw/Rock Systems. The McCaw/Rock Homer Purchase Agreement encompasses the purchase of substantially all of the assets (with certain identified exclusions) of McCaw/Rock Homer. Under the McCaw/Rock Homer Purchase Agreement, at closing the Company is to deliver to McCaw/Rock Homer for its separate distribution to the joint venturers as payment for the McCaw/Rock Homer assets $1,466,132 (subject to adjustment and holdback at closing), payable in cash. Similarly, the McCaw/Rock Seward Purchase Agreement encompasses the purchase of substantially all of the assets (with certain identified exclusions) of McCaw/Rock Seward. Under the McCaw/Rock Seward Purchase Agreement, at closing the Company is to deliver to McCaw/Rock Seward for its separate distribution to the joint venturers as payment for the McCaw/Rock Seward assets $2,883,868 (subject to adjustment and holdback at closing) payable in cash. See, within this section "--Escrow and Holdback Agreements-McCaw/Rock Systems."

Under both the McCaw/Rock Homer and Seward Purchase Agreements, the adjustments to the purchase price at closing consist of a decrease by the amount of assumed liabilities as defined in the agreement (certain business obligations of the Cable Company from its business prior to closing and certain obligations accruing and relating to periods after closing under government permits and contracts of the Cable Company) and increased by current assets of the Cable Company (other than cash assets) as defined in the agreement (prepaid expenses of the Cable Company related to goods and services that are to be received by the Company after closing and in respect of which the Company would receive a benefit, and accounts receivable).

The exclusions from assets identified in both the McCaw/Rock Homer and the McCaw/Rock Seward Purchase Agreements consist of assets related to the operation of the Cable Company cable systems including specified programming agreements, agreements for cablecast of certain identified services, and certain licenses.

Fractional Shares. A description of the designations, preferences, rights, and qualifications, limitations and restrictions on the Company Stock is provided elsewhere in this Proxy Statement/Prospectus. See, "DESCRIPTION OF COMPANY CAPITAL STOCK." Fractional shares of Company Stock will not be issued in the Acquisition Plan. Prime Group members or shareholders of Alaskan Cable otherwise entitled to fractional shares of Company Stock will be paid cash in an appropriate amount based upon the value of Company Class A common stock used in the Proposed Transactions, i.e., $6.50 per share.

Conditions to the Proposed Transactions.

General. The respective obligations of the Company and each of the Cable Companies under the respective Purchase Agreements to consummate the transactions contemplated by the agreements are generally subject to the satisfaction of the following conditions: (1) the Acquisition Plan and the Proposed

Transactions contemplated by it shall have been duly approved by the shareholders of the Company and, as to each Proposed Transaction, by the security holders of the corresponding Cable Company which is the subject of that transaction and all other required consents including those of the Senior Lenders and corresponding lenders of Prime, Alaskan Cable and Alaska Cablevision, as the case may be, have been obtained or waived; (2) the Registration Statement shall have become effective in accordance with the provisions of the Securities Act and any necessary state securities law approvals shall have been obtained and no stop order suspending the effectiveness of the Registration Statement shall have been issued by the Commission and remain in effect; (3) all consents of governmental entities necessary for the transfer of control of the cable television franchises, to the extent required to be obtained under the Acquisition Plan, shall have been obtained, e.g., consent of the APUC; and (4) the FCC shall have consented, to the extent such consent is legally required, to the transfer of control to the Company of all FCC licenses possessed by the Cable Companies, except where the failure to receive such consent will not have a materially adverse effect on the business, properties, assets, condition (financial or otherwise), liabilities, or operation of the Company and the Cable Companies, taken as a whole.

In the case of a given Purchase Agreement, the consent of the parties to that agreement would be required to waive any of these conditions as they pertain to that agreement. In the case of the Prime Proposed Transaction, the consent of each of the Prime Sellers and the Company would be required in order to waive any of the above enumerated conditions to the parties' respective obligations to consummate the Prime Proposed Transaction, except that the Prime Sellers may in their sole discretion unanimously agree to waive the condition referenced in item (2) above with respect to the effectiveness of the Registration Statement.

The obligations on the Company under each of the Purchase Agreements are generally conditioned at closing upon the representations and warranties of the corresponding Cable Company as true and accurate in all material respects, the delivery of all required documents, there have been no materially adverse changes to the cable system or assets of the Cable Company, no action, proceeding or investigation has been instituted or threatened to set aside or modify the Purchase Agreement, results of the Company's due diligence inspection of the assets of the Cable Company within 30 days (60 days in the case of Prime and Alaskan Cable) of the execution of the Purchase Agreement is satisfactory to the Company, and the cash flow projections of the Cable Company meet the requirements specified in the corresponding Purchase Agreement. The obligations of the Cable Company under each of the Purchase Agreements are generally conditioned at closing upon the representations and warranties of the Company as true and accurate in all material respects, the delivery of all required documents, there have been no materially adverse changes in the Company's business, no action, proceeding or investigation has been instituted or threatened to set aside or modify the Purchase Agreement, and the Company's cash flow projections meet the requirements specified, if any, in the corresponding Purchase Agreement.

Prime. The Prime Proposed Transaction is expressly conditioned upon MCI purchasing the MCI Company Stock. In addition, the Company is at closing to enter into the Prime Management Agreement and the Prime Registration Rights Agreement, the Prime Company Shares issued to the Prime Sellers must be listed and qualified for trading on each exchange on which Company Class A common stock is then listed and qualified for trading, the Prime Sellers' two designees to the Company Board must have been duly elected to the Company Board, and the Prime Sellers (and their distributees, including other members of the Prime Group, who elect in writing to be bound thereby) will become subject to the New Voting Agreement as described elsewhere in this Proxy Statement/Prospectus. See, within this section "--Prime Management Agreement; Registration Rights Agreements"; and "--New Voting Agreement."

Alaskan Cable. Under the Alaskan Cable Purchase Agreement, the Company is at closing to enter into the Alaskan Cable Registration Rights Agreement as described elsewhere in this Proxy Statement/Prospectus. See, within this section "--Registration Rights Agreements."

Governmental Approvals. As of the Record Date, the only governmental consents and governmental filings of which the Company and the Cable Companies were aware had to be obtained or made in connection with the consummation of the Acquisition Plan, other than in connection with compliance with federal securities laws, were as follows: (1) filings with, and consents, orders or approvals required to be received from, the Alaska Public Utilities Commission ("APUC") which are required in connection with the transfer of control of the certificates of public convenience and necessity issued by the APUC related to the cable television operations of the Cable Companies; (2) filings with, and consents, orders or approvals required to be received from, the Federal Communications Commission ("FCC") under the Communications Act in connection with the transfer of control of licenses related to the cable television operations of the Cable Companies; (3) filings with, and consents, orders or approvals required to be received from, various U.S. military contracting officers that are required in connection with the transfer of control of contracts to provide cable television service to various U.S. military installations related to the cable television operations of the Cable Companies; and (4) state securities registration or exemption from registration requirements. Of these items, only item (3) as it pertains to the franchises held by Prime and Alaskan Cable to provide cable television to certain military installations, was considered waivable prior to closing on the respective Purchase Agreements.

Applications for transfer of control of 15 certificates of public convenience and necessity held by the various Cable Companies to the Company were filed with the APUC on May 23, 1996, and were approved in an order dated September 23, 1996, such transfers to be effective on the Closing Date. No other local governmental or state authorization is required for the transfer of the certificates of public convenience and public necessity or otherwise for the Company to take control and operate the cable systems of the Cable Companies located in Alaska.

The approval of the transfer of the 15 certificates of public convenience and necessity to the Company by the FCC is not required under federal law, with one area of limited exception. The Cable Companies operate in part through the use of several radio-band frequencies licensed through the FCC. On August 5, 15, and 16, 1996, the Company and the Cable Companies applied to the FCC for a transfer of these licenses. The FCC procedure for the transfer of such licenses is considered routine. As of the Record Date, the FCC had granted transfers for some of the Alaska Cablevision licenses, and approval of transfers of the remaining licenses was expected prior to October 31, 1996.

As of the Record Date, the Company and Prime were seeking consent of the military commanders at the military bases serviced by the Prime Alaska Systems to the assignment of the respective franchises for those bases. However, should such commanders wish to defer such consent until after closing on the Prime Purchase Agreement, the Company and Prime will seek the assignment or other transfer of those franchises subsequent to that closing. Similarly, as of the Record Date, the Company and Alaskan Cable were seeking the consent of the military commanders at the military bases serviced by the Alaskan Cable cable systems to the assignment of the respective franchises for those bases. However, should such commanders wish to defer such consents until after closing on the Alaskan Cable Purchase Agreement, the Company and Alaskan Cable will seek the assignment or other transfer of those franchises subsequent to that closing.

The Company and the Cable Companies intend to pursue vigorously all required authorizations that have not been obtained as of the Record Date. There can be no assurance, however, that such approvals will, in fact, be obtained or, if obtained, as to the timing of their receipt.

The Company did make appropriate filings with the Antitrust Division of the U.S. Department of Justice and the Federal Trade Commission ("FTC") under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended ("Hart-Scott-Rodino Act"), with respect to certain of the Purchase Agreements. On June 17, 1996, the Company and Mr. Jack Kent Cooke (as the ultimate parent entity of each of the

corporations comprising Alaskan Cable) each filed a notification of the Alaskan Cable Proposed Transaction with the FTC and the U.S. Department of Justice pursuant to the Hart-Scott-Rodino Act. Mr. Cooke is the ultimate parent entity of Alaskan Cable by virtue of indirectly holding more than 50% of each of the three corporations comprising Alaskan Cable. The statutory waiting period expired with respect to that filing, without giving rise to a request by either agency for additional information. On June 18, 1996, the Company and ACI (as the ultimate parent entity of Prime) each filed a notification of the Prime Proposed Transaction with the FTC and the U.S. Department of Justice pursuant to the Hart-Scott-Rodino Act. ACI is the ultimate parent entity of Prime by reason of its current entitlement to 50% or more of the profits of Prime. The two federal agencies granted early termination of the statutory waiting period with respect to that filing. Depending on several factors, such as fluctuations in the market price of the Company Class A common stock, additional filings under the Hart-Scott-Rodino Act may have to be made as a precondition to consummation of the Acquisition Plan.

Certain security holders of the Cable Companies may be individually subject to the notification and waiting-period requirements of the Hart-Scott-Rodino Act if they will hold Company Stock having a value of more than $15 million as a result of the Acquisition Plan. Determination of whether

notification is required in a particular case will necessitate, among other things, consideration of potentially applicable exemptions and application of a jurisdictional test relating to the holder's revenue and assets. Persons whom the Company expects to receive shares of Company Stock valued in excess of $15 million will be required, as a precondition to receiving such shares, to provide the Company with evidence of compliance with the Hart-Scott-Rodino Act, satisfactory in form and substance to the Company and its counsel. If necessary, the Company will deposit into escrow the shares of Company Stock issuable to any holder obligated to file notification under the Hart-Scott-Rodino Act and instruct the escrow agent to hold such shares pending the expiration or termination of the applicable waiting period.

Other Approvals The Prime Proposed Transaction is subject to the consent or approval of certain of the Prime Group members, and the Alaskan Cable Proposed Transaction is subject to the consent or approval of the respective sole shareholder of each of the three corporations comprising Alaskan Cable as further described elsewhere in this Proxy Statement/Prospectus. See, "CABLE COMPANY SECURITY HOLDER CONSENTS." The Proposed Transactions are in addition subject to the consent of lenders of the respective Cable Companies and the Senior Lenders of the Company. Various agreements entered into between the Cable Companies and their respective vendors will be assigned to the Company. If assignment is not available or if the Company in its sole discretion chooses, it may negotiate new agreements with those vendors or other persons providing similar services.

Covenants.

General. The Purchase Agreements involving the Cable Companies all provide that, following their execution but prior to closing, the respective Cable Company will continue to operate its cable system in conformance with its standard operating practices and in accordance within existing budgets, including its ordinary level of maintenance capital expenditures, unless agreed otherwise by the Company. During this period, each Cable Company has agreed that its designated agent shall be included in material business discussions regarding that company's conduct of its affairs. During this period each Cable Company has agreed that neither such company nor anyone acting on its behalf will enter into or continue any discussions, negotiations, or contracts relating to the sale of all or any portion of the assets nor to distribute any assets except in the ordinary course of business. Each Cable Company has agreed to operate in the ordinary course of business and in the manner as it is being conducted at the beginning of the period without material change in operations, except as may be approved in advance by the Company. In each of the Purchase Agreements, the Company has made to the Cable Companies (and to the Prime Sellers) covenants regarding the operation of the Company's business pending the final closings which are similar to those described above made by the Cable Companies to the Company.

Under each of the Purchase Agreements, at final closing, the securities (in the case of Prime) or the assets (in the case of the other Cable Companies) are to be transferred to the Company, free and clear of all liens and encumbrances, except for those expressly disclosed to the Company under the corresponding Purchase Agreement.

Under each of the Proposed Transactions as a condition precedent to final closing, it is subject to consents of various persons including state and federal regulators, shareholders of the Company, securities holders of Prime, and Cable Company, and the Company's lenders.

Prime. Unique to the Prime Purchase Agreement are the following covenants. PIIM will, prior to closing on the Prime Purchase Agreement, continue to manage Prime under the existing management agreement. However, during this period, PIIM must receive the Company's prior written consent on all future capital expenditure projects which cause the capital expenditure budget of Prime to be exceeded by more than 10% and the Company must receive the Prime Sellers' prior written consent on all future capital expenditure projects which cause the capital expenditure budget of the Company to be exceeded by more than 10%. Prime has agreed not to issue or enter into any agreement to issue any additional partnership interests, securities, or warrants or options to purchase securities prior to the final closing, other than for purposes of raising additional equity capital for Prime and then only on terms whereby such new equity holders shall sell their equity interests in Prime to the Company as a part of the Prime Purchase Agreement for no additional aggregate consideration payable by the Company. Prime has agreed to continue to operate the Prime Alaska Systems in the ordinary course of business and in the same manner as it is being operated as of the date of the Purchase Agreement without material change except (1) to upgrade the cable system during 1996 at a cost not to exceed $7 million in the aggregate, or (2) as may be approved in advance by the Company. Prime has agreed not to enter into or modify any material contract, including existing executive compensation benefits. Prime is not to enter into any executive compensation arrangement conditioned upon the acquisition or attempted acquisition of a significant interest of Prime, except in the ordinary course of business.

The Prime Purchase Agreement further provides that the Company will not issue or enter into any agreement to issue any additional securities, warranties, or options (other than stock options issued in the ordinary course of business pursuant to its stock option plan) to purchase securities prior to the final closing except for the sale of the MCI Company Stock and the issuance of securities as required in connection with the acquisition of the cable

businesses of the other Cable Companies. The Company is not to enter into any discussions or agreements for the sale of all or any portion of its assets or equity, except in the ordinary course of business. The Company has agreed to continue to operate its business in the ordinary course and in a manner as it was being operated as of the execution of the Prime Purchase Agreement without material change, except as may be approved by Prime. The Company has agreed, throughout this period, not to enter into or modify any material contract, including any existing executive compensation benefit, except in the ordinary course of business, and the Company has agreed not to enter into any executive compensation arrangement conditioned upon the acquisition or attempted acquisition of a significant interest of the Company, except as consented to by the Prime Sellers.

At closing, the Company is to provide for execution of a Prime Registration Rights Agreement, the terms of which are described elsewhere in this Proxy Statement/Prospectus. See, within this section "-- Registration Rights Agreements."

Through the Prime Purchase Agreement the Company agrees to expand the Company Board from seven to nine members, with the Prime Sellers (and their distributees, including other members of the Prime Group, who elect in writing to be bound thereby), through their designated agent, to have the right to nominate two members of that board. At the request of Prime Sellers through their designated agent (PIIM) at closing on the Prime Purchase Agreement, MCI, TCI-GCI, Inc., and Messrs. Duncan and Walp,

the present signatories to the Voting Agreement, will terminate that agreement and enter into the New Voting Agreement with PIIM. With the execution of the New Voting Agreement, the Prime Sellers (and their distributees, including other members of the Prime Group, who elect in writing to be bound thereby) will be assured, as of the Record Date, that they will be able to exercise the right to nominate and elect those two members under the terms of the New Voting Agreement. See within this section "--New Voting Agreement."

Further as a condition of the Prime Purchase Agreement, at closing, the Company and MCI are to consummate the issuance and sale of the MCI Company Stock under the MCI Purchase Agreement simultaneously with the closing of the Prime Purchase Agreement.

At the final closing on the Prime Purchase Agreement, PIIM, Prime Growth, Prime Holdings, and PCLP will agree that for a period of two years following termination of the Prime Management Agreement, they will not engage in the cable television business in Alaska. PIIM will also agree at such closing that each of its key employees will not engage in the cable television business in the areas in Alaska served by the Prime Alaska Systems during that period, for so long as that employee is employed by PIIM.

As a part of this closing, both Prime and the Company have agreed to cooperate in the mergers of the corporate general partner (PCFI) and corporate limited partner (ACI) of Prime with and into a subsidiary of the Company.

Alaskan Cable. The Alaskan Cable Purchase Agreement provides that upon execution of the agreement and through final closing on it, the Company is not to issue or enter into any agreement to issue any additional securities, warrants, or opinions, other than stock options issued in the ordinary course of business pursuant to its stock option plan, and otherwise is not to issue securities prior to the final closing, except (1) the proposed issuance of the MCI Company Stock, (2) the proposed issuance of Company Class A common stock to Alaska Cablevision, should that corporation exercise its conversion rights in the Cablevision Company Notes, and (3) the proposed issuance of the Class A common stock to Prime under the Acquisition Plan. Neither the Company nor anyone acting on behalf of the Company is to enter into or continue any discussions, negotiations or contract relating to the sale of all or any portion of its assets or equity, except in the ordinary course of business.

Alaska Cablevision. The Alaska Cablevision Purchase Agreement provides that, upon execution of the agreement and through final closing on it, the Company is not to issue or enter into any agreement to issue any additional securities, warrants, or opinions, other than stock options issued in the ordinary course of business pursuant to its stock option plan, to purchase securities prior to the final closing except (1) the proposed issuance of the MCI Company Stock, (2) the proposed issuance of Company Class A common stock to Alaskan Cable, under the Acquisition Plan, and (3) the proposed issuance of the Class A common stock to Prime under the Acquisition Plan. Neither the Company nor anyone acting on behalf of the Company is to enter into or continue any discussions, negotiations or contracts relating to the sale of all or any portion of its assets or equity, except in the ordinary course of business.

Representations.

Each of the Cable Company Purchase Agreements contains several representations and warranties by each respective party. The representations and warranties of a Cable Company in a given Purchase Agreement include but are not limited to the following: (1) that the Cable Company is duly organized, validly existing, and in good standing under the laws of the state of organization; (2) that the company has all requisite capacity, power, right, capitalization, and authority to enter into the Purchase Agreement; (3) that the Purchase Agreement constitutes legal, valid, and binding obligations of the Cable Company; (4) that

the cash flow of the Cable Company meets specified criteria; (5) that the Cable

Company has exclusive, good and marketable title to its assets; (6) that the Cable Company has all necessary governmental permits; (7) that the Cable Company is in material compliance with all applicable laws, rules, regulations, orders, ordinances, and codes of governmental authorities; (8) that the real property of the company and improvements on it and the continuation of business on it do not violate any applicable laws, statutes, regulations, codes, rules or orders, that the status of employer, employee agreements and contracts and benefit plans are as disclosed in the Purchase Agreements; (9) that the Cable Company is in compliance with FCC rules, regulations, and orders and otherwise in compliance with law; and (10) that the company is not insolvent. Under the Prime Purchase Agreement, the Prime Sellers' representations and warranties regarding the status of Prime's plant and equipment and other tangible personal property, and the compliance of it with applicable contractual and legal requirements, is limited to the knowledge of certain specified individuals. The agreement further provides that except as specifically stated, the plant, equipment and other personal property are conveyed on an "as is" basis. The representations and warranties of the Company include but are not limited to the following: (1) that the Company is a corporation duly organized, validly existing, and in good standing; (2) that the capital and outstanding capitalization is as stated in the Purchase Agreement; (3) that the Company's cash flow meets specified criteria; (4) that the Company's indebtedness is not more than certain specified levels; (5) that the Purchase Agreement constitutes a legal, valid, and binding obligation of the Company; and (6) that the Company is not insolvent.

Escrow and Holdback Agreements.

Prime. Under the Prime Purchase Agreement, at final closing the Prime Sellers and the Company are each to hold back and deposit in escrow with a third party escrow agent ("Prime Escrow Holdback") 1,093,750 shares of Company Class A common stock ("Prime Escrow Holdback Shares") or provide cash or an irrevocable letter of credit equal to $8,750,000 to secure each party's indemnification for breaches of representations, warranties and covenants. If no breach of the Prime Purchase Agreement has occurred, the Prime Escrow Holdback Shares, such escrowed funds or letter of credit is to be released to the partner which deposited them into escrow, effective as of 180 days after that final closing. See, within this section "--Certain Restrictions on Resale of Company Stock and MCI Company Stock"; and "--Certain Federal Income Tax Consequences."

In addition, the Prime Sellers have entered into an escrow agreement with PIIM whereby the Prime Sellers have agreed that any of the Prime Escrow Holdback Shares that are released from the escrow holdback with the Company and the third-party escrow agent will not be delivered to the Prime Sellers, but will instead be delivered into escrow with PIIM acting as escrow agent. Such escrowed shares will be held by PIIM as escrow agent and not delivered to the Prime Sellers until that date which is one year and ten days from the closing of the Prime Proposed Transaction. Prior to their release to the Prime Sellers, PIIM will be entitled to hold and disburse such escrowed shares to satisfy any claims made against the Prime Sellers by the Company prior to the prescribed release date with respect to the representations, warranties and covenants given to the Company by the Prime Sellers pursuant to the Prime Proposed Transaction.

Distributions of Company Stock to certain of the Prime Sellers and distribution by them of that stock to their security holders (including other members of the Prime Group) will be subject to transfer limitations imposed by the Prime General Partner or, if distributed to its sole shareholder, then by the general partner of such shareholder and by agreement of the shareholders of the corporate limited partner (ACI) of Prime. The transfer limitations will be designed to preserve the "continuity of interest" requirement so that the Prime Purchase Agreement, as it applies to the owners of those corporate partners (ACI and Prime General Partner) of Prime, to be federal income tax-free reorganizations in the form of statutory mergers with GCI Cable. One of the requirements of that type of reorganization is that the reorganization plan does not include intent to transfer, distribute, or otherwise resell the securities acquired in the

transaction. All of the shareholders of ACI have entered into an agreement ("ACI Escrow Agreement") whereby they have agreed to deposit or cause to be deposited into escrow with an independent third-party escrow agent at the closing of the Prime Purchase Agreement, as a group, 50% of the aggregate number of shares of Prime Company Shares receivable by them in connection with the ACI Merger (less the number of shares deposited by them pursuant to the Prime Escrow Holdback. The ACI Escrow Agreement provides that the shares deposited into escrow pursuant to the ACI Escrow Agreement will be released to the shareholders of ACI on that date which is one year and five days from the date of the closing of the Prime Purchase Agreement. PGP intends to hold 50% of the shares of Prime Company Shares receivable by PCLP in connection with the merger of PCFI with and into a subsidiary of the Company and not distribute such shares, for a period of at least two years from the date of the closing of the Prime Purchase Agreement. See, "CERTAIN INFORMATION REGARDING THE CABLE COMPANIES: Background and Description of Business--Prime"; "PROPOSED TRANSACTIONS: Escrow and Holdback Agreements--Prime"; CERTAIN CONSEQUENCES OF THE ACQUISITION PLAN: Certain Federal Income Tax Consequences."

Alaskan Cable. Under the Alaskan Cable Purchase Agreement at final closing the parties are each to hold back and deposit in escrow 538,000 shares of Company Class A common stock, or a letter of credit in an amount equal to 5% of the purchase price under the Alaskan Cable Purchase Agreement to secure their respective indemnification for breaches of representations, warranties, and covenants. If no breach of the Alaskan Cable Purchase Agreement has occurred such escrowed assets are to be released following the respective indemnitee's written instructions effective as of 180 days after the final closing.

Alaska Cablevision. Under the Alaska Cablevision Purchase Agreement, at final closing the parties are to each hold back and deposit in escrow notes, cash, letters of credit, or otherwise in the amount equivalent to $800,000 to secure their respective indemnification for breaches of representations, warranties, and covenants. If no breach of the Purchase Agreement has occurred, escrowed assets are to be released following the respective indemnitee's written instructions, effective as of 180 days after the final closing.

McCaw/Rock Systems. Each of the McCaw/Rock Homer and Seward Purchase Agreements provides that at closing the Company and the Cable Company will each deposit in escrow $75,000 in cash to secure each party's indemnification for breaches of representations, warranties, and covenants. If no breach of the Purchase Agreements has occurred, such escrowed funds are to be released to the party which placed it in escrow effective as of 180 days after the closing.

Expenses. The Acquisition Plan through the various Purchase Agreements provides that each party shall pay its own costs and expenses. The Prime Purchase Agreement also provides that Prime will pay the costs and expenses of the Prime Sellers. Any filing fees required by the Purchase Agreements, including without limitation, those in connection with the Hart-Scott-Rodino Act, are to be borne equally by the Company and the specific Cable Company which is the subject of the filing. However, the Company is to pay for the costs of registering the Company Stock.

Termination, Amendment and Waiver. The Purchase Agreements generally provide for termination at the end of the term of the agreement, by mutual consent of the parties, and in the discretion of one party at the occurrence of an event of default caused by the other party. An event of default is a default in the performance of any material obligation under the agreement or if any representation or warranty of a party is materially false and the party fails to correct or satisfy the default within 10 days after written notice is given to that party. A party may waive an event of default by another party and require the transactions contemplated by the agreement to be consummated by closing. Each Purchase Agreement may be modified upon the mutual agreement of the parties to that transaction.

Registration Rights Agreements

Prime. Under the Prime Purchase Agreement, the initial distribution to and, to the extent required, subsequent resales or distributions by the Prime Sellers (and their distributees, including other members of the Prime Group) of their portion of the Company Stock received in the Prime Purchase Agreement will be registered under the Securities Act, in accordance with the terms of a Registration Rights Agreement ("Prime Registration Rights Agreement") to be entered into among the Company and the Prime Sellers at the closing of the Prime Purchase Agreement. To the extent that subsequent resales or distributions by the Prime Sellers (and their distributees, including other members of the Prime Group) are required to be registered, the Company will keep the prospectus that is a part of the Registration Statement for the Company Stock current for a period of two years or otherwise satisfy its responsibilities for registration through other registration formats. The Prime Sellers will, pursuant to the Prime Registration Rights Agreement, agree (1) not to sell any of the Prime Company Shares during the first 90-day period following the final closing, and (2) not to sell more than 20% of their portion of that stock during the 59-day period following that first 90-day period. Subsequent to that 59-day period, the Prime Sellers (and their distributees, including other members of the Prime Group) may sell the remaining portion of the Prime Company Shares, subject, in the case of shares of the Prime Company Shares to be received under the PCFI Merger Agreement and the ACI Merger Agreement, to various agreements among the respective owners of Prime General Partner and ACI regarding transfer of such shares designed to preserve the "continuity of interest" requirement for special federal income tax treatment of such mergers. See, "CERTAIN CONSEQUENCES OF THE ACQUISITION PLAN: Certain Federal Income Tax Consequences." In addition, a portion of the Company Stock to be received by the Prime Sellers will be placed in escrow at the closing. See, "PROPOSED TRANSACTIONS: Cable Company Purchase Agreements--Escrow and Holdback Agreements-Prime." The Prime Sellers (and their distributees, including other members of the Prime Group) will have two demand registrations, if required, to permit resales by them. The Prime Sellers (and their distributees, including other members of the Prime Group) will also be entitled to participate pro rata in any other registration involving the Company (subject to limited exceptions). All expenses in connection with any registration (other than underwriting discounts, selling commissions, and fees and expenses of legal counsel of the sellers) and keeping any prospectus current will be paid by the Company.

Alaskan Cable. Under the Alaskan Cable Purchase Agreement, Alaskan Cable has registration rights similar to that described previously for Prime, except that the holders of the shares subject to the Purchase Agreement will have two demand registrations if required to permit resales by the holder. Under

this Proposed Transaction the Company is to keep the prospectus that is part of the Registration Statement current for a period of two years or otherwise satisfy its responsibilities for registration through other registration formats.

Alaska Cablevision. Under the Alaska Cablevision Purchase Agreement, Alaska Cablevision has registration rights, should it exercise its rights to convert the Cablevision Company Notes to Company Class A common stock, similar to that described previously for Prime. However, should Alaska Cablevision exercise those registration rights during the period of 180 days subsequent to final closing on the Alaska Cablevision Purchase Agreement, it must not during that period sell any of that stock. The registration rights continue for a period of ten years thereafter. Under this agreement holders of the shares subject to the Alaska Cablevision Purchase Agreement are entitled to one demand registration per year to the extent required to permit resales by those holders for all or any portion of those shares.

ACI and PCFI Merger Agreements

The Prime Proposed Transaction includes the following reorganizations: (1) the merger of ACI ("ACI Merger") with and into GCI Cable, pursuant to a plan of merger ("ACI Merger Agreement"), with GCI

Cable being the surviving corporation; and (2) the merger of Prime General Partner ("PCFI Merger") with and into GCI Cable ("PCFI Merger Agreement"), with GCI Cable being the surviving corporation. The terms of the two Merger Agreements are similar and are briefly as follows.

Both mergers are to take effect on the date that a certificate of merger is filed with the Secretary of State for the State of Delaware and the articles of merger are filed with the Commissioner of the Alaska Department of Commerce and Economic Development in accordance with the respective state corporation laws ("Effective Time"). The name of the surviving corporation in both cases is to be "GCI Cable, Inc." As of the Effective Time, GCI Cable will have a five-member board of directors identified as follows: (1) Ronald A. Duncan; (2) Donne F. Fisher; (3) Carter F. Page; (4) Larry E. Romrell; and (5) Robert M. Walp. The two officers of GCI Cable as of the Effective Time will be Mr. Duncan as President, and John M. Lowber as Secretary and Treasurer. These officers and directors are also officers and directors of the Company, and their backgrounds are described elsewhere in this Proxy Statement/Prospectus. See, "MANAGEMENT OF THE COMPANY."

In the case of each merger, at the Effective Time GCI Cable will receive all of the property, rights, privileges, franchises, patents, trademarks, trade names, licenses, registrations, and other assets of ACI or PCFI, as the case may be, including goodwill. GCI Cable at the same time will assume all liabilities of every kind and description of ACI and PCFI under the respective Merger Agreements.

In the case of ACI, each share of ACI Class A common stock issued and outstanding immediately prior to the Effective Time will be converted into 1,237.261739 shares of Company Class A common stock, and each share of ACI Class B common stock issued and outstanding immediately prior to the Effective Time, will be exchanged for cash in the amount of $1.00 per share at the Effective Time. In the case of PCFI, each share of PCFI common stock issued and outstanding immediately prior to the Effective Time will be converted into 2,227.071 shares of Company Class A common stock.

The ACI Merger Agreement provides that unless otherwise agreed by GCI Cable, it will be a condition precedent to the obligation of GCI Cable to consummate the merger that all the shareholders of ACI will have given their consent to the merger such that no shareholder of ACI will have appraisal rights under the Delaware General Corporation Law as a result of or with respect to the merger. Such appraisal rights are prohibited to shareholders of ACI under the Delaware General Corporation Law as described elsewhere in this Proxy Statement/Prospectus. See, "APPRAISAL RIGHTS: Prime."

Both the ACI and the PCFI Merger Agreements provide that ACI and PCFI, respectively, will immediately prior to the Effective Time, be entitled to declare and pay to their respective shareholders dividends consisting of all cash on hand and any tax refund receivables held by ACI and PCFI, respectively, immediately, prior to the Effective Time.

The ACI Merger Agreement provides for termination and abandonment by decision of the boards of directors of ACI or GCI Cable, notwithstanding approval of the agreement by the shareholders of one or both of the corporations at any time prior to the Effective Time. In the event of such termination and abandonment of the agreement, the agreement provides that it will become void without liability on the part of the party electing so to terminate, or their respective directors, officers or shareholders, except for liability of the parties for their respective expenses. Similar provisions are included for termination and abandonment in the PCFI Merger Agreement.

Both Merger Agreements provide for amendment or modification at any time prior to the Effective Time, provided that such amendment or modification, subsequent to the adoption of the respective agreement by the shareholders of either party to it and who are entitled to vote on the merger, may not alter or change (1) the amount or kind of shares, securities, cash, property, and rights

to be received in

exchange for or on conversion of all or any shares of any class or series of a class of shares of that corporation, except as approved by the shareholders of each of those corporations that are parties to the Merger Agreement, (2) any term of the Articles of Incorporation of GCI Cable, except as approved by the shareholders of each of the corporations that are parties to the corresponding Merger Agreement, or (3) any of the terms or conditions of the corresponding Merger Agreement if such alteration or change would adversely affect the holders of any class or series of a class of shares of that corporation, except as approved by the holders of the class so affected.

Both Merger Agreements provide that the agreements are subject to the terms and conditions of the Prime Purchase Agreement and that in any conflict between the terms of a Merger Agreement and the terms of the Prime Purchase Agreement, the terms and provisions of the Prime Purchase Agreement are to govern and control.

Both Merger Agreements provide that the corresponding parties acknowledge that the corresponding merger is subject to obtaining applicable consents of the APUC and the FCC and that such consents have been obtained.

Prime Management Agreement

At the closing of the Prime Proposed Transaction, the Company and PIIM will enter into a management agreement ("Prime Management Agreement") whereby PIIM, which currently manages the Prime Alaska Systems, will commence managing the Company Cable Systems, i.e., the Prime Alaska Systems and the cable television systems to be acquired from Alaskan Cable, Alaska Cablevision, McCaw/Rock-Homer, and McCaw/Rock-Seward. See, "ACQUISITION PLAN: Interests of Certain Persons in the Acquisition Plan--Prime Security Ownership and Officer/Director Relationships."

Under the Prime Management Agreement, the Company will pay to PIIM a net annualized fee for managing the Company Cable Systems in the amount of $1,000,000 for the first year, $750,000 for the second year, and $500,000 for each year thereafter that the Prime Management Agreement is in effect. The amounts of such management fees were arrived at as a result of negotiations between the Company and PIIM. Such fees are fixed amounts and not based on a percentage of cable system revenues, as is often the case with respect to fees charged to manage cable systems. Management fees charged by management companies to manage cable systems typically range from 3% to 5% of cable revenues. The fees to be paid to PIIM as described above will be less than if the fee were 3% of cable revenues of the Company Cable Systems, based on their revenues for any twelve-month period ended on or since December 31, 1995, and are believed to be at least as favorable to the Company than could have been obtained from other qualified managers of cable systems.

The Prime Management Agreement is to continue for a term of nine years unless earlier terminated under a number of circumstances including the following: (1) with respect to the Prime Alaska Systems, upon the termination or revocation of the Company's cable television certificate of public convenience and necessity or franchise for that system; (2) upon the sale of all or substantially all of the assets of the Company Cable Systems or the sale of all of the equity interests of the owner of the Company Cable Systems; (3) upon PIIM's material breach of the agreement and failure to cure within 30 days; (4) upon the Company's material breach of the agreement and failure to cure within 30 days; or (5) after the second anniversary of the date of the agreement, at the option of either PIIM or the Company. The Prime Management Agreement does not specifically deal with issues relating to advance notice requirements or cooperation with successor managers in the event of a termination of the agreement after the second anniversary of the date of the Prime Management Agreement by either PIIM or the Company. Under the Prime Management Agreement, PIIM would be entitled to be paid for all accrued management fees and reimbursable expenses which have accrued prior to the effective date of the termination.

New Voting Agreement

As a part of the Prime Proposed Transaction, the parties to the Voting Agreement will agree to allow the Prime Sellers, through PIIM as their designated agent, to become a party to and participant in a new voting agreement ("New Voting Agreement"). The proposed New Voting Agreement will supersede and replace the Voting Agreement, provided the Prime Proposed Transaction is consummated. See, "OWNERSHIP OF THE COMPANY: Changes in Control--Voting Agreement."

The New Voting Agreement contemplates the increase of the Company Board from seven to nine directors. The New Voting Agreement provides that all of the shares subject to the agreement will be voted as one block for so long as the full membership on the Company Board is at least eight, for the election to the Company Board of individuals recommended by a party to the agreement. The allocation of recommendations to positions on the Company Board made by parties to the agreement is to be as follows: (1) for recommendations from MCI, two nominees; (2) for recommendations from Messrs. Duncan and Walp, one nominee

each; (3) for recommendations from TCI GCI, Inc., two nominees; and (4) for recommendations from Prime Sellers (and their distributees, including other members of the Prime Group, who elect in writing to be bound thereby), through PIIM as their designated agent, two nominees for so long as the Prime Sellers (and their distributees, including other members of the Prime Group, who agree in writing to be bound by the terms of the agreement) collectively own at least 10% of the then issued and outstanding shares of Company Class A common stock and the Prime Management Agreement is in full force and effect, provided that if either of these conditions are not satisfied, then the Prime Sellers (and their distributees, including other members of the Prime Group, who elect in writing to be bound thereby) are to be entitled to recommend only one nominee and if neither of these conditions are met, the Prime Sellers are not to be entitled to recommend any nominee pursuant to the terms of the New Voting Agreement. The shares subject to the New Voting Agreement are in addition to be voted as one block, to the extent possible, to cause the full membership of the Company Board to be maintained at not less than eight members, and are to be voted on other matters to which the parties unanimously agree. Initially the two nominees of the Prime Sellers (and their distributees) will be designated by the Prime Sellers.

The stated term of the New Voting Agreement is through the completion of the annual shareholder meeting of the Company to take place in June, 2001 or until there is only one party to the agreement, whichever occurs first. However, the parties to the agreement may extend its term but only upon unanimous vote and written amendment of the Agreement. Parties to the agreement are to remain parties to it as to voting for nominees to the Company Board and to maintain at least eight members on that board only for so long as either the Prime Sellers (and their distributees who agree in writing to be bound by the terms of the agreement) collectively own at least 10% of the then issued and outstanding Company Class A common stock or the Prime Management Agreement is in effect. Except for the stated term and the conditions just outlined, a party to the agreement (other than the Prime Sellers and their distributees, including other members of the Prime Group, who elect in writing to be bound thereby) will be subject to the agreement until the party disposes of more than 25% of the votes represented by the party's holdings of Company common stock. That is, these conditions on the term of the New Voting Agreement control and not the stated term ending in 2001. A party to the agreement (other than the Prime Sellers and their distributees, including other members of the Prime Group, who elect in writing to be bound thereby) shall then be subject to the agreement regardless of whether the party disposes of more than 25% of its votes.

The New Voting Agreement is to commence as of the Closing Date. Upon its execution, the Company Board will within 30 days thereafter adopt a resolution expanding the board from seven to nine members, and the Prime Sellers will thereafter present their nominees for two positions on the Company Board.

MCI Purchase Agreement

General. The Company and MCI Telecommunications Corporation, a Delaware corporation ("MCI") entered into the MCI Stock Purchase Agreement effective as of September 13, 1996 ("MCI Purchase Agreement"). The MCI Purchase Agreement includes the following as separate agreements between the parties: (1) an agreement providing certain registration rights to MCI with respect to the MCI Company Stock ("MCI Registration Rights Agreement" as further described in this section (see, "-Registration Rights Agreement"); and (2) the New Voting Agreement. The MCI Company Stock when issued will become subject to the Voting Agreement. Upon execution of the New Voting Agreement to replace the Voting Agreement, the MCI Company Stock will become subject to that new agreement. The New Voting Agreement is further described elsewhere in this Proxy Statement/Prospectus. See, "OWNERSHIP OF THE COMPANY: Changes in Control--Voting Agreement" and "PROPOSED TRANSACTIONS: New Voting Agreement."

Consideration, Closing Date. The MCI Purchase Agreement provides for the issuance and sale of 2 million shares of Company Class A common stock ("MCI Company Stock") for $13 million payable in immediately available funds.

The MCI Purchase Agreement sets the closing date on the agreement as being no later than the fifth business day following the later of the full consummation and Prime Purchase Agreement or the satisfaction or waiver of the last condition precedent set forth in the MCI Purchase Agreement ("MCI Closing Date").

Conditions To the Agreement. The obligations of MCI and the Company to consummate the MCI Purchase Agreement are subject to the satisfaction at or before the MCI Closing Date of each of the following conditions: (1) the consummation of the transactions contemplated by the MCI Purchase Agreement shall not be precluded by any order, decree or preliminary or permanent injunction of a federal or state court of competent jurisdiction; and (2) the consummation of the Prime Purchase Agreement.

The obligations of the Company to consummate the transactions contemplated by the MCI Purchase Agreement are specifically subject to the satisfaction at or before the MCI Closing Date of each of the following conditions: (1) the representations of MCI set forth in the agreement shall have been true and correct in all material respects; (2) MCI shall have performed in all material respects its agreements as contained in the MCI Purchase Agreement required to be performed at or prior to the MCI Closing Date; (3) the Company shall have received a certificate of an officer of MCI dated as of the MCI

Closing Date certifying as to the fulfillment of items (1) and (2) above; and (4) the Company shall have received from MCI the amount of $13 million by wire transfer of immediately available funds.

The obligations of MCI to consummate the transactions contemplated by the MCI Purchase Agreement are specifically subject to the satisfaction at or before the MCI Closing Date of each of the following conditions: (1) the representations of the Company set forth in the agreement shall have been true and correct in all material respects; (2) the Company shall have performed in all material respects its agreements as contained in the MCI Purchase Agreement required to be performed at or prior to the MCI Closing Date; (3) all applicable consents and approvals (including those of the FCC and any applicable public utility commission or other regulatory body) which are necessary to consummate the transactions contemplated by the MCI Purchase Agreement shall have been obtained; (4) MCI shall have received from the Company certificates representing shares of the MCI Company Stock registered in the name of MCI; (5) MCI shall have received a certified copy of the Company Articles and Company Bylaws as of the MCI Closing Date and a certificate of good standing for the Company from the jurisdiction of its incorporation; (6) MCI shall have received (a) the MCI Registration Rights Agreement executed by a duly authorized officer of the Company dated as of the MCI Closing Date and (b) the New Voting Agreement executed by

a duly authorized officer of all the parties to it, dated as of the MCI Closing Date; (7) MCI shall have received an opinion of legal counsel for the Company in a form as agreed by MCI and the Company dated as of the MCI Closing Date; (8) MCI shall have received a certificate of secretary from the Company dated as of the MCI Closing Date certifying that attached thereto is a copy of a resolution duly adopted by the Company Board authorizing and approving the execution of the MCI Purchase Agreement and the consummation of the transactions contemplated by the agreement; (9) MCI shall have received a certificate of an officer of the Company dated as of the MCI Closing Date certifying as to the fulfillment of the matter contained in items (1)-(3) above; (10) the Prime Purchase Agreement shall not have been amended, modified, or altered without the prior written consent of MCI; and (11) the Company shall not have issued in the aggregate more than 18 million shares of Class A common stock in connection with the acquisitions of the Cable Companies, and the price per share of any share of that stock in connection with those acquisitions shall have been at least $6.50.

Covenants. Under the MCI Purchase Agreement and during the period from the effectiveness of the agreement to the MCI Closing Date, MCI and the Company have agreed as follows: (1) the Company will cause its subsidiaries to conduct their respective businesses only in the ordinary course and to maintain, keep and preserve their assets and properties in good condition and repair; (2) the Company will not permit any of its subsidiaries to make or propose any change or amendment in their respective certificates of incorporation or bylaws; (3) except in connection with the acquisition of the Cable Companies, the Company will not (and will not permit any of its subsidiaries to) issue, pledge or sell any shares of capital stock or any other securities of any of them or issue any securities convertible into or exchangeable for or representing the right to purchase or receive, or enter into any contract with respect to the issuance of any shares of capital stock or any other securities of any of them other than pursuant to the MCI Purchase Agreement or the exercise of stock options outstanding on the effective date of the MCI Purchase Agreement, or enter into any contract with respect to the purchase or voting of shares of their capital stock or otherwise reclassify any of their securities, or make any other material changes in their capital structure; (4) the Company will not declare or otherwise pay any dividend or other distribution (whether in cash, stock or property) with respect to or purchase or redeem any shares of capital stock; (5) the Company will not (and will not permit any of its subsidiaries to) encumber, sell or otherwise dispose of or acquire any material assets, or encumber, sell or otherwise dispose of assets having a value in excess of $3 million in the aggregate, or enter into any merger of other agreement providing for the acquisition of any material assets of the Company or any of its subsidiaries, or acquire any corporation or other business organization, or enter any contract or other agreement to do any of the foregoing, except the Proposed Transactions; (6) the Company will (and will cause its subsidiaries to) afford MCI access at all reasonable times to their officers, employees and agents, properties, books, records and contracts and will furnish MCI all financial, operating and other data and information as MCI may reasonably request; (7) MCI and the Company will (a) cooperate with one another in promptly (i) determining whether any filings or authorizations required to be made under any state or federal law or any consents or other action required to be obtained from other parties to loan agreements or contracts material to the business of the Company in connection with the transaction contemplated by the MCI Purchase Agreement, and (ii) making any such filings, furnishing information required in connection with them, and (b) as promptly as practicable file with the FTC and the U.S. Department of Justice the notification and report forms, if required; and (8) the Company will not amend or otherwise alter the Prime Purchase Agreement without the prior written consent of MCI.

Representations. Under the MCI Purchase Agreement, the Company represents and warrants to MCI as follows: (1) the Company and each of its subsidiaries are corporations duly organized, validly existing and in good standing under the laws of their jurisdiction of incorporation with corporate power and authority to own, lease and operate their respective properties and to conduct their respective businesses, and each of these corporate entities is duly qualified as a foreign corporation to do business and is in good standing

in each jurisdiction where the character of its properties owned or held or the nature of its

activities makes such qualification necessary; (2) the Company has the requisite corporate power to enter into the MCI Purchase Agreement and to perform its obligations under it, and the execution, delivery, and performance by the Company of its obligations under the agreement have been duly authorized by all requisite corporate action and the agreement is valid and binding on the Company and not in conflict with the Company Articles or the Company Bylaws or other material agreement or instrument to which the Company is a party; (3)(a) as of the effective date of the MCI Purchase Agreement and after the issuance of the MCI Company Stock, the authorized, issued, and outstanding capital stock of the Company will be as represented by the Company, (b) with the exception of options held by officers of the Company or reserved to its Stock Option Plan, or as relating to the Acquisition Plan, there are outstanding no options, warrants, rights or convertible securities or other agreements providing for the issuance of capital stock of the Company, and except for the Voting Agreement there are no voting trusts or agreements to which the Company or a subsidiary of it is a party, and to the knowledge of the Company no other voting trusts exist with respect to the capital stock of the Company or any of its subsidiaries, and (c) except for the pledges of GCC stock to the Senior Lenders and of GCI Leasing Co., Inc. stock to National Bank of Alaska, the Company owns the entire equity interest in each of its subsidiaries, and all of the outstanding capital stock of each subsidiary of the Company are validly issued, fully paid and nonassessable and are owned by the Company free and clear of all liens and other encumbrances; (4) the MCI Company Stock when sold and delivered by the Company to MCI under the MCI Purchase Agreement will have been duly authorized and validly issued and will be fully paid and non-assessable and not subject to any preemptive rights and free and clear of any security interest or other encumbrance; (5) the Company has timely filed all forms, reports and other statements with the Commission pursuant to the Exchange Act since June 30, 1993 and prepared such reports and such registrations as it has made under the Securities Act since that date in compliance with applicable requirements of the Exchange Act and the Securities Act, respectively; (6)(a) the audited financial statements of the Company included in the reports and registrations described in item (5) above and the unaudited interim monthly financial statements for periods subsequent to such audited financial statements are correct and complete, have been prepared in accordance with generally accepted accounting principles applied on a consistent basis, (b) no event has occurred since the preparation of those financial statements that would require a restatement of those financial statements, (c) those financial statements reflect and at the MCI Closing Date will reflect, the interests of the Company in the assets, liabilities and operations of all subsidiaries of the Company, and (d) from the date of the most recent balance sheet included in the financial statements to and including the effective date of the MCI Purchase Agreement, the Company's business has been operated only in the ordinary course, the Company has not sold or disposed of any assets other than in the ordinary course of business, there have not occurred any material adverse changes or events in the Company's business, operations, assets, liabilities, financial condition or results of operations compared to the corresponding disclosures in the financial statements described in item (6)(a) above and there has not occurred any theft, damage, destruction or loss which has had a material adverse effect on the Company; (7) since the date of the Company's 1995 Proxy Statement (April 28, 1995) to the effective date of the MCI Purchase Agreement, the Company has not entered into or otherwise become obligated with respect to any transaction which would require a disclosure pursuant to Item 404 of Regulation S-K in accordance with Items 7(b) or (c) of Schedule 14A under the Exchange Act were the Company to distribute a proxy statement as of the effective date of the MCI Purchase Agreement and the MCI Closing Date; (8) there is no claim, suit, action, or other proceeding pending or to the knowledge of the Company threatened against or affecting the Company or any of its subsidiaries which seek to restrain the consummation of the MCI Purchase Agreement; (9) no governmental consent or other action is necessary for the execution and delivery of the MCI Purchase Agreement, the issuance and sale of the MCI Company Stock or the consummation of the transactions contemplated by the agreement other than applicable consents or approvals by the FCC and applicable public utility commissions; (10) since December 31, 1995, (a) there has not occurred or arisen any event having a material adverse effect on the business, properties or financial condition of the Company and its subsidiaries taken as a whole, (b) the Company and its subsidiaries have conducted their businesses only in the ordinary course consistent with past practices, and (c) neither the Company nor

any of its subsidiaries has taken any prohibited action as described in items (1) through (5) of the Company's covenants (see within this section "-Covenants"); (11) neither the Company nor any of its subsidiaries has paid any fee or commission to any broker or funds in connections with the transactions contemplated by the MCI Purchase Agreement; (12) except for the acquisition of the Cable Companies, there are no contracts or other agreements with the Company or any of its subsidiaries that create or govern the right of another party to acquire the Company or an equity interest in the Company or any subsidiary of it or to increase any such equity interest; (13) neither the Company nor any of its subsidiaries is a party to any collective bargaining agreement, and none of these entities have since March 31, 1993 been subject to employee strikes, work stoppages, or requests for certification of bargaining unit or other requests for collective bargaining; (14) the Company and its subsidiaries have all

permits, licenses and other certificates which are necessary for the Company and its subsidiaries to conduct their operations in the manner conducted prior to the effective date of the MCI Purchase Agreement, and no event has occurred or has been threatened with respect to those licenses which permits revocation or termination of them or would result in any material impairment of the rights of holders of those licenses; (15)(a) each employee benefit plan of the Company subject to the federal Employee Retirement Income Security Act of 1974, as amended ("ERISA") complies with the applicable provision of ERISA, the Code and other applicable law, and (b) neither the Company nor any subsidiary of the Company, nor any plan, nor any of their respective directors, officers, employees or agents has with respect to any such plan engaged in any "prohibited transaction" as defined in Section 4975 of the Code and Section 406 of ERISA, which could result in any taxes or penalties or other liabilities under Section 4975 of the Code or Section 502(i) of ERISA; (16) except for the pledges of GCC stock held by the Company's Senior Lenders and pledges of GCI Leasing Co., Inc. stock held by National Bank of Alaska, the Company and its subsidiaries have good title to all of their material assets with limited exception of (i) liens for current taxes and assessments not yet past due, (ii) inchoate mechanics' and materialmens' liens for construction in progress, (iii) workers', repairmens', and other liens arising out of the ordinary course of business, and (iv) all matters of record, liens and imperfections of title and encumbrances which would not in the aggregate have a materially adverse effect on the business, properties or financial condition of the Company and its subsidiaries taken as a whole; (17) the Company has listed all material contracts and agreements as of the effective date of the MCI Purchase Agreement which the Company or any of its subsidiaries is a party or by which any of their respective properties or assets are bound other than such agreements for services purchased under tariffs; (18) the Company is in material compliance with all applicable federal, state and local laws and regulations pertaining to its business and affairs; (19) the Company has duly and timely filed in proper form all federal, state, local and foreign income, franchise, sales, use, and other tax returns and other reports (whether or not relating to taxes) required to be filed by law with the appropriate governmental authority and has paid or made provision for payment of all such taxes, fees and assessments which are due with respect to any of the aspects of its business or any of its properties; (20) there are no sales, use, transfer or other charges applicable with respect to the transactions contemplated by the MCI Purchase Agreement; (21) no written statement in the MCI Purchase Agreement or any agreement or document delivered pursuant to it or on behalf of the Company contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements made in it in light of the circumstances under which they were made not misleading; (22) the Company is not an "investment company" or company controlled by such a company within the meaning of the Investment Company Act of 1940; and (23) as of the effect date of the MCI Purchase Agreement and as of the MCI Closing Date, the Company is not and will not be insolvent.

Under the MCI Purchase Agreement, MCI represents and warrants to the Company as follows: (1) MCI is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware; (2) MCI has the requisite corporate power to enter into the MCI Purchase Agreement and to perform its obligations under it; and the execution and delivery by MCI of and the performance by MCI of its obligations under the agreement have been duly authorized by all requisite corporate action of MCI; (3) MCI is purchasing the MCI Company Stock for investment for its own account and not with a view to

or for sale in connection with any distribution if it, and MCI is an existing security holder of shares of issued and outstanding common stock of the Company, and no commission or other remuneration will be paid by MCI in connection with its purchase of the MCI Company Stock; (4) MCI understands that (a) the MCI Company Stock has not been registered under the Securities Act or under any state securities law and is being issued in reliance upon the exemptions from registration and prospectus delivery requirements of the Securities Act set forth at Sections 4(2) and 4(6) of that act, (b) the MCI Company Stock cannot be transferred without compliance with the registration requirements of the Securities Act and applicable state securities laws or under an exemption from such registration requirements is available, and (c) the reliance of the Company upon these exemptions is predicated upon MCI's representations and warranties; (5) the jurisdiction in which MCI's principal executive officers are located is in the District of Columbia; (6) MCI is an "accredited investor" as defined in Rule 501 adopted under the Securities Act; (7) the Company has made available to MCI the opportunity to ask questions of, and to receive answers from, the Company's officers and directors and other persons acting on their behalf concerning the terms and conditions of the MCI Purchase Agreement and the transactions contemplated in it and to obtain any other information requested by MCI to the extent the Company possesses such information or can acquire it without unreasonable effort or expense, and MCI has been afforded the opportunity to inspect the books and records of the Company; (8) no written statement in the MCI Purchase Agreement or in any other agreement or document delivered pursuant to the MCI Purchase Agreement by or on behalf of MCI contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements in that agreement in light of the circumstances under which they were made not misleading; (9) MCI is not an "investment company" or a company controlled by such a company within the meaning of the Investment Company Act of 1940; and (10) as of the effective date of the MCI Purchase Agreement and the MCI Closing Date, MCI is not and will not be insolvent.

Under the MCI Purchase Agreement, all representations, warranties and

covenants contained in it are to survive the execution of the agreement and the consummation of the transactions contemplated by it.

Termination, Amendment, Waiver. The MCI Purchase Agreement and the transactions contemplated in it may be terminated at any time prior to the MCI Closing Date (1) by mutual written consent of MCI and the Company, (2) by MCI and the Company if either is prohibited by an order or injunction of a court of competent jurisdiction from consummating the transaction contemplated by the agreement, or (3) by MCI or the Company if the MCI Closing Date does not occur on or before December 31, 1996, provided this third right to terminate will not be available to a party whose failure to fulfill any obligation under the agreement has been the cause of the failure of the closing to occur on or before the MCI Closing Date.

The MCI Purchase Agreement may not be amended except by a writing duly signed by the parties. No party may waive any terms or conditions of the agreement except by a duly signed writing referring to the specific provision to be waived.

Registration Rights Agreement. Under the MCI Purchase Agreement, MCI and the Company will on the MCI Closing Date enter into the MCI Registration Rights Agreement. Under the MCI Registration Rights Agreement and following the expiration of a 180-day "stand still period" after the effective date of the agreement and then only if required to permit resales of the MCI Company Stock by MCI and its successors and assigns who are holders of all or any portion of the MCI Company Stock (collectively with MCI, "Holders"), the Holders will at any time and from time to time have the right to require registration under the Securities Act of all or any portion of the MCI Company Stock on the terms and subject to the conditions set forth in the agreement.

The MCI Registration Rights Agreement provides the Company will not be required to effect any registration under the agreement if one or more of the following have occurred: (1) the requests for registration cover an aggregate number of shares of the MCI Company Stock which the Holders request to have registered having an aggregate market value of less than $1.5 million as of the date of the last of such requests; (2) the Company has previously filed two registration statements under the Securities Act pursuant to the agreement (not including incidental registrations); (3) the Company, in order to comply with such a request, would be required to undergo a special interim audit or prepare and file with the Commission sooner than would otherwise be required pro forma or other financial statements relating to any proposed transaction; or (4) if in the opinion of counsel to the Company, the form of which opinion will be acceptable to the Holders, a registration is not required in order to permit resale by Holders. The first demand registration under the agreement may be requested only by Holders of a minimum of 30% of the MCI Company Stock. The Holders will also be entitled to participate pro rata in other registrations involving Company Class A common stock subject to limited exceptions. All expenses in connection with any registration (other than underwriting discounts, selling commissions, and fees and expenses of legal counsel and accountants of the Holders) and keeping any prospectus current will be paid by the Company.

Certain Personal Matters

In the context of the Acquisition Plan and other than the Proposed Transactions there are no separate arrangements or agreements between the Company and any of the Cable Companies or between the Company and MCI or between the Company and any of the officers, directors, or controlling shareholders of the Cable Companies or MCI. See, "CERTAIN CONSEQUENCES OF THE ACQUISITION PLAN: Company Cable Systems--Management and Personnel."

Certain Restrictions on Resale of Company Stock and MCI Company Stock

All of the Company Stock issuable in the Acquisition Plan will be registered under the Securities Act and freely transferable, except that any such shares received by persons who are deemed "affiliates," as the term is defined under Rule 145 of the Securities Act, of the Cable Companies prior to the consummation of the Acquisition Plan may be resold by them only in transactions permitted by the resale provisions of Rule 145 under the Securities Act, or under Rule 144 in the case of such persons who become affiliates of the Company, or as otherwise permitted under the Securities Act. Persons who may be deemed to be affiliates of the Cable Companies generally include individuals or entities that control, are controlled by, or are under common control with, one or more of the Cable Companies and may include certain officers and directors of the Cable Companies as well as principal shareholders or securities holders of those companies. In addition, the Company has agreed to file and keep effective a registration statement pursuant to Rule 145 under the Securities Act for a period of two years after the effective date of this Proxy Statement/Prospectus with respect to, at all times, the Company Stock that such persons will receive in exchange for their securities in Prime and assets of Alaskan Cable. Resales pursuant to such a registration statement would not be subject to the resale provisions of Rule 144 or Rule 145 under the Securities Act.

Resales of the Company Stock are subject to holdback restrictions and transfer limitations set forth separately in the Prime and Alaskan Cable Purchase Agreements as described elsewhere in this Proxy Statement/Prospectus. See within this section "--Cable Company Purchase Agreements--Escrow and Holdback Agreements."

Incorporation by Reference, Excluded Schedules

General. The Proposed Transactions and exhibits to them, including but not limited to the Prime Management Agreement, the ACI Merger Agreement, the PCFI Merger Agreement, the New Voting

Agreement, and the Registration Rights Agreements, are all included in the Registration Statement and are incorporated by reference into this Proxy Statement/Prospectus. Also included in this Registration Statement and incorporated by reference into this Proxy Statement/Prospectus are two schedules to the Prime Purchase Agreement: (1) Schedule 1A--listing the allocation of Prime Company Shares to the Prime Sellers; and (2) Schedule 14 and Attachment A to it--listing shareholders of and their holdings in ACI. These documents are otherwise available for review as provided elsewhere in this Proxy Statement/Prospectus. See, "AVAILABLE INFORMATION."

With the exception of the previously identified two schedules, none of the schedules to the Prime Purchase Agreement, the Alaskan Cable Purchase Agreement, the Alaska Cablevision Purchase Agreement, the McCaw/Rock Homer Purchase Agreement, or the McCaw/Rock Seward Purchase Agreement are included in the Registration Statement, and none of them are incorporated by reference or otherwise available for review. These documents and materials have been excluded by the Company because they contain voluminous specific technical descriptions of the cable systems to be acquired by the Company, identification of specific channel offerings and rates, lists of correspondence and various agreements entered into by the Cable Companies, lists of licenses and permits, inventories of equipment and other personal property, inventories of real property, lists of employees and employee benefits, tariff filings with the FCC, and other specific operational information typical of the functions of cable television companies. The excluded schedules also contain reference to certain programming agreements.

Portions of the excluded schedules, which the Company believes may be pertinent to the offering of the Company Stock and to seeking the consent and approval of the Acquisition Plan by the shareholders of the Company and which are not described elsewhere in this Proxy Statement/Prospectus are briefly described as follows.

Prime. While the Prime Purchase Agreement is based upon an exchange of Prime Company Shares for security interests in Prime, the parties have agreed to exclude certain assets from the transaction: (1) the use of the names "Prime Cable," "Prime Media Services" and "Prime Mobile Radio"; and (2) Prime's limited partnership interest in Prime Video, L.P., which as of December 31, 1995 had an approximate value of $67,883 and is to be sold and the proceeds distributed to Prime's partners prior to closing on the Prime Purchase Agreement. Matters addressed in the schedules pertaining to pending litigation, regulation and environmental matters and tax matters are discussed elsewhere in the Proxy Statement/Prospectus. See, "CERTAIN INFORMATION REGARDING THE CABLE COMPANIES: Background and Description of Business--Prime-Pending Litigation, -Regulations and Environmental Matters, -Tax Matters" and "--Regulatory Developments, Competition and Legislation/Regulation."

Alaskan Cable. Matters addressed in the schedules pertaining to pending litigation of Alaskan Cable are discussed elsewhere in this Proxy Statement/Prospectus. See, "CERTAIN INFORMATION REGARDING THE CABLE COMPANIES: Background and Description of Business--Alaskan Cable-Pending Litigation."

Alaska Cablevision. Matters addressed in the schedules pertaining to pending litigation of Alaska Cablevision are discussed elsewhere in the Proxy Statement/Prospectus. See, "CERTAIN INFORMATION REGARDING THE CABLE COMPANIES: Background and Description of Business--Alaska Cablevision-Pending Litigation."

McCaw/Rock Systems. Matters addressed in the schedules pertaining to pending litigation of McCaw/Rock Homer and McCaw/Rock Seward are discussed elsewhere in the Proxy Statement/Prospectus. See, "CERTAIN INFORMATION REGARDING THE CABLE COMPANIES: Background and Description of Business--McCaw/Rock Homer-Pending Litigation; and --McCaw/Rock Seward-Pending Litigation."

CERTAIN INFORMATION CONCERNING THE COMPANY

Background and Description of Business

General Communication, Inc., an Alaska corporation ("Company"), was incorporated in 1979 and began commercial operations in November, 1982. The Company supplies common-carrier long-distance and other telecommunication products and services to residential, commercial and government users. Telecommunication services that the Company provides are carried over facilities that are owned by the Company or are leased from other companies.

Products and Services

The Company offers a broad spectrum of telecommunication services to residential, commercial and government customers primarily throughout Alaska. The Company operates in two industry segments and offers five primary product lines. The message and data transmission services industry segment offers message toll, private line and private network services, and the system sales

and service industry segment offers data communication equipment sales and technical services.

The Company's message and data transmission services industry segment is engaged in the transmission of interstate and intrastate switched message toll service and private line and private network communication service between the major communities in Alaska, and the remaining United States and foreign countries. The Company's message toll services include intrastate, interstate and international direct dial, 800, calling card, operator and enhanced conference calling, as well as termination of northbound toll service for MCI, U.S. Sprint and several large resellers without facilities in Alaska. The Company also provides origination of southbound calling card and 800 toll services. Private line and private network services utilize voice and data transmission circuits, dedicated to particular subscribers, which link a device in one location to another in a different location. Regulated telephone relay services for the deaf, hard-of-hearing and speech impaired are provided through the Company's operator service center. The Company offers its message services to commercial and residential subscribers. Subscribers may cancel service at any time. Toll related services account for approximately 93%, 90% and 90% of the Company's 1995, 1994 and 1993 total revenues, respectively.

In addition to providing communication services, the Company through its subsidiaries sells, services and operates, on behalf of certain customers, dedicated communication and computer networking equipment and provides field/depot, third party, technical support, consulting and outsourcing services through its systems sales and service industry segment. The Company also supplies integrated voice and data communication systems incorporating interstate and intrastate digital private lines, point-to-point and multipoint private network and small earth station services operating at data rates up to 1.544 mbs. In addition, the Company designs, installs and maintains data communication systems for commercial and government customers throughout Alaska.

Development of demand assigned multiple access ("DAMA") satellite communication technology was initiated in 1994. A four-module demonstration system was constructed in 1994 and was integrated into the Company's telecommunication network in 1995. Existing satellite technology relies on fixed channel assignments to a central hub. DAMA technology assigns satellite capacity on an as needed basis. 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. Construction and deployment of facilities in 56 communities in rural Alaska are to occur in 1996, with services expected to be provided during the fourth quarter of 1996.

Personal communication service ("PCS") systems are expected to make an individual carrying a pocket-sized phone available at the same number, whether at home, at work, or travelling. A caller using a PCS system will not need to know the location of the person the caller is trying to reach. 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 is anticipated to allow the Company to introduce a new PCS system in Alaska.

The Company began developing plans for PCS deployment in 1995 with technology service trials expected to take place in the fourth quarter of 1996 and the first quarter of 1997. Management expects to incur up to $2 million in equipment and installation costs associated with the technology service trial. Service is expected to be offered as early as late 1997 or 1998.

The Company's efforts on PCS through the Record Date included business plan development, evaluation of alternative PCS technologies, network design and engineering. As of that date, the Company expected to utilize then existing technology in its product deployment and was not expending material amounts on research and product development efforts. Expenditures for PCS deployment could total $50 million to $100 million over the 10-year period commencing in 1997. The estimated cost for PCS system deployment is expected to be funded through income from operations and additional debt and, perhaps, equity financing. The Company's ability to deploy its PCS system will be dependent on its available resources.

The recently passed 1996 Telecom Act allows telecommunication providers to expand their levels of service by entering into new, previously protected business areas. Among other efficiencies, the new federal legislation allows open competition among local telephone providers, long distance carriers and cable television companies.

Management believes the once-distinct differences between telephone, wireless, and cable services are beginning to merge and that the Proposed Transactions allow the Company to integrate such services to bring more information not only to more customers, but in a manner that is quicker, more efficient and more cost effective than ever before.

The Proposed Transactions will consolidate cable television operations across the state of Alaska and, together with the Company's state-wide PCS license, will offer a platform for developing new customer products and services over the next several years. Upon consolidation of cable operations under common management, the Company intends to upgrade facilities as required to allow for consistent cable television product offerings to the extent sufficient resources

are available. The cable facilities are expected to provide bandwidth for the Company's existing telecommunications services and additional services allowed by the 1996 Telecom Act, including local service, a backbone for PCS and high-speed data services.

The Company plans to add PCS to its product line to complement existing long distance, data and cellular resale services, and to provide enhanced wireless local services. The Company intends to develop the capabilities to provide common billing for all services including PCS. The Company's efforts are further discussed in its Form 10-Q for the quarter ended June 30, 1996. See, "ANNUAL REPORT" and "AVAILABLE INFORMATION."

Subsidiaries

As of the Record Date, the Company had three wholly-owned subsidiaries: (1) GCI Communication Corp., an Alaska corporation ("GCC"), serving as an operating company for many of the

telecommunication goods and services provided by the Company; (2) GCI Communication Services, Inc., an Alaska corporation, providing private network point-to-point data and voice transmission services between Alaska, Hawaii, and the western contiguous United States; and (3) GCI Cable, Inc., an Alaska corporation ("GCI Cable"), recently formed to participate in and be the surviving entity in the ACI Merger and the PCFI Merger.

Other Information

Other background, historical, business, operational, facility, and customer information and financial data on the Company are contained in the Company's Annual Report and statements filed with the Commission. See, "AVAILABLE INFORMATION" and "ANNUAL REPORT."

CERTAIN INFORMATION REGARDING THE CABLE COMPANIES

Background and Description of Business

General. A brief description of the business done by each of the Cable Companies follows, giving the general nature and scope of the business.

The tables of selected data and historical information within this section make use of certain terms to describe cable television systems as follows: (1) "homes passed" means dwellings and commercial establishments that are or can be connected to the distribution systems of a cable system without further extension of the transmission lines of that system; (2) "total basic subscribers" means all dwelling and commercial units, including but not limited to individual residences, commercial establishments, apartment units, and hotel rooms, in respect of which the cable system provides basic cable television services for a fee; (3) "equivalent basic subscribers" means a number representing the sum of (i) subscribers receiving the lowest level of television service that may be subscribed to by such subscribers, who are billed for such service at a rate equal to the standard residential rate, plus (ii) for subscribers receiving basic service under bulk billing arrangements which provide for pricing at a rate not equal to the standard residential rate, including but not limited to, multi-unit residential complexes, hotels, motels, and hospitals, the number derived by dividing (a) the monthly amount billed to such subscribers for basic cable television service by (b) the standard residential rate; (4) "average total basic subscribers" for a specified period of time means the result of the sum of the total basic subscribers on the first day of the period and the total basic subscribers on the last day of the period divided by two; (5) "CPS" means cable programming service; (6) "addressability" refers to computer controlled descrambler terminals used for control of cable television signals, where, if the number of services or separate channels to be controlled is large, as for example in an urban setting with many channels of diverse programming or pay per view channels, then addressability is the control method most often used, and where, for less urban areas with fewer selections, traps and filters are used for channel control; and (7) "NPT" means a new product tier.

Prime.

Organizational Structure. Prime Cable of Alaska, L.P., a Delaware limited partnership ("Prime"), was formed in January, 1989 for the purpose of acquiring, owning, and operating three cable communication systems serving several communities in Alaska ("Prime Alaska Systems"): (1) Anchorage (including Eagle River, Chugiak, Fort Richardson, and Elmendorf Air Force Base); (2) Kenai and Soldotna; and (3) Bethel. The executive offices of Prime General Partner are located at One American Center, 600 Congress Avenue, Suite 3000, Austin, Texas 78701, and its telephone number is (512) 476-7888.

As of the Record Date, Prime operated under the Prime Cable of Alaska, L.P. Amended and Restated Agreement of Limited Partnership dated June 30, 1989, as amended on August 9, 1991 and May

20, 1994 ("Prime Partnership Agreement"). See, "COMPARISON OF SECURITY HOLDER RIGHTS IN THE COMPANY AND CERTAIN CABLE COMPANIES." The partnership structure is

as follows: (1) general partner--Prime Cable Fund I, Inc., a Delaware corporation ("Prime General Partner" or "PCFI"), whose sole shareholder is Prime Cable Limited Partnership, a Delaware limited partnership ("PCLP"); (2) corporate limited partner--Alaska Cable, Inc., a Delaware corporation ("ACI"); and (3) two other limited partners--Prime Venture I Holdings, L.P. ("Prime Holdings"), and Prime Cable Growth Partners, L.P. ("Prime Growth"), both Delaware limited partnerships. See, "ACQUISITION PLAN: Interests of Certain Persons in the Acquisition Plan--Prime Security Ownership and Officer/Director Relationships."

As of the Record Date, the holders, directly or indirectly, of all the limited and general partner interests and all of the equity participation interests in Prime ("Prime Sellers") were as follows: (1) ACI and its shareholders--(a) Austin Ventures, L.P., a Delaware limited partnership, (b) Centennial Business Development Fund III, L.P., a Colorado limited partnership, (c) Centennial Fund II, L.P., a Delaware limited partnership, (d) Centennial Fund III, L.P., a Colorado limited partnership, (e) Prime Holdings, (f) Prime Venture II, L.P., a Delaware limited partnership, and (g) William Blair Venture Partners III Limited Partnership, an Illinois limited partnership; (2) Prime Growth; (3) Prime Holdings; (4) PCLP; and (5) as holders of equity participation interests--(a) BancBoston Capital, Inc., a Massachusetts corporation, (b) First Chicago Investment Corporation, a Delaware corporation, and (c) Madison Dearborn Partners V, an Illinois general partnership. As of the Record Date, Prime was in "good standing" under the Delaware Partnership Act, i.e., it had made all required filings, paid required taxes and fees and had not dissolved. The holders, directly or indirectly, of all of the limited and general partner and equity participation interests in Prime and the security holders of Prime Growth, Prime Holdings, PCLP, ACI and PVII are sometimes referred to in this Proxy Statement/Prospectus as the "Prime Group."

Organizational Structure of Prime

Prime: Limited partnership having one general partner and three limited partners

- General partner -- Prime General Partner (a corporation)
  - PCLP (a limited partnership) - Sole shareholder
    - General partner - PGP (a corporation)
    - Limited partners - Institutional investors, venture capital firms and other investors
- Limited partners -
  - ACI (a corporation)
    - Shareholders include Prime Growth, Prime Holdings, PVII and several institutional investors and venture capital firms
  - Prime Growth (a limited partnership) -
    - Managing general partner - Prime Holdings
    - Other general partner - PVI (a corporation)
    - Limited partners - Several institutional investors, venture capital firms and other investors
  - Prime Holdings (a limited partnership)
    - Managing general partner - PVI (a corporation)
    - Other general partner - PMG (a corporation)
    - Limited partners - Several institutional investors, venture capital firms, Prime affiliates, and other investors

Business Structure. As of the Record Date, Prime was the largest cable communications operator in Alaska. The Prime Alaska Systems consist in aggregate of approximately 1,015 miles of cable plant passing approximately 106,000 homes. The Anchorage cable plant, which represents approximately 87% of the aggregate cable plant for the Prime Alaska Systems in terms of miles of plant, has a current channel load of 61 channels plus one institutional channel. The Bethel and Kenai/Soldotna systems have approximately 25 miles and 100 miles of cable plant, respectively.

The Anchorage system, which is located in the urban center for Alaska, is fully addressable, with all optional services scrambled, aside from the broadcast basic. Kenai, Soldotna, and Bethel have fewer channels, less service options and less an urban orientation, and use traps for program control. As a result, these small systems do not have access to pay-per-view services.

The following table sets forth selected data regarding the Prime Alaska Systems as of June 30, 1996.

Selected Data
on Prime Alaska Systems (1)

Homes passed...106,820
Total basic subscribers..64,511
Equivalent basic subscribers...57,506
Basic residential subscribers..52,187
Percent of saturation (2)..53.8%
Total pay TV subscriptions...50,911
Residential pay TV subscriptions.....................................48,087
Percent of residential pay TV penetration (3)........................ 92.1%
Equivalent CPS subscribers...52,042
Percent of CPS penetration to basic (4)..............................90.5%
Average monthly revenue per basic subscriber (5).....................$41.60

- ------------

1 All statistics are approximate.
2 Equivalent basic subscribers divided by homes passed.
3 Residential pay TV subscriptions divided by residential basic subscribers.
4 Equivalent CPS subscribers divided by equivalent basic subscribers.
5 Total subscriber revenue for the quarter ended June 30, 1996 divided by average total basic subscribers.

- ------------

As of the Record Date the programming services offered to subscribers of the Prime Alaska Systems differ by system. Each system offers a basic service. In addition, Anchorage and Bethel offer a CPS. An NPT is only offered in the Anchorage cable system. The composition and rates of the levels of service vary between the systems. Anchorage cable system offers a basic service that includes the 18-channel basic service for $14.32 per month, including the wire maintenance charge of $.82 per month. The converter rental fee is $2.75 per month. The Anchorage cable system offers a CPS which includes 26 channels at an additional cost of $16.42 per month. For an additional $2.50 per month, subscribers may also receive the six channel NPT service which includes TNT, CNN, Discovery, America's Talking, Outdoor Life and the Sci-/Fi Channel. Individual pay TV service fees range from $8.50 to $10.50 per month, and pay TV packages range from $17.95 to $26.95 per month. The Bethel cable system offers a basic service for $35.50 per month and a CPS of 13 channels for an additional cost of $13.50 per month. Pay TV services are priced between $9.00 and $10.50 per month. The basic service for the Kenai/Soldotna cable system consists of 32 channels for $30.61 per month, including the wire maintenance fee of $.87 per month. The rental fee for converter boxes is $1.43 per month. Pay TV services are available either individually or as part of a value package. Individual TV channels start at $8.50 per month, and pay TV packages range from $17.97 to $26.95 per month.

As of the Record Date, commercial subscribers such as hospitals, hotels and motels were charged negotiated monthly service fees. Apartment and other multi-unit dwelling complexes could receive basic services at a negotiated bulk rate.

The franchise or governmental authorizations held by Prime to operate the Prime Systems in all areas except two military bases are granted by the APUC (see within this section "--Regulatory Developments, Competition and Legislation/Regulation - Legislation/Regulation - Regulation by the Alaska Public Utilities Commission"), and have no expiration date. The commanding officer acts as the regulatory authority for the corresponding franchises at Fort Richardson and Elmendorf Air Force Base, the two military bases served by Prime. The ten year franchise for these bases expires September 30, 2000. None of the franchises require Prime or its customers to pay a franchise fee.

As of the Record Date, Prime had approximately 120 employees.

<TABLE>

The table below sets forth a summary of homes passed and equivalent basic subscriber information for Prime's domestic cable communications systems as of December 31 of each of the following five years.

Selected Historical Information
For Prime

<CAPTION>

	As of December 31,				
	1995	1994	1993	1992	1991
<S>	<C>	<C>	<C>	<C>	<C>
Homes passed.........................	106,300	106,200	104,500	103,100	102,000
Equivalent basic subscribers..........	58,169	56,266	52,555	49,846	46,797

</TABLE>

Pending Litigation. As of the Record Date, Prime was a defendant in one lawsuit alleging damages as a result of alleged violations of discrimination laws protecting individuals with disabilities and Prime's employment policies, and in another lawsuit alleging wrongful termination of employment by Prime.

Prime believes that it has adequate reserves to cover any liability that might result from the above lawsuits or that any such liability is not material to Prime. Prime is a defendant in several lawsuits alleging personal injuries and property damage as a result of Prime's alleged negligence. Prime believes that it has adequate insurance coverage for any liabilities and costs that it may incur as a result of those lawsuits. While the ultimate results of these matters cannot be predicted with certainty, management does not expect them to have a material adverse effect on the financial position or results of operations of Prime. Therefore, no provision for liability has been made in the financial statements. See, "INDEX TO FINANCIAL STATEMENTS: Historical Financial Statements--Prime."

Regulations and Environmental Matters. Substantive regulatory matters involving Prime are discussed elsewhere in this Proxy Statement/Prospectus. See, "CERTAIN INFORMATION REGARDING THE CABLE COMPANIES: Regulatory Developments, Competition and Legislation/Regulation."

As of the Record Date, Prime did not believe it would be exposed to any regulatory challenges or refund liability in any of its operations of the Prime Alaska Systems relating to rates. As of the Record Date, Prime believed it was clear that neither the local franchising authority nor the FCC had expressed significant interest in altering Prime's rates. Therefore, management of Prime has concluded exposure of Prime to any regulatory liability, as it relates to rate roll-backs and refunds, seems minimal. Moreover, management of Prime has concluded that as a result of recent FCC opinions, including adopting final cost of service rules, it is likely that the FCC will sustain Prime's cost of service justifications.

In the course of operating the Prime Alaska Systems, Prime has used various materials defined as hazardous by applicable governmental regulations. These materials have been used for insect repellant, locate paint and pole treatment, and as heating fuel, transformer oil, cable cleaner, batteries, and in various other ways in the operation of those systems. As of the Record Date, management of Prime did not believe that these materials, when used in accordance with manufacturer instructions, posed an unreasonable hazard to those who used them or to the environment.

Tax Matters. Prime has received a notice from the Internal Revenue Service that Prime's 1993 and 1994 federal income tax returns will be audited as part of a coordinated examination of all the Prime entities. The audit commenced on April 22, 1996, and Prime has been informed by the Internal Revenue Service that the audit is scheduled to last up to two years. There were no developments in connection with the audit as of the Record Date, inasmuch as the audit was in the preliminary stages. Management of Prime does not anticipate that any adjustments will result from this examination.

Accounting Matters. Prime has retained Ernst & Young LLP, with offices in Austin, Texas, as its independent certified public accountants for the fiscal years ended December 31, 1995 and 1994. Prime previously had retained Coopers & Lybrand L.L.P., with offices in Austin, Texas, as the independent certified public accountants for the fiscal year ended December 31, 1993. The change of accountants was amicable, and there were no disagreements as to financial disclosure or accounting practices. It is anticipated that Prime General Partner will appoint Ernst & Young LLP as Prime's independent, certified public accountants for the fiscal year ending December 31, 1996.

Alaskan Cable.

Organizational Structure. Alaskan Cable is comprised of three Alaska corporations as follows: (1) Alaska Cable Network/Fairbanks, Inc. ("Alaska Cable/Fairbanks"), incorporated in April, 1979; (2) Alaskan Cable Network/Juneau, Inc. ("Alaska Cable/Juneau"), incorporated in July, 1965; and (3) Alaskan Cable Network/Ketchikan-Sitka, Inc. ("Alaska Cable/Ketchikan"), incorporated in February, 1980. The executive offices for each of these corporations are located at Kent Farms, Middleburg, Virginia 20117 and their joint telephone number is (540) 687-4000. See, "ACQUISITION PLAN: Interests of Certain Persons in the Acquisition Plan--Alaskan Cable Security Ownership and Officer/Director Relationships."

Alaskan Cable/Fairbanks was incorporated for the purpose of acquiring, owning, and operating a cable communication system serving Fairbanks, Alaska. As of the Record Date it served in addition Fort Wainwright and Eielson Air Force Base in the Fairbanks area. Alaskan Cable/Juneau was incorporated for the purpose of acquiring, owning, and operating a cable communication system serving Juneau, Alaska. Alaskan Cable/Ketchikan was incorporated for the purpose of acquiring, owning, and operating a cable communication system serving Ketchikan and Sitka, Alaska. All three corporations were as of the Record Date in good standing under the Alaska Corporations Code, meaning that they each were current on filings of biennial report and payment of corporation taxes under that code.

Organizational Structure
of Alaskan Cable

Alaskan Cable Companies: Comprised of three corporations

* Alaskan Cable/Fairbanks
    * Alaskan Cable Network, Inc. - Sole shareholder

* Alaskan Cable/Juneau
    * Alaska Cable Network/Juneau Holdings, Inc. - Sole shareholder

* Alaskan Cable/Ketchikan
    * Jack Kent Cooke Incorporated - Sole shareholder

Business Structure. As of the Record Date, the three corporations comprising Alaskan Cable were each the only cable communication operator in its respective service area. As of the Record Date, the Alaskan Cable/Fairbanks system consisted of an aggregate of approximately 207 miles of cable plant passing approximately 21,456 homes, and provided a channel load of 35 channels and no institutional channels. As of that date, the Alaskan Cable/Juneau system consisted of an aggregate of approximately 146 miles of cable plant passing approximately 11,673 homes, and provided a channel load of 61 channels and no institutional channels. As of the Record Date, the Alaskan Cable/Ketchikan system consisted of an aggregate of approximately 111 miles of cable plant passing approximately 9,591 homes, and provided a channel load of 61 channels and no institutional channels.

As of the Record Date, of the Alaskan Cable cable systems, the Alaska Cable/Fairbanks system was fully addressable and the Alaskan Cable/Juneau and Alaskan Cable/Ketchikan systems were partially addressable. An addressable system is one that is able to perform subscriber tasks on-line such as start-ups and disconnects and is able to offer movies and special events on-line that would otherwise require a manual change to the converter boxes provided to subscribers. The partially addressable systems are limited to computer controlled special events.
<TABLE>
The following table sets forth selected information regarding the cable systems for each of the corporations comprising Alaskan Cable as of June 30, 1996.

Selected Data
on Alaskan Cable Systems (1)

<CAPTION>

<S>	Alaskan Cable Fairbanks <C>	Alaskan Cable/Juneau <C>	Alaskan Cable/Ketchikan <C>
Homes passed........................	21,456	11,673	9,591
Total basic subscribers.............	11,811	9,611	7,641
Equivalent basic subscribers.........	2,787	1,594	963
Basic residential subscribers........	9,024	8,017	6,678
Percent of saturation (2)...........	55%	82%	80%
Total pay TV subscriptions..........	6,746	5,102	199
Residential pay TV subscriptions.....	5,633	4,513	2,307
Percent of residential pay TV penetration (3)....................	62%	56%	35%
Equivalent CPS Subscribers..........	8,290	---	---
Equivalent Tier 1..........	---	2,924	6,047
Equivalent Tier 2..........	---	6,166	904 (5)
Percent of CPS penetration to basic (4)	70%	---	---
Tier 1 penetration to basic.	---	30%	79%
Tier 2 penetration to basic.	---	64%	12%
Average monthly revenue per basic subscriber (6)......................	$ 41.82	43.21	39.22

<FN>
- ------------

1 All statistics are approximate.
2 Equivalent basic subscribers divided by homes passed.
3 Residential pay TV subscriptions divided by Residential basic subscribers.
4 Equivalent CPS subscribers divided by equivalent basic subscribers.
5 Ketchikan only.
6 Total subscriber revenue for the quarter ended June 30, 1996 divided by average total basic subscribers.
- ------------
</FN>
</TABLE>

The programming services currently offered to subscribers to each of

the three corporations comprising Alaskan Cable cable services are structured so that each cable system offers a basic service and a CPS. Each of the three cable systems has different basic service packages at different rates.

As of the Record Date, Alaskan Cable/Fairbanks cable system offered a CPS that included 12 channels and no pay-per-view service for $10.64 per month (average monthly rate). The cable system "satellite service" included the limited service options plus 24 additional channels for a total cost of $39.81 per month. Individual pay TV service fees ranged from $8.95 to $12.00 per month, and pay TV packages ranged from $18.95 to $34.95 per month.

As of the Record Date, the Alaskan Cable/Juneau cable system offered an 11-channel basic service package for $14.16 per month. The system offered a CPS Tier 1 that included the basic service plus an additional 4 channels for a total rate of $19.35 per month. The system also offered a CPS Tier 2 which consisted of the basic service plus an additional 34 channels for a total rate of $48.51 per month. Pay TV services were priced between $2.95 and $10.25 per month.

As of the Record Date, the Alaskan Cable/Ketchikan cable system for Ketchikan offered an 8-channel basic service for $10.85 per month. The system offered a CPS Tier 1 which consisted of the basic service plus 33 additional channels for a total rate of $37.35 per month. The system also offered a CPS Tier 2 which consisted of the basic service, the CPS Tier 1 and an additional 4 channels for a total rate of $46.97 per month. The Alaskan Cable/Ketchikan cable system in Sitka offered an 8 channel basic service for $8.23 per month. The system's expanded basic service included the basic service plus 38 additional channels for a total rate of $40.73 per month. Both systems offer pay TV that range form $10.00 to $12.00 per month.

The franchises or governmental authorizations held by each of the three corporations comprising Alaskan Cable to operate their perspective cable systems in all areas except the two military bases are granted by the APUC (see within this section "--Regulatory Developments, Competition, and Legislation/Regulation - - Legislation/Regulation - Regulation by the Alaska Public Utilities Commission") and have no expiration date. The commanding officer acts as the regulatory authority for the corresponding franchises at Fort Wainwright and Eielson Air Force Base, the two military bases served by Alaskan Cable/Fairbanks. The separate 10 year franchises for these two bases expire on June 30, 2001, and November 30, 1999, respectively. None of the franchises require Alaskan Cable or its customers to pay a franchise fee.

As of the Record Date, the three corporations had the following number of employees: (1) Alaskan Cable/Fairbanks -- approximately 28; (2) Alaskan Cable/Juneau -- approximately 19; and (3) Alaskan Cable/Ketchikan -- approximately 12.

The following table sets forth a summary of homes passed and equivalent basic subscriber information for each of the three corporations comprising Alaskan Cable domestic cable communication systems as of December 31 of each of the following four years.

<TABLE>

Selected Historical Information
For Alaskan Cable

	As of December 31,				
	1995	1994	1993	1992	1991 (1)
<S>	<C>	<C>	<C>	<C>	<C>
Alaskan Cable/Fairbanks:					
Homes passed......................	21,192	21,244	20,880	20,268	---
Equivalent basic subscribers......	11,264	11,690	11,575	11,043	---
Alaskan Cable/Juneau:					
Homes passed......................	11,517	11,243	11,008	10,829	---
Equivalent basic subscribers......	9,262	8,978	8,571	8,450	---
Alaskan Cable/Ketchikan:					
Home passed.......................	9,617	7,975	8,020	7,996	---
Equivalent basic subscribers......	7,668	7,652	7,489	7,850	---

<FN>
- -----------------

1 Information not available.
- -----------------
</FN>
</TABLE>

Pending Litigation. As of the Record Date, Alaskan Cable was involved in a lawsuit involving Alaskan Cable/Juneau over injuries sustained by an individual as a result of being struck by one of the corporation's vehicles on June 9, 1992. Alaskan Cable believes that liability,if any, for the incident is covered by its insurance carrier. The case has not been to court, however, as of the Record Date, depositions were underway. On or about August 12, 1996, a complaint was served on Alaskan Cable where the plaintiff is a former customer and is the debtor in a Chapter 7 bankruptcy case. The plaintiff alleges that after notification of the filing of the Chapter 7 bankruptcy, Alaskan Cable continued to demand payment of sums owed by plaintiff to Alaskan Cable and discontinued service to the plaintiff, all in violation of the automatic stay imposed under the federal bankruptcy laws. The plaintiff seeks damages in the amount of $5,000.00, plus costs and attorneys' fees. While as of the Record Date the lawsuit was in the early stages of litigation, Alaskan Cable believed the case was without merit and did not present a material risk of loss to it. The State of Alaska has assessed additional taxes against Alaskan Cable for its operations in Alaska for the year ended December 31, 1990 in the amount of $102,000 plus penalties and interest through June 30, 1994 of $161,173, for a total of $263,173. The state's claim is based upon the federal alternative minimum tax paid Jack Kent Cooke Incorporated Consolidated Group for the 1990 tax year even though none of the federal alternative minimum tax was attributable to the Alaskan operations of Alaskan Cable. Alaskan Cable through its accountants and tax counsel believes the state's position is entirely without merit. Therefore, Alaskan Cable believes it is unlikely that the state will prevail. Alaskan Cable has not paid nor does it anticipate paying the assessment, and, as of the Record Date, the case was on appeal.

Accounting Matters. Each of the three corporations comprising Alaskan Cable retained Ernst & Young LLP, with offices in Woodland Hills, California as its independent certified public accountants for them during the fiscal year ended December 31, 1995.

Alaska Cablevision.

Organizational Structure. Alaska Cablevision, Inc. is a Delaware corporation ("Alaska Cablevision"), was formed in February, 1980. Its executive offices are located at 135 Lake Street South, Suite 265, Kirkland, Washington 98033, and its telephone number is (206) 822-0252.

Alaska Cablevision, McCaw/Rock Homer, and McCaw/Rock Seward were, as of the Record Date, all managed by Rock Associates, Inc., a Nevada corporation, pursuant to separate management agreements with each of the companies. There are a number of common owners of the three companies, but no one has a controlling interest in two or more of these entities. The stock of Rock Associates, Inc. is owned by four individuals, three of whom are also shareholders in Alaska Cablevision, and the fourth has a beneficial interest in Alaska Cablevision. No one person has controlling interest in Rock Associates, Inc.

As of the Record Date, Alaska Cablevision owned and operated the cable television systems in Kodiak, Valdez, Cordova, Petersburg, Wrangell, Kotzebue, and Nome, Alaska.

Business Structure. As of the Record Date, each of the seven Alaska Cablevision cable systems was operated as a separate system, and a separate customer office was maintained in each of the seven communities served by those systems. The signal for all cable channels, with the exception of local origination programming and a local Public Broadcasting Station in Kodiak, were received via satellite. Broadcast network stations (ABC, NBC, CBS and PBS) were either imported from West Coast cities or were Alaska stations delivered via satellite. The following table sets forth selected information regarding the Alaska Cablevision cable systems as of June 30, 1996.

Selected Data on Alaska Cablevision Systems (1)

Homes passed	11,010
Total basic subscribers	9,075
Equivalent basic subscribers	7,991
Basic residential subscribers	7,537
Percent of saturation (2)	72.6%
Total pay TV subscriptions	8,478
Residential pay TV subscriptions	7,655
Percent of residential pay TV penetration (3)	101.6%
Equivalent CPS Tier 1 subscribers	7,455
Percent of CPS Tier 1 penetration to basic (4)	93.3%
Equivalent CPS Tier 2 subscribers	4,936
Percent of CPS Tier 2 penetration to basic (4)	61.8%
Average monthly revenue per basic subscriber (5)	$51.93

- ------------

1 All statistics are approximate.
2 Equivalent basic subscribers divided by homes passed.
3 Residential pay TV subscriptions divided by Residential basic subscribers.
4 Equivalent CPS subscribers divided by equivalent basic subscribers.
5 Total subscriber revenue for the quarter ended June 30, 1996 divided by average total basic subscribers.

- ------------

As of the Record Date, the Alaska Cablevision cable systems offered up to 30 channels of the most popular basic cable channels, as well as the major broadcast networks, packaged into three levels of service. The basic service consisted of three channels, one of which was a PBS channel, and was priced between $6.00 and $7.00 per month. The CPS Tier 1 (which included the basic service) had either 24 or 25 channels and was priced between $39.56 and $43.06 per month. The CPS Tier 2 had between

8 and 14 cable channels and was priced between $12.40 and $16.03 per month in addition to the CPS Tier 1. In addition, each system offered 4 or 5 channels of premium pay services, except for Kodiak which offered 8 channels of premium pay services and 3 channels of pay-per-view programming. In 1994, the Kodiak cable system was rebuilt to allow added channel capacity. At that time, addressability was added to the system in order to add the 3 channels of pay-per-view movies.

As of the Record Date Alaska Cablevision employed approximately 50 persons, and each cable system operated by it had at least one technical and one customer service person.

<TABLE>

The table below sets forth a summary of homes passed and equivalent basic subscriber information for Alaska Cablevision's domestic cable systems as of December 31 for each year in the five-year period ended December 31, 1995:

Selected Historical Information
For Alaska Cablevision

<CAPTION>

	As of December 31,				
	1995	1994	1993	1992	1991
<S>	<C>	<C>	<C>	<C>	<C>
Homes passed......................	10,860	10,616	10,237	10,208	10,077
Equivalent basic subscribers......	8,139	8,037	7,590	7,194	7,243

</TABLE>

Pending Litigation. As of the Record Date, there were no material or significant proceedings against Alaska Cablevision or the assets which are the subject of the Alaska Cablevision Purchase Agreement.

Accounting Matters. Alaska Cablevision retained Carl & Carlsen, with offices in Seattle, Washington as its independent certified public accountants during the fiscal year ended December 31, 1995.

McCaw/Rock Homer.

Organizational Structure. The McCaw/Rock Homer Cable System, J.V., an Alaska joint venture ("McCaw/Rock Homer") is a corporate joint venture owned 51% by Rock Associates, Inc. and 49% by McCaw Communications of Homer, Inc., a wholly-owned subsidiary of AT&T Corporation. Its executive offices are located at 135 Lake Street South, Suite 235, Kirkland, Washington 98033, and its telephone number is (206) 822-0252. The relationship between McCaw/Rock Homer, Alaska Cablevision and McCaw/Rock Seward is discussed elsewhere in this Proxy Statement/Prospectus. See, within this section "--Background and Description of Business - Alaska Cablevision-Business Structure."

On July 1, 1988 the joint venture was granted a certificate by the APUC to build and operate a cable system in Homer, Alaska.

Business Structure. The following table sets forth selected information regarding the McCaw/Rock Homer cable systems as of June 30, 1996:

Selected Data
on McCaw/Rock Homer Systems (1)

Homes passed...	1,635
Total basic subscribers..	958
Equivalent basic subscribers...	876
Basic residential subscribers..	801
Percent of saturation (2)..	53.6%
Total pay TV subscriptions...	247
Residential pay TV subscriptions.......................................	237
Percent of residential pay TV penetration (3)..........................	29.6%
Equivalent CPS (cable programming service) subscribers.................	815
Percent of CPS penetration to basic (4)................................	93.1%
Average monthly revenue per basic subscriber (5).......................	$42.82

- ------------

1 All statistics are approximate.
2 Equivalent basic subscribers divided by homes passed.
3 Residential pay TV subscriptions divided by Residential basic subscribers.
4 Equivalent CPS subscribers divided by equivalent basic subscribers.
5 Total subscriber revenue for the quarter ended June 30, 1996 divided by

average total basic subscribers.
- ------------

As of the Record Date, the McCaw/Rock Homer cable system offered 36 cable channels packaged into two levels of service. The basic service consisted of 7 channels, including the local translator channels and was priced at $11.50 per month. The CPS had 36 channels (including the basic service channels) and was priced at $39.01 per month. All of the channels, with the exception of three local translator channels and local origination programming were received via satellite. In addition there were five channels of premium pay services. The system was fully addressable using Jerrold addressable technology.

As of the Record Date, McCaw/Rock Homer employed three persons.

<TABLE>

The table below sets forth a summary of homes passed and equivalent basic subscriber information for McCaw/Rock Homer's domestic cable systems as of December 31 for each year in the five-year period ended December 31, 1995:

Selected Historical Information
On McCaw/Rock Homer

<CAPTION>

	As of December 31,				
	1995	1994	1993	1992	1991
<S>	<C>	<C>	<C>	<C>	<C>
Homes passed...........................	1,625	1,610	1,600	1,575	1,550
Equivalent basic subscribers...........	812	655	631	569	534

</TABLE>

Pending Litigation. As of the Record Date, there were no material or significant proceedings against McCaw/Rock Homer or the assets which are the subject of the McCaw/Rock Homer Purchase Agreement.

McCaw/Rock Seward.

Organizational Structure. McCaw/Rock Seward Cable System, J.V., an Alaska joint venture ("McCaw/Rock Seward") is a corporate joint venture owned 49% by Rock Associates, Inc. and 51% by McCaw Communications of Seward, Inc., a wholly-owned subsidiary of AT&T Corporation. Its executive offices are located at 135 Lake Street South, Suite 265, Kirkland, Washington 98033, and its telephone number is (206) 822-0252. The relationship between McCaw/Rock Seward, Alaska Cablevision and McCaw/Rock Homer is discussed elsewhere in this Proxy Statement/Prospectus. See within this section "--Background and Description of Business-Alaska Cablevision - Business Structure."

On November 26, 1986 the joint venture was granted a certificate by the APUC to build and operate a cable system in Seward, Alaska.

Business Structure. The following table sets forth selected information regarding the McCaw/Rock Seward cable systems as of June 30, 1996:

Selected Data on McCaw/Rock Seward (1)

Homes passed..	1,643
Total basic subscribers...	1,713
Equivalent basic subscribers..	1,273
Basic residential subscribers...	1,021
Percent of saturation (2)...	77.5%
Total pay TV subscriptions..	535
Residential pay TV subscriptions......................................	448
Percent of residential pay TV penetration (3).........................	43.9%
Equivalent CPS subscribers..	1,210
Percent of CPS penetration to basic (4)...............................	95.1%
Average monthly revenue per basic subscriber (5)......................	$32.33

- ------------

1 All statistics are approximate.
2 Equivalent basic subscribers divided by homes passed.
3 Residential pay TV subscriptions divided by Residential basic subscribers.
4 Equivalent CPS subscribers divided by equivalent basic subscribers.
5 Total subscriber revenue for the quarter ended June 30, 1996 divided by average total basic subscribers.
- ------------

As of the Record Date the cable systems offered 39 channels packaged into two levels of service. The basic service consisted of 3 channels, one of which was a PBS channel, and was priced at $4.50 per month. The CPS had 30 channels (including the basic service) and was priced at $38.26 per month. All of the channels, with the exception of local origination programming, were received via satellite. In addition there were five channels of premium pay services. The system is fully addressable using Jerrold addressable technology.

In addition, the system provides 12 channels to 300 outlets in a State of Alaska correction facility through a separate receive and headend site.

As of the Record Date, McCaw/Rock Seward employed three persons.

<TABLE>

The table below sets forth a summary of homes passed and cable subscriber information for McCaw/Rock Seward's domestic cable systems as of December 31 for each year in the five-year period ended December 31, 1995.

Selected Historical Information
On McCaw/Rock Seward

<CAPTION>

	December 31,				
	1995	1994	1993	1992	1991
<S>	<C>	<C>	<C>	<C>	<C>
Homes passed......................	1,636	1,630	1,629	1,551	1,529
Equivalent basic subscribers......	1,214	1,157	1,126	1,087	1,069

</TABLE>

Pending Litigation. As of the Record Date, there were no material or significant proceedings against McCaw/Rock Seward or the assets which are the subject of the McCaw/Rock Seward Purchase Agreement.

Market Price of and Dividends of Cable Companies

Market Information. All of the Cable Companies are privately held. There is no established public trading market for their securities. See, "SUMMARY: Comparative Market Price Data."

Holders. As of the Record Date, the approximate number of holders of each class of common equity for Prime and Alaskan Cable was as set forth elsewhere in this Proxy Statement/Prospectus. See, "SUMMARY: Holders."

Dividends. For the years ended December 31, 1995, 1994 and 1993, the three corporations comprising Alaskan Cable paid cash dividends aggregating $18.2 Million, $0.1 Million and $0.1 Million, respectively. For 1994 and 1993, these cash dividends represent the payment by the corporations comprising Alaskan Cable of certain expenses on behalf of its respective shareholder. These payments were treated as cash dividends. No cash dividends were paid by the three corporations comprising Alaskan Cable during the six months ended June 30, 1996. During those periods Prime had no net profits and made no cash distributions to its security holders. Furthermore, under Prime's bank loan agreement, it was precluded from making cash distributions to its security holders. Alaska Cablevision, as an S-corporation under the Code, has paid cash dividends to its shareholders to compensate for income taxes owed. It also has paid cash dividends based upon a fixed charge coverage ratio test, i.e., dividends were paid when operating income exceeded fixed charges (including debt service and capital expenditures) by 5% of the operating income. Alaska Cablevision paid such dividends in each of the years 1995, 1994, and 1993 and during each of the quarters ended March 31 and June 30, 1996. See, "INDEX TO FINANCIAL STATEMENTS: Historical Financial Statements."

Selected and Supplementary Financial Data for Certain Cable Companies

Tables setting forth selected and supplementary financial data for each of Prime, Alaskan Cable and Alaska Cablevision (1) as of June 30, 1996 and as of December 31 for each of the years in the five-year period ended December 31, 1995, and (2) for the six-month periods ended June 30, 1996 and 1995 and for each of the years in the five-year period ended December 31, 1995 are set forth elsewhere in this Proxy Statement/Prospectus. See, "SUMMARY: Selected Historical Financial and Pro Forma Data and Certain Per Share Data--Prime, Alaskan Cable, and Alaska Cablevision." These data, insofar as they relate to each of the years 1993 through 1995, have been derived from the annual audited financial statements for each of the Cable Companies and notes to them appearing elsewhere in this Proxy Statement/Prospectus. The data as of and for the years ended December 31, 1991, 1992, and 1993 and for the years ended December 31, 1991 and 1992 have been derived from the unaudited financial statements for these Cable Companies. The data for the six-month periods ended June 30, 1996 and 1995 have been derived from the unaudited financial statements also appearing elsewhere in this Proxy Sta-

tement/Prospectus and, which, in the opinion of management, includes all adjustments, consisting only of normal recurring adjustments, necessary for the fair statement of the results for the unaudited period. The information contained in those tables is qualified in its entirety by, and should be read in conjunction with, the accompanying financial statements and notes to them for the Cable Companies and the Company. See, "INDEX TO FINANCIAL STATEMENTS."

Management's Discussion and Analysis of Financial Condition and Results of Operation for Certain Cable Companies

General. A discussion and analysis of financial condition and results of operations is set forth below for each year in the three-year period ended December 31, 1995 and for the three- and six-month periods ended June 30, 1996 and 1995 for each of Prime, Alaskan Cable and Alaska Cablevision and is prepared by the respective management of each of those Cable Companies.

This Proxy Statement/Prospectus, including this section (Management's Discussion and Analysis of Financial Condition and Results of Operation for Cable Companies) and documents incorporated by reference into the Proxy Statement/Prospectus, contains forward looking statements regarding the Company's and the Cable Companies' future performance that involve certain risks including those discussed in this Proxy Statement/Prospectus. See, "RISK FACTORS: Risks of the Businesses in Which the Company Will Be Engaged." Future results of the Company with or without the consummation of the Acquisition Plan may differ materially from any forward looking statement due to such risks.

Prime-Introduction. Prime management's discussion of the financial condition of Prime must be addressed in the context of regulatory changes in the form of the 1996 Telecom Act, the 1992 Cable Act, and the Communications Act discussed elsewhere in this Proxy Statement/Prospectus. See, "CERTAIN INFORMATION REGARDING THE CABLE COMPANIES: Regulatory Developments, Competition and Legislation/Regulation."

The 1996 Telecom Act substantially changed the competitive and regulatory environment for telecommunications providers by significantly amending the Communications Act including certain of the rate regulation provisions previously imposed by the 1992 Cable Act. Compliance with the rate regulation provisions of the 1992 Cable Act has had a negative impact on Prime's revenues and cash flow. Prime implemented various subscriber service and rate changes effective September 1, 1993. These changes resulted in a reduction of total monthly revenue of approximately 6%.

Prime believes that recent policy decisions by the FCC will permit it to increase regulated service rates in the future in response to specified historical and anticipated future cost increases, although certain costs may continue to rise at a rate in excess of that which Prime will be permitted to pass on to its customers. The 1996 Telecom Act provides that rate regulation of the cable programming service tier will be phased out altogether in 1999. Further, the regulatory environment will continue to change pending, among other things, the outcome of legal challenges and FCC rulemaking and enforcement activity in respect of the 1992 Cable Act and the completion of a significant number of FCC rulemakings under the 1996 Telecom Act. There can be no assurance as to what, if any, future action may be taken by the FCC, Congress or any other regulatory authority or court, or the effect thereof on Prime's business. Accordingly, Prime's historic financial results as described below are not necessarily indicative of future performance.

In May 1996, the partners of Prime executed the Prime Proposed Transaction. Under the terms of the transaction, the non-corporate partners will sell their partnership interests and the shareholders of the corporate partners will exchange their corporate shares, all for a total consideration of the Prime

Company Shares. The transaction is expected to close in the fourth quarter of 1996 following required regulatory approvals.

Prime-For Each Year in the Three-Year Period Ended December 31, 1995.

Overview. As of December 31, 1995, the Prime Alaska Systems passed more than 106,000 homes and served more than 53,000 residential subscribers and 12,000 non-standard residential and business connections, including individual dwelling units in apartment complexes and hotels which are billed under bulk billing arrangements. Prime had approximately 63,000 subscriptions to premium service units.

Liquidity and Capital Resources. Cash provided by operating activities decreased $913,000 to $7.54 million for the year ended December 31, 1995 compared to the corresponding period of 1994 resulting primarily from increases in interest expense. Cash provided by operating activities increased $395,000 to $8.45 million for the year ended December 31, 1994 compared to the corresponding period of 1993. The increases resulted primarily from increases in sales of premium services, pay-per-view, equipment rentals and advertising, as well as an increase in trade payables and accruals.

Cash used in investing activities increased $920,000 to $4,930,000 for the year ended December 31, 1995 compared to the corresponding period of 1994, primarily due to expenditures related to plant upgrades in 1995. Cash used in investing activities increased $1.21 million to $4.01 million for the year ended December 31, 1994 compared to the corresponding period of 1993, primarily from increased capital expenditures related to purchases of addressable converters.

Cash used in financing activities decreased from $4.98 million to $1.5 million for the year ended December 31, 1995 compared to the corresponding period of 1994 related primarily to reduced debt repayment in 1995 as compared to 1994. Cash used in financing activities increased from $3.79 million to $4.98 million for the year ended December 31, 1994 compared to the corresponding period of 1993 related primarily to increased debt repayment in 1994 as compared to 1993.

Except for its working capital requirements, Prime's cash needs will depend on management's investment decisions. Investment considerations include (1) whether further capital contributions will be made, (2) whether Prime can obtain debt financing, (3) whether Prime is able to generate positive operating cash flow, and (4) the timing of the build-out or upgrades of Prime's systems.

Historically, Prime has financed its ongoing cash requirements through borrowings under existing credit facilities and agreements.

Prime's primary need for capital has been to finance plant extensions, rebuilds and upgrades and to add addressable converters to certain cable systems. Prime spent $4,990,000 during 1995 on capital expenditures and currently intends to spend approximately $4,620,000 in 1996 for capital expenditures, including $820,000 to extend its service areas. Prime's ability to fund these capital expenditures will continue to be dependent on its ability to remain in compliance with the financial covenants contained in its new bank credit agreement ("Bank Credit Agreement") of which there can be no assurance.

On March 7, 1996, Prime consummated the Bank Credit Agreement using the proceeds to pay off all amounts outstanding under the previous bank credit agreement and subordinated notes. Prime has up to $125 million available under the commitment in the new loan agreement, with available borrowing levels based on debt to operating cash flow ratios as specified in the loan agreement. Borrowings bear interest at the bank's prime rate plus 2%. At Prime's option, all or a specified portion of the indebtedness may be fixed for periods ranging from one month to one year based on Eurodollar rates plus 3%. The interest rates under the Bank Credit Agreement are subject to reductions of up to 1.75% per annum if

certain financial tests are met. While Prime may elect to reduce amounts due and available under the Bank Credit Agreement through prepayments of not less than $1 million, a mandatory prepayment is required each May, beginning May, 1999, if, for the prior year ended December 31, Prime's operating cash flow (as defined in Note 6 of the 1995 audited financial statements for Prime, see, "INDEX TO FINANCIAL STATEMENTS") exceeds payments made for cash interest expense and capital expenditures among other items. Mandatory principal payments may be required in the event of other defined occurrences.

Prime's ability to meet its long-term liquidity and capital requirements is contingent upon its ability to obtain external financing and generate positive operating cash flow. There can be no assurance that any such financing will be available on acceptable terms and conditions.

Results of Operations. Revenues totaled $32.6 million, $30.6 million and $29.1 million during the years ended December 31, 1995, 1994 and 1993, respectively. The 6.5% growth in 1995 as compared to 1994 and the 5.2% growth in 1994 as compared to 1993 resulted primarily from increases in the number of subscribers, primarily as a result of additional homes passed and increases in the number of subscriptions for services. Approximately $356,000 of the growth in 1995 revenues was due to increases in regulated service rates implemented in January, 1995. No rate increases were implemented during 1994. Average revenue per account was approximately $482, $479 and $489 in 1995, 1994 and 1993, respectively, representing an increase (decrease) of approximately 0.6%, (2.0%) and (1.4%), respectively. Revenues were primarily generated from subscription fees, installation charges, and subscriber cable equipment rentals.

Cable television system expenses, representing costs directly attributable to providing cable services to customers, increased 9.1% in 1995 as compared to 1994 and increased 8.0% in 1994 as compared to 1993. The increases result from increased business activity resulting from the growth in the number of subscribers and increased programming costs.

Prime pays management fees plus associated reimbursable expenses under the present Prime management agreement with its manager, PIIM. The management fee is based on a percentage of gross revenues (presently 5%). Management fees and reimbursable expenses for the years ended December 31, 1995, 1994 and 1993 were $1.7 million, $1.7 million, and $1.5 million, respectively. Payment of management fees will be deferred during most of 1996 as required by the Bank Credit Agreement.

Operating income before depreciation and amortization ("EBITDA") as a percentage of revenues decreased from 45.7% to 45.0% during the year ended December 31, 1995 compared to the corresponding period of 1994. The decrease was primarily caused by an increase in cable television system expenses that on a percentage basis exceeded the corresponding increase in revenues. EBITDA as a percentage of revenues decreased from 47.2% to 45.7% during the year ended December 31, 1994 compared to the corresponding period of 1993. The decrease was primarily caused by an increase in cable television system expenses that on a percentage basis exceeded the corresponding increase in revenues as affected by the approximate 6% rate reduction previously described. EBIDTA is an acronym representing earnings before interest, taxes, depreciation and amortization. EBITDA, a measure of a company's ability to generate cash flows, should be considered in addition to, but not as a substitute for, or superior to, other measures of financial performance reported in accordance with generally accepted accounting principles. EBIDTA, also known as operating cash flow, is often used by analysts when evaluating companies in the cable television industry.

Depreciation and amortization expense was $16.5 million, $16.9 million and $17.3 million for the years ended December 31, 1995, 1994 and 1993, respectively. The 1995 decrease as compared to 1994

and the 1994 decrease as compared to 1993 resulted from certain tangible and intangible assets becoming fully amortized.

Loss from operations decreased to $1.8 million from $3.0 million in 1995 as compared to 1994, and decreased to $3.0 million from $3.5 million in 1994 as compared to 1993. The 1995 decrease was due primarily to increased revenues of $1,995,000 and a decrease of $457,000 in depreciation and amortization expense, offset by an increase in cable television system expenses of $1,353,000. The 1994 decrease was due primarily to increased revenues of $1,498,000 and a decrease of $317,000 in depreciation and amortization expense, offset by an increase in cable television system expenses of $1,099,000.

Interest expense was $15.0 million, $9.0 million and $8.0 million for the years ended December 31, 1995, 1994 and 1993, respectively. The increases, except for that described below, were primarily attributable to increases in interest rates throughout most of the three-year period and amortization of additional deferred loan costs related to amendments of Prime's prior agreement. Approximately $4.4 million of the 1995 increase results from accrual of the December 31, 1995 profit participation amount (equity participation interest) as further described in Note 7 to Prime's accompanying December 31, 1995 financial statements. See, "INDEX TO FINANCIAL STATEMENTS."

Prime, as a partnership entity, pays no income taxes, although it is required to file federal and state income tax returns for informational purposes only. All income or loss "flows through" to the individual partners in the manner specified in the Prime Partnership Agreement.

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 Instruments" ("SFAS No. 119"). SFAS No. 119 requires disclosures regarding amount, nature and terms of derivative financial instruments, e.g., futures, forwards, swap and option contracts and other instruments with similar characteristics. Prime had no derivative financial instruments as of December 31, 1995. Management does not expect to obtain derivative financial instruments in 1996. Accordingly, management does not expect that implementing SFAS 119 in 1996 will have an effect on Prime's financial statements.

In March 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of" ("SFAS No. 121"). This statement sets forth new standards for determining when long-lived assets are impaired and requires such impaired assets to be written down to fair value. Prime anticipates that the adoption of SFAS No. 121 in 1996 will not have a material effect on its financial statements.

Certain of Prime's expenses, such as those for wages and benefits, equipment repair and replacement, and billing and marketing generally increase with inflation. However, Prime does not believe that its financial results have been, or will be, adversely affected by inflation in a material way, provided that it is able to increase its service rates periodically, of which there can be no assurance.

Prime--For Three- and Six-Month Periods Ended June 30, 1996 and 1995.

Overview. As of June 30, 1996, the Prime Alaska Systems passed more than 107,000 homes and served more than 52,000 residential subscribers and 12,000 non-standard residential and business connections, including individual dwellings units in apartment complexes and hotels which are billed under bulk billing arrangements. Prime had approximately 51,000 subscriptions to premium service units.

Liquidity and Capital Resources. Cash provided by operating activities increased $1,804,000 for the six months ended June 30, 1996, compared to the corresponding period of 1995. The increase results primarily from a timing difference in the payment of interest expense, the deferral of payment of management fees and from increased revenues attributable to increased subscriber counts and a December 15, 1995 rate increase.

Cash used in investing activities decreased $578,000 to $2,189,000 for the six months ended June 30, 1996, compared to the corresponding period of 1995. The decrease results primarily from decreased capital expenditures related to improvements to the cable television system and decreases in the purchase of addressable converters.

Cash used in financing activities totaled $11,941,000 for the six months ended June 30, 1996 resulting from the repayment of current debt and previously outstanding debts and payments of deferred debt issuance costs in excess of the initial draw on the Bank Credit Agreement. The Bank Credit Agreement is described below.

Except for its working capital requirements, Prime's cash needs will depend on management's investment decisions. Investment considerations include (1) whether further capital contributions will be made, (2) whether Prime can obtain debt financing, (3) whether Prime is able to generate positive operating cash flow, and (4) the timing of the upgrade of Prime's systems. Historically, Prime has financed its ongoing requirements through borrowings under existing credit facilities and agreements.

Prime's primary need for capital has been to finance plant extensions, rebuilds and upgrades and to add addressable converters to certain cable systems. Prime spent $2,201,000 during the first six months of 1996 on capital expenditures and currently intends to spend approximately $4,620,000 in 1996 for capital expenditures, including $820,000 to extend its plant to new service areas. Prime's ability to fund these capital expenditures will continue to be dependent on its ability to remain in compliance with the financial covenants contained in the Bank Credit Agreement of which there can be no assurance.

The Bank Credit Agreement was consummated in March, 1996. Prime has up to $125 million available under the commitment in the new loan agreement, with available borrowing levels based on debt to operating cash flow ratios as specified in the loan agreement. Based on Prime's operating cash flow for the quarter ending June 30, 1996, Prime could have borrowed up to approximately $112.3 million without being in default at June 30, 1996. Borrowings bear interest at the bank's prime rate plus 2%.

Prime's ability to meet its long-term liquidity and capital requirements remained contingent upon its ability to obtain external financing and generate positive operating cash flow. There can be no assurance that any such financing will be available on acceptable terms and conditions.

Results of Operations. Revenues totaled $8.53 million and $17.28 million for the quarter and six months ended June 30, 1996, respectively and $8.05 million and $16.1 million for the quarter and six months ended June 30, 1995, respectively. The 6.0% growth in the quarter and the 7.3% growth for the six months result primarily from increases in the number of subscribers as a result of additional homes passed and increases in the number of subscriptions for services as well as a rate increase implemented effective December 15, 1995. Average revenue per account was approximately $125 and $253 for the quarter and six months ended June 30, 1996, respectively. Average revenue per account was approximately $121 and $244 for the quarter and six months ended June 30, 1995, respectively. This represents an increase of approximately 3.3% and 3.7% for quarter and six months ended June 30, 1996 compared to the corresponding periods of 1995. Revenues were primarily generated from subscription fees, installation charges, and subscriber cable equipment rentals.

Cable television system expenses, representing costs directly attributable to providing cable services to customers, increased 3.4% and 6.4% respectively for the quarter and six months ended June 30, 1996 compared to the corresponding periods of 1995. This resulted from increased business activity attributed to growth in the number of subscribers and increased programming costs.

Prime pays management fees plus associated reimbursable expenses under the present Prime management agreement with its manager, PIIM, as described in the previous section. Management fees and reimbursable expenses were $460,000 and $924,000 for the quarter and six months ended June 30, 1996, respectively. The management fees and reimbursable expenses were $410,000 and $817,000 for the quarter and six months ended June 30, 1995, respectively.

EBITDA, i.e., operating income before depreciation and amortization, as a percentage of revenues increased to 45.0% from 44.1% during the quarter ended June 30, 1996 compared to the corresponding period of 1995. EBITDA increased to 44.5% from 44.3% for the 6 months ended June 30, 1996 compared to the corresponding period of 1995. The increases were primarily caused by an increase in cable television system gross margin resulting from the December 15, 1995 rate increase to subscribers. EBIDTA is an acronym representing earnings before interest, taxes, depreciation and amortization. EBITDA, a measure of a company's ability to generate cash flows, should be considered in addition to, but not as a substitute for, or superior to, other measures of financial performance reported in accordance with generally accepted accounting principles. EBIDTA, also known as operating cash flow, is often used by analysts when evaluating companies in the cable television industry.

Depreciation and amortization expense was $4,298,000 and $8,410,000 for the quarter and six months ended June 30, 1996, respectively. Expense was $4,066,000 and $8,208,000 for the quarter and six months ended June 30, 1995, respectively. The increase results from additional purchases of property, plant and equipment.

Loss from operations decreased to $472,000 and $726,000 from $520,000 and $1,075,000 for the quarter and six months ended June 30, 1996 compared to the same period of 1995. The 1996 decrease was due primarily to increased gross margin due to the increase in revenues.

Interest expense totaled $2.26 million and $4.74 million for the quarter and six months ended June 30, 1996, respectively. Interest expense totaled $2.64 million and $5.35 million for the quarter and six months ended June 30, 1995, respectively. The 1996 decrease was primarily attributable to lower total borrowings and lower effective interest rates in 1996 compared to 1995.

Prime, as a partnership entity, pays no income taxes although it is required to file federal and state income tax returns for informational purposes only. All income or loss "flow through" to the individual partners in the manner specified in the partnership agreement.

Prime anticipates that the adoption of SFAS No. 119 (described in the previous section on Prime) will not have a material effect on its financial statements. Prime anticipated that the adoption of SFAS No. 121 (described in the previous section) will not have a material effect on its financial statements.

Certain of Prime's expenses, such as those for wages and benefits, equipment repair and replacement and billing and marketing generally increase with inflation. However, Prime does not believe that is financial results have been, or will be adversely affected by inflation in a material way, provided that is able to increase its service rates periodically, of which there can be no assurance.

Alaskan Cable-Introduction. Alaskan Cable management's discussion of the financial condition of Alaskan Cable must be addressed in the context of regulatory changes in the form of the 1996 Telecom

Act, the 1992 Cable Act, and the Communications Act discussed elsewhere in this Proxy Statement/Prospectus. See, within this section "--Prime-Introduction" and "CERTAIN INFORMATION REGARDING THE CABLE COMPANIES: Regulatory Developments, Competition and Legislation/Regulation." The 1996 Telecom Act substantially changed the competitive and regulatory environment for telecommunication providers by significantly amending the Communications Act, including certain of the rate regulation provisions previously imposed by the 1992 Cable Act. Compliance with the rate regulation provisions of the 1992 Cable Act has had a negative impact on Alaskan Cable's revenues and cash flow. Alaskan Cable implemented various subscriber service and rate changes effective September 1, 1993 which resulted in decreased monthly revenue. These rates were then readjusted on August 1, 1994. The 1994 rate changes resulted in an increase of total monthly revenue of approximately 5.9%.

Alaskan Cable believes that recent policy decisions by the FCC will permit it to increase regulated service rates in the future in response to specified historical and anticipated future cost increases, although certain costs may continue to rise at a rate in excess of that which Alaskan Cable will be permitted to pass on to its customers. The 1996 Telecom Act provides that rate regulation of the cable programming service tier will be phased out altogether in 1999. Further, the regulatory environment will continue to change pending, among other things, the outcome of legal challenges and FCC rulemaking and enforcement activity in respect of the 1992 Cable Act and the completion of a significant number of FCC rulemakings under the 1996 Telecom Act. There can be no assurance as to what, if any, future action may be taken by the FCC, Congress or any other regulatory authority or court, or the effect thereof on Alaskan Cable's business. Accordingly, Alaskan Cable's historic financial results as described below are not necessarily indicative of future performance.

In April, 1996 Alaskan Cable executed the Alaskan Cable Proposed Transaction. The selling price ($70 million) is in excess of the net book value of Alaskan Cable's assets at December 31, 1995. The transaction is expected to close in the fourth quarter of 1996 following required regulatory approvals.

Alaskan Cable--For Each Year in the Three-Year Period Ended December 31, 1995.

Overview. As of December 31, 1995, Alaskan Cable's cable systems (combined for all three corporations comprising Alaskan Cable throughout this discussion) passed more than 42,300 homes and served more than 25,900 residential subscribers. Alaskan Cable had approximately 15,780 subscriptions to premium service units.

Liquidity and Capital Resources. Cash provided by operating activities increased $845,000 to $7,124,000 for the year ended December 31, 1995 compared to the corresponding period of 1994 resulting primarily from increased net income of $178,000 and $444,000 resulting from a $225,000 increase in accounts payable in 1995 compared to a $219,000 decrease in 1994. Cash provided by operating activities decreased $1,048,000 to $6,279,000 for the year ended December 31, 1994 compared to the corresponding period of 1993. The decrease resulted primarily from cash used for the acquisition of other assets and payments of accounts payable.

Cash used in investing activities decreased $256,000 to $914,000 for the year ended December 31, 1995 compared to the corresponding period of 1994. Cash used in investing activities decreased $4,835,000 to $1,170,000 for the year ended December 31, 1994 compared to the corresponding period of 1993. Both decreases result primarily from reduced capital expenditures related to purchases of property, plant and equipment.

Cash used in financing activities increased from $1,786,000 to $8,458,000 for the year ended December 31, 1995 compared to the corresponding period of 1994 related primarily to the excess of

dividends paid over borrowings in 1995 as compared to 1994. Cash used in financing activities increased from $112,000 to $1,786,000 for the year ended December 31, 1994 compared to the corresponding period of 1993 primarily due to

increased loans to affiliates.

Except for its working capital requirements, Alaskan Cable's cash needs will depend on management's investment decisions. Investment considerations include (1) whether further capital contributions will be made, (2) whether Alaskan Cable can obtain debt financing, (3) whether Alaskan Cable is able to generate positive operating cash flow, and (4) the timing of the upgrade and build-out of Alaskan Cable's systems. Historically, Alaskan Cable has funded its cash requirements through operations and borrowings and capital contributions from affiliates.

Alaskan Cable's primary need for capital has been to finance plant extensions, rebuilds and upgrades and to add addressable converters to certain cable systems. Alaskan Cable spent $914,000 during 1995 on capital expenditures, and currently intends to spend approximately $400,000 in 1996 for capital expenditures, including $70,000 to extend its plant to new service areas. Alaskan Cable's ability to fund these capital expenditures will continue to depend on its ability to remain in compliance with financial covenants contained in its line of credit agreement described below, of which there can be no assurance.

Results of Operations. Revenues totaled $14,515,000, $13,883,000 and $14,142,000 during the years ended December 31, 1995, 1994 and 1993, respectively. The 4.6% growth in 1995 as compared to 1994 resulted primarily from increases in the number of subscribers, primarily as a result of additional homes passed and increases in the number of subscriptions for services. Substantially all of the growth in 1995 revenues was due to increases in regulated service rates implemented January 1, 1995. The 1.8% decrease in 1994 as compared to 1993 resulted primarily from the subscriber rate reductions implemented September 1, 1993. Average revenue per account was approximately $576, $549 and $573 in 1995, 1994 and 1993, respectively, representing an increase (decrease) of approximately 4.9%, (4.2%) and (1.3%), respectively. Revenues were primarily generated from subscription fees, installation charges, and subscriber cable equipment rentals.

Cost of revenues representing costs directly attributable to providing cable services to customers, increased 5.3% in 1995 as compared to 1994 and increased 2.7% in 1994 as compared to 1993. The increases result from increased business activity resulting from the growth in the number of subscribers and increased programming costs.

EBIDTA is an acronym representing earnings before interest, taxes, depreciation and amortization. EBITDA, a measure of a company's ability to generate cash flows, should be considered in addition to, but not as a substitute for, or superior to, other measures of financial performance reported in accordance with generally accepted accounting principles. EBIDTA, also known as operating cash flow, is often used by analysts when evaluating companies in the cable television industry. EBITDA as a percentage of revenues decreased from 47.6% to 46.9% during the year ended December 31, 1995 compared to the corresponding period of 1994. The decrease was primarily caused by an increase in cost of revenues and selling, general and administrative expenses that on a percentage basis exceeded the corresponding increase in revenues. EBITDA as a percentage of revenues increased from 28.6% to 47.6% during the year ended December 31, 1994 compared to the corresponding period of 1993. The increase was primarily caused by a loss on disposal of assets in 1993 offset by a net decrease in cost of revenues, selling, general and administrative expenses, depreciation and amortization expenses that on a percentage basis exceeded the corresponding decrease in revenues as affected by the approximate 10.5% rate reduction described above.

Depreciation and amortization expense was $6,176,000, $6,092,000 and $6,362,000 for the years ended December 31, 1995, 1994 and 1993, respectively. The 1995 increase as compared to 1994 results from continued cable television build-out expenditures, and the amortization of line of credit deferred loan expenses. The 1994 decrease as compared to 1993 results from disposal of old cable television systems in 1993 whose original construction costs were higher than the expenditures made to rebuild the system.

Income (loss) from operations before net interest income, loss on disposal of assets, income taxes and cumulative effect of change in accounting principle totaled $632,000, $516,000 and $367,000 in 1995, 1994 and 1993, respectively. The 1995 increase over 1994 was due primarily to increased revenues of $632,000, offset by increases in cost of revenues and selling, general and administrative expenses of $432,000 and an increase of $84,000 in depreciation and amortization expense. The 1994 net increase over 1993 resulted from the following: (1) reduced revenues in 1994 of $259,000 resulting primarily from the rate reduction previously described; and (2) increased cost of revenues totalling $117,000 in 1994 as compared to 1993. The changes from 1993 to 1994 were offset by the following: (1) decreased selling, general and administrative costs totalling $255,000 in 1994 as compared to 1993; and (2) decreased depreciation and amortization costs totalling $270,000 in 1994 as compared to 1993.

Income tax (provision) benefit totaled $208,000, ($9,000) and $622,000 in 1995, 1994 and 1993, respectively, resulting from the application of statutory income tax rates to net earnings or loss before income taxes. Alaskan Cable experienced income (loss) before income taxes and cumulative effect of change in accounting principle of $712,000, $751,000 and ($2,274,000) for the

years ended December 31, 1995, 1994, and 1993, respectively. Although Alaskan Cable has experienced pretax profits in the past two years, Alaskan Cable had a loss in 1993 as well as in the past. These losses have resulted, as of December 31, 1995, in unused net operating loss carryforwards for federal and state income tax purposes of approximately $4,500,000 and $5,900,000, respectively.

In light of Alaskan Cable's history of losses prior to 1994, the potential negative impact of recent deregulation in the cable television industry, and the ability of other Jack Kent Cooke Incorporated entities to utilize Alaskan Cable's net operating loss carryforwards, management currently believes it is more likely than not that Alaskan Cable will be unable to realize its deferred tax assets in the amount of $2,661,000 as of December 31, 1995 prior to the expiration of the net operating loss carryforwards. Accordingly, a valuation allowance for $2,661,000 was reflected in Alaskan Cable's December 31, 1995 financial statements. Alaskan Cable will continue to assess the need for a valuation allowance based upon future operating results and facts and circumstances at the time.

In February, 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 109 ("SFAS No. 109"), Accounting for Income Taxes. SFAS No. 109 requires a change from the deferred method of accounting for income taxes of APB Opinion 11 to the asset and liability method of accounting for income taxes. Under the 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. Under SFAS No. 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the enactment date.

Alaskan Cable adopted SFAS 109 on January 1, 1993. The cumulative effect adjustment recorded in 1993 due to adoption of SFAS 109 totaled $622,000.

Certain of Alaskan Cable's expenses, such as those for wages and benefits, equipment repair and replacement, and billing and marketing generally increase with inflation. However, Alaskan Cable does

not believe that its financial results have been, or will be, adversely affected by inflation in a material way, provided that it is able to increase its service rates periodically, of which there can be no assurance.

Alaskan Cable--For Three- and Six-Month Periods Ended June 30, 1996 and 1995.

Overview. As of June 30, 1996, Alaskan Cable's systems passed more than 42,720 homes and served more than 25,426 residential subscribers. Alaskan Cable had approximately 20,310 subscriptions to tier service units.

Liquidity and Capital Resources. Cash provided by operating activities decreased $594,000 to $304,900 for the six-month period ended June 30, 1996 compared to the corresponding period of 1995 resulting from decreased net income of $471,000 and a net use of cash resulting from changes in operating assets and liabilities in 1996 as compared to 1995.

Cash used in investing activities decreased from $275,000 to $216,000 for the six-month period ended June 30, 1996 compared to the corresponding period of 1995 resulting from reduced capital expenditures for property, plant and equipment in 1996 as compared to 1995.

Cash used in financing activities decreased from $8,072,000 to $5,723,000 for the six-month period ended June 30, 1996 compared to the corresponding period of 1995. For 1996, increases in cash from line of credit borrowings in 1996 totaling $6,000,000 were offset by repayments of line of credit borrowings totaling $11,000,000. For 1995, dividends paid of $9,700,000 were offset by reduced loan repayments from affiliates of $2,331,000.

Except for its working capital requirements, Alaskan Cable's cash needs will depend on management's investment decisions. Investment considerations include (i) whether further capital contributions will be made and (ii) whether Alaskan Cable is able to generate positive operating cash flow. Historically, Alaskan Cable has funded its cash requirements through operations, outside borrowings and capital contributions from affiliates.

Alaskan Cable's primary need for capital has been to finance plant extensions, rebuilds and upgrades and to add addressable converters to certain cable systems. Alaskan Cable currently intends to spend approximately $400,000 in 1996 for capital expenditures, including $70,000 to extend its plant to new service areas.

Alaskan Cable's ability to fund capital expenditures and its long-term liquidity requirements will continue to depend on it's ability to generate positive operating cash flow.

Results of Operations. Revenues totaled $3,650,000 and $3,647,000 for the quarters ended June 30, 1996 and 1995, respectively, and totaled $7,442,000 and $7,224,000 during the six-month periods ended June 30, 1996 and 1995,

respectively. The revenue growth in 1996 as compared to 1995 resulted primarily from rate increases for services. Average revenue per account for the second quarters ended June 30, 1996 and 1995, was approximately $144 and $140, respectively, representing an increase of approximately 2.9% and 4.5%, respectively. Average revenue per account for the six months ended June 30, 1996 and 1995, was approximately $293 and $277, respectively, representing increases of 5.8% and 1.8%, respectively. Revenues were primarily generated from subscription fees, installation charges, and subscriber cable equipment rentals.

Cost of revenues, representing costs directly attributable to providing cable services to customers, increased 2.1% for the quarter ended June 30, 1996 compared to the corresponding period of 1995 and increased 4.7% for the six-month period ended June 30, 1996 compared to the corresponding period of

1995. 1996 increases resulted from increased business activity from increased services and increased programming costs.

Selling, general and administrative operating expenses increased 3.3% for the quarter ended June 30, 1996 compared to the corresponding period of 1995 and increased 4.5% for the six-month period ended June 30, 1996 compared to the corresponding period of 1995. 1996 increases resulted from increased business activity from increased services.

Depreciation and amortization expense totaled $1,556,000 and $1,517,000 for the quarters ended June 30, 1996 and 1995, respectively and totaled $3,113,000 and $3,034,000 for the six-month periods ended June 30, 1996 and 1995, respectively. The 1996 increases as compared to 1995 is primarily the result of the amortization of deferred loan expenses pertaining to the line of credit reflected in the first six months of 1996.

Income before interest, income taxes, depreciation and amortization ("EBITDA") as a percentage of revenues decreased from 46.9% to 45.6% during the quarter ended June 30, 1996 compared to the corresponding period of 1995 and decreased from 47.1% to 46.2% during the six-month period ended June 30, 1996 compared to the corresponding period of 1995. The 1996 decreases were primarily caused by a increases in cost of revenues and selling, general and administrative expenses that on a percentage basis exceeded the corresponding increase in revenues. EBIDTA is an acronym representing earnings before interest, taxes, depreciation and amortization. EBITDA, a measure of a company's ability to generate cash flows, should be considered in addition to, but not as a substitute for, or superior to, other measures of financial performance reported in accordance with generally accepted accounting principles. EBIDTA, also known as operating cash flow, is often used by analysts when evaluating companies in the cable television industry.

Income from operations before net interest income (expense) and income taxes totaled $109,000 and $194,000 for the quarters ended June 30, 1996 and 1995, respectively and totaled $329,000 and $366,000 for the six-month periods ended June 30, 1996 and 1995, respectively. The 1996 decreases as compared to 1995 were due primarily to increased operating expenses that on a percentage basis exceeded the corresponding increase in revenues.

Income tax benefit totaled $15,000 for the six-month period ended June 30, 1996. Income tax benefit totaled $16,000 for the quarter and six-month periods ended June 30, 1995. The 1996 benefit resulted from the reversal of the tax provision reported in the December 31, 1995 financial statements. This amount was reversed due to the application of net operating loss carryforwards applied in 1995. The 1995 benefit resulted from the application of net operating loss carryforwards.

In June 1996, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" ("SFAS No. 125"). SFAS No. 125 establishes financial accounting and reporting standards for transfers and servicing of financial assets and extinguishments of liabilities. SFAS No. 125 requires the recognition of financial assets and servicing assets, if any, that are controlled by Alaskan Cable, the derecognition of financial assets, if any, when control is surrendered, and the derecognition of liabilities, if any, when control has been surrendered in the transfer of financial assets. Alaskan Cable anticipates that the adoption of SFAS No. 125 in 1997 will not have a material effect on its consolidated financial statements.

Certain of Alaskan Cable's expenses, such as those for wages and benefits, equipment repair and replacement, and billing and marketing generally increase with inflation. However, Alaskan Cable does

not believe that its financial results have been, or will be, adversely affected by inflation in a material way, provided that it is able to increase its service rates periodically, of which there can be no assurance.

Alaska Cablevision - Introduction. Alaska Cablevision management's discussion of the financial condition of Alaska Cablevision must be addressed in the context of regulatory changes in the form of the 1996 Telecom Act, the 1992 Cable Act, and the Communications Act discussed elsewhere in this Proxy Statement/Prospectus. See, "CERTAIN INFORMATION REGARDING THE CABLE COMPANIES:

Regulatory Development, Competition and Legislation/Regulation."

Compliance with the rate regulation provisions of the 1992 Cable Act has had a negative impact on the Company's revenues and cash flow. The Company implemented various subscriber service and rate changes effective September, 1993 for the two systems serving more than 1,000 subscribers each (Kodiak and Valdez, Alaska) and July, 1994 for the five systems serving less than 1,000 subscribers each (Nome, Petersburg, Wrangell, Kotzebue and Cordova, Alaska). These changes resulted in a reduction of total monthly revenue of approximately 5%.

The Company believes that recent policy decisions by the FCC will permit it to increase regulated service rates in the future in response to specified historical and anticipated future cost increases, although certain costs may continue to rise at a rate in excess of that which the Company will be permitted to pass on to its customers. The 1996 Telecom Act provides that rate regulation of the cable programming service tier will be phased-out altogether in 1999. Further, the regulatory environment will continue to change pending, among other things, the outcome of legal challenges and FCC rulemaking and enforcement activity in respect of the 1992 Cable Act and the completion of a significant number of FCC rulemakings under the 1996 Telecom Act.

The 1996 Telecom Act includes provisions for small cable operators, whereby the Company's cable programming service is now rate-deregulated. Only the entry level, basic service tier is subject to rate regulation by the local franchising authority. Cable television systems in Alaska, while subject to rate regulation, can only be regulated at the state level, i.e., the APUC, and only after a qualifying petition and majority vote among cable subscribers has occurred. There can be no assurance as to what, if any, future action may be taken by the FCC, Congress or any other regulatory authority or court, or the effect thereof on Alaska Cablevision's business. Accordingly, Alaska Cablevision's historic financial results as described below are not necessarily indicative of future performance.

Alaska Cablevision signed definitive agreements in May, 1996 to sell all of its assets to the Company. The Company is a telecommunications company providing long distance services in Alaska. The aggregate selling price totals $26,650,000, consisting of $16,650,000 in cash and subordinated Cablevision Company Notes totaling $10,000,000 which are convertible into as many as 1,538,462 shares of Company Class A common stock. The selling price is in excess of the net book value of Alaska Cablevision's assets at December 31, 1995. The transaction is expected to close in the fourth quarter of 1996 following required regulatory approvals.

Alaska Cablevision - For Each Year in the Three-Year Period Ended December 31, 1995.

Overview. As of December 31, 1995, Alaska Cablevision's cable systems passed more than 10,860 homes and served more than 7,735 residential subscribers and over 100 business subscribers. Alaska Cablevision had approximately 7,875 residential subscriptions to premium service units.

Liquidity and Capital Resources. Cash provided by operating activities decreased approximately $200,000 to $1,780,000 for the year ended December 31, 1995 compared to the corresponding period of 1994 resulting primarily from the net effect of the following: (1) the decrease (receipt) of advances to

affiliates in 1994; (2) the decrease (receipt) of other receivables in 1995; and (3) the increase in operating income in 1995. Cash provided by operating activities increased $481,000 to $1,960,000 for the year ended December 31, 1994 compared to the corresponding period of 1993. The increase resulted primarily from the net effect of the following: (1) a decrease in advances to affiliates in 1994 as compared to an increase in 1993; (2) an increase in accounts payable and accrued expenses in 1994 compared to 1993; and (3) a decrease in operating income from 1993 to 1994.

Cash used in investing activities decreased $367,000 to $742,000 for the year ended December 31, 1995 compared to the corresponding period of 1994. The 1995 decrease results primarily from reduced capital expenditures related to purchases of property, plant and equipment. Cash used in investing activities increased $775,000 to $1,110,000 for the year ended December 31, 1994 compared to the corresponding period of 1993. The 1994 increase results primarily from increased capital expenditures related to purchases of property, plant and equipment.

Cash used in financing activities decreased from $797,000 to $627,000 for the year ended December 31, 1995 compared to the corresponding period of 1994. The 1995 decrease resulted from $3,700,000 of borrowings from Alaska Cablevision's new senior revolving credit loan agreement which was used to payoff $3,600,000 in loans from affiliates and notes due to former stockholders, offset by a $43,000 increase in distributions to stockholders. Cash used in financing activities decreased from $1,200,000 to $797,000 for the year ended December 31, 1994 compared to the corresponding period of 1993 related primarily to a net decrease in the pay-down of loans from affiliates of $303,000 and reduced stockholder distributions of $85,000.

Except for its working capital requirements, Alaska Cablevision's cash needs will depend on management's investment decisions. Investment

considerations include the following: (1) whether the Company can obtain debt financing; (2) whether the Company is able to generate positive operating cash flow; and (3) the timing of the upgrade and build-out of Alaska Cablevision's systems. Historically, Alaska Cablevision has financed its cash requirements through operations and from borrowings from affiliates and banks.

Alaska Cablevision's primary need for capital has been to finance plant rebuilds and upgrades, channel additions and service vehicles. Alaska Cablevision spent $757,000 during 1995 on capital expenditures and currently intends to spend approximately $525,000 in 1996 for capital expenditures, including $75,000 to extend its plant to new service areas. Alaska Cablevision's ability to fund these capital expenditures will continue to depend on its ability to remain in compliance with financial covenants contained in its senior reducing revolving credit loan agreement described below. The recorded cost of assets disposed of totaled approximately $234,000, $583,000 and $501,000 in 1995, 1994 and 1993, respectively. 1995 disposals resulted from the replacement of vehicles and upgraded plant and headend equipment. 1994 and 1993 disposals resulted primarily from the write-off of converters and inside the home cable wiring resulting from certain provisions of the 1992 Cable Act affecting the pricing of converter rentals and ownership of inside the home cable wiring.

On February 28, 1995, Alaska Cablevision and Rock Associates, Inc., as co-borrowers, entered into a new $6.4 million senior reducing revolving credit loan agreement with a bank. Borrowings under the agreement are collateralized by all of Alaska Cablevision's common stock and assets and bear interest, at Alaska Cablevision's option, at (1) the higher of the bank's prime rate or the federal funds rate plus 1/2%, or (2) the LIBOR rate plus 1-1/2%. The agreement expires December 31, 1997. The line of credit agreement places certain restrictions on Alaska Cablevision, including limitations on liens, disposition of assets, loans, investments, capital expenditures, and requires compliance with certain financial covenants.

Alaska Cablevision's ability to meet its long-term liquidity and capital requirements is contingent upon its ability to obtain external financing and generate positive operating cash flow.

Results of Operations. Revenues totaled $5,920,000, $5,710,000 and $5,660,000 during the years ended December 31, 1995, 1994 and 1993, respectively. The 3.7% growth in 1995 as compared to 1994 resulted primarily from modest incremental growth in the number of subscribers and increases in regulated service rates. Approximately $171,000 of the growth in 1995 revenues was due to increases in regulated service rates implemented November 1, 1994 and November 1, 1995. The 0.88% increase in 1994 as compared to 1993 resulted primarily from additional revenues resulting from a 4.6% increase in the number of subscribers offset by the subscriber rate reductions implemented in September 1993 and July 1994. Average annual revenue per account was approximately $730, $734 and $777 in 1995, 1994 and 1993, respectively, representing a decrease of approximately 0.5%, 5.5% and 1.3%, respectively. Revenues were primarily generated from subscription fees, installation charges, and subscriber cable equipment rentals and advertising revenues.

Programming and copyright costs directly attributable to providing cable services to customers increased 4.6% in 1995 as compared to 1994 and increased 11.5% in 1994 as compared to 1993. The increases result from increased business activity from growth in the number of subscribers, increased program offerings and increased programming rates.

Depreciation and amortization expense was $420,000, $314,000 and $435,000 for the years ended December 31, 1995, 1994 and 1993, respectively. The 1995 increase as compared to 1994 results from additional depreciation resulting from increased capital expenditures in 1995 and 1994. The 1994 decrease as compared to 1993 result from certain tangible and intangible assets becoming fully amortized.

Income from operations totaled $2,160,000, $2,220,000 and $2,380,000 in 1995, 1994 and 1993, respectively. The 1995 increase over 1994 was due primarily to increased revenues of $211,000 and reduced management fees of $171,000, offset by net increases in operating expenses of $264,000. The 1994 net decrease of $166,000 as compared to 1993 resulted from net increases in operating expenses totaling $215,000 and increased programming and copyright costs totaling $98,000 in 1994, offset by increased revenues of $49,000 in 1994 resulting primarily growth in customers served.

EBITDA is an acronym representing earnings before interest, taxes, depreciation and amortization. EBITDA, a measure of a company's ability to generate cash flows, should be considered in addition to, but not as a substitute for, or superior to, other measures of financial performance reported in accordance with generally accepted accounting principles. EBITDA, also known as operating cash flow, is often used by analysts when evaluating companies in the cable television industry. EBITDA as a percentage of revenues increased from 33.5% to 35.7% during the year ended December 31, 1995 compared to the corresponding period of 1994. The increase is primarily a result of a reduction in management fees charged by Rock Associates, Inc. from $571,000 to $400,000. EBITDA as a percentage of revenues decreased from 39.1% to 33.5% during the year ended December 31, 1994 compared to the corresponding period of 1993. The decrease was primarily caused by an increase in programming costs and operating expenses that on a percentage basis exceeded the corresponding increase in revenues.

The Company, with the consent of its shareholders, has elected to have its income reported directly by the shareholders under provisions of Sub-chapter S of the Code and pays no income taxes, although it is required to file federal and state income tax returns for informational purposes only. All income or loss "flows through" to the individual shareholders.

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. Alaska Cablevision anticipates that the adoption of SFAS No. 119 in 1996 will not have a material effect on its financial statements.

In March 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 121, "Accounting for the Impairment of long-lived Assets and for long-lived Assets to be Disposed of" ("SFAS No. 121"). This statement sets forth new standards for determining when long-lived assets are impaired and requires such impaired assets to be written down to fair value. Alaska Cablevision anticipates that the adoption of SFAS No. 121 in 1996 will not have a material effect on its financial statements.

In October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123"). SFAS No. 123 establishes financial accounting and reporting standards for stock-based employee compensation plans. Those plans include all arrangements by which employees receive shares of stock or other equity instruments of the employer or the employer incurs liabilities to employees in amounts based on the price of the employer's stock. This statement also applies to transactions in which an entity issues its equity instruments to acquire goods or services from nonemployees. Alaska Cablevision anticipates that the adoption of SFAS No. 123 in 1996 will not have a material effect on its financial statements.

Certain of Alaska Cablevision's expenses, such as those for wages and benefits, equipment repair and replacement, and billing and marketing generally increase with inflation. However, Alaska Cablevision does not believe that its financial results have been, or will be, adversely affected by inflation in a material way, provided that it is able to increase its service rates periodically, of which there can be no assurance.

Alaska Cablevision--For Three- and Six-Month Periods Ended June 30, 1996 and 1995.

Overview. As of June 30, 1996, Alaska Cablevision's cable systems passed more than 11,000 homes and served more than 7,500 residential subscribers and over 1,500 business subscribers. Alaska Cablevision had approximately 7,650 residential subscriptions to premium service units.

Liquidity and Capital Resources. Sources of cash during the first six months of 1996 included Alaska Cablevision's operating activities which generated positive cash flow of $802,000 net of changes in the components of working capital. Cash provided by operating activities decreased $162,000 for the six-month period ended June 30, 1996 compared to the corresponding period of 1995 resulting primarily from the net effect of the decrease (receipt) of subscriber receivables, other receivables and prepaid assets in 1995 and the decrease (payment) of payables, accrued expenses and deferred revenues in 1996.

Cash used in investing activities decreased $214,000 to $227,000 for the six-month period ended June 30, 1996 compared to the corresponding period of 1995. The 1995 decrease results primarily from reduced capital expenditures related to purchases of property, plant and equipment.

Cash used in financing activities totaled $486,000 and $177,000 during the six-month periods ended June 30, 1996 and 1995, respectively. Uses of cash in 1996 resulted primarily from repayment on notes due to former stockholders of $109,000 and distributions to stockholders of $374,000. Uses of cash in 1995 resulted primarily from repayment on notes due to former stockholders of $101,000 and distributions to stockholders of $348,000. Proceeds from a new senior revolving credit loan agreement totaling $3.7 million were used in 1995 to payoff $3.4 million in loans from affiliates.

Except for its working capital requirements, Alaska Cablevision's cash needs will depend on management's investment decisions. Investment considerations include (1) whether Alaska Cablevision can obtain debt financing; (2) whether Alaska Cablevision is able to generate positive operating cash flow; and (3) the timing of the upgrade and build-out of Alaska Cablevision's cable systems. Historically, Alaska Cablevision has financed its cash requirements through operations and from borrowings from affiliates and banks.

Alaska Cablevision's primary need for capital has been to finance plant rebuilds and upgrades, channel additions and service vehicles. Alaska

Cablevision spent $227,000 during for the six-month period ended June 30, 1996 on capital expenditures and currently intends to spend approximately $525,000 in 1996 for capital expenditures, including $75,000 to extend its plan to new service areas. Alaska Cablevision's ability to fund these capital expenditures will continue to depend on it's ability to remain in compliance with financial covenants contained in its senior reducing revolving credit loan agreement described below. The recorded cost of assets disposed of totaled approximately $54,000 for the six-month period ended June 30, 1996 resulting from the replacement of vehicles and corporate office equipment.

On February 28, 1995, Alaska Cablevision and Rock Associates, Inc., as co-borrowers, entered into a new $6.4 million senior reducing revolving credit loan agreement with a bank. Borrowings under the agreement are collateralized by all of Alaska Cablevision's common stock and assets and bear interest, at Alaska Cablevision's option, at (1) the higher of the bank's prime rate or the federal funds rate plus 1/2%, or (2) the LIBOR rate plus 1-1/2%. The agreement expires December 31, 1997. The line of credit agreement places certain restrictions on Alaska Cablevision, including limitations on liens, disposition of assets, loans, investments, capital expenditures, and requires compliance with certain financial covenants.

Alaska Cablevision's ability to meet its long-term liquidity and capital requirements is contingent upon its ability to obtain external financing and generate positive operating cash flow.

On April 15, 1996, Alaska Cablevision entered into the Alaska Cablevision Purchase Agreement with the Company. The Company is a telecommunications company providing long distance services in Alaska. Under the Alaska Cablevision Purchase Agreement, Alaska Cablevision will sell substantially all of its assets to the Company for a total consideration of $26,650,000, consisting of Cablevision Company Notes for $10 million, convertible to as many as 1,538,462 shares of Company Class A common stock and $16,650,000 cash. It is anticipated that the transaction will close in the fourth quarter of 1996.

Results of Operations. Revenues totaled approximately $1.5 million during the quarters ended June 30, 1996 and 1995, respectively. Revenues totaled $3.0 million during the six-month periods ended June 30, 1996 and 1995, respectively. Average revenue per account was approximately $186 and $184 during the quarters ended June 30, 1996 and 1995, respectively, representing an increase (decrease) of approximately 1.1% and (1.1)%, respectively. Average revenue per account was approximately $372 and $367 during the six-month periods ended June 30, 1996 and 1995, respectively, representing an increase (decrease) of approximately 1.4% and (1.6)%, respectively. Revenues were primarily generated from subscription fees, installation charges, and subscriber cable equipment rentals and advertising revenues.

Programming and copyright costs and certain wages and benefits directly attributable to providing cable services to customers decreased 0.68% during the quarter ended June 30, 1996 compared to the corresponding period of 1995 due to a decrease in copyright costs, partially offset by an increase in programming costs. Programming and copyright costs increased 2.5% during the six-month period ended June 30, 1996 compared to the corresponding period of 1995 due to increased business activity from growth in the number of subscribers, increased program offerings and increased programming rates.

Depreciation and amortization expense was approximately $106,000 for the quarters ended June 30, 1996 and 1995 and $237,000 and $210,000 for the six-month periods ended June 30, 1996 and 1995, respectively. The increase in the six-month period ended June 30, 1996 as compared to the same period of 1995 results from additional depreciation resulting from capital expenditures during 1996 and a full year of depreciation in 1996 on 1995 capital expenditures as compared to a partial year of depreciation in 1995.

Income from operations totaled $564,000 and $557,000 during the quarters ended June 30, 1996 and 1995, respectively. The 1996 increase over 1995 was due primarily to decreased revenues of $5,000 offset by a net decrease in operating expenses of $12,000. Income from operations totaled $1.07 million and $1.15 million during the six-month periods ended June 30, 1996 and 1995, respectively. The 1996 decrease from 1995 was due primarily to increased revenues of $38,000 offset by a net increase in operating expenses of $115,000.

EBITDA is an acronym representing earnings before interest, taxes, depreciation and amortization. EBITDA, a measure of a company's ability to generate cash flows, should be considered in addition to, but not as a substitute for, or superior to, other measures of financial performance reported in accordance with generally accepted accounting principles. EBITDA, also known as operating cash flow, is often used by analysts when evaluating companies in the cable television industry. EBITDA as a percentage of revenues decreased from 38.1% to 35.9% during the quarter ended June 30, 1996 compared to the corresponding period of 1995. The decrease is primarily a result of expenses associated with the sale of Alaska Cablevision's assets as described below. EBITDA as a percentage of revenues decreased from 38.5% to 36.0% during the six-month period ended June 30, 1996 compared to the corresponding period of 1995. The decrease is primarily a result of expenses associated with the sale of Alaska Cablevision's assets as described below and an increase in programming costs and operating expenses that on a percentage basis exceeded the corresponding increase in revenues.

Alaska Cablevision, with the consent of its shareholders, has elected to have its income reported directly by the shareholders under provisions of Sub-chapter S of the Code and pays no income taxes, although it is required to file federal and state income tax returns for informational purposes only. All income or loss "flows through" to the individual shareholders.

In June 1996, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" ("SFAS No. 125"). SFAS No. 125 establishes financial accounting and reporting standards for transfers and servicing of financial assets and extinguishments of liabilities. SFAS No. 125 requires the recognition of financial assets and servicing assets, if any, that are controlled by Alaska Cablevision, the derecognition of financial assets, if any, when control is surrendered, and the derecognition of liabilities, if any, when control has been surrendered in the transfer of financial assets. Alaska Cablevision anticipates that the adoption of SFAS No. 125 in 1997 will not have a material effect on its financial statements.

Certain of Alaska Cablevision's expenses, such as those for wages and benefits, equipment repair and replacement, and billing and marketing generally increase with inflation. However, Alaska Cablevision does not believe that its financial results have been, or will be, adversely affected by inflation in a material way, provided that it is able to increase its service rates periodically, of which there can be no assurance.

Recent Developments Involving Cable Companies

There had been no material changes in the respective businesses or financial positions for Prime, Alaskan Cable or Alaska Cablevision as set forth in this Proxy Statement/Prospectus for the period from June 30, 1996 to and including the Record Date.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Each of Prime, Alaskan Cable, and Alaska Cablevision was as of the Record Date unaware of any disagreements with their respective independent public accountants as to disclosure or financial accounting of their respective business, and each of those Cable Companies considered its relationship with its respective accountant as excellent.

Regulatory Developments, Competition and Legislation/Regulation

The following summary of regulatory developments, competition, and legislation and regulation does not purport to describe all present and proposed federal, state, and local regulation and legislation affecting the cable industry. Other existing federal regulations, copyright licensing, and, in many jurisdictions, state and local franchise requirements, are currently the subject of judicial proceedings, legislative hearings and administrative proposals which could change, in varying degrees, the manner in which cable television systems operate. Neither the outcome of these proceedings nor their impact upon the cable television industry or the Cable Companies or the Company in acquiring the securities or assets of the Cable Companies can be predicted at this time.

Regulatory Developments. The federal Telecommunications Act of 1996 ("1996 Telecom Act"), the most comprehensive reform of the nation's telecommunications laws since the federal Communications Act of 1934 ("Communications Act"), became effective in February, 1996. The 1996 Telecom Act will result in changes in the marketplace for cable television, telephone and other telecommunications services.

Cable franchisees are subject to the federal Cable Communications Policy Act of 1984 ("1984 Cable Act"), the federal Cable Television Consumer Protection and Competition Act of 1992 ("1992 Cable Act," and together with the 1984 Cable Act, "Cable Acts") and the 1996 Telecom Act (see within this section, "-Legislation/Regulation"), as well as FCC, state and local regulations.

The Cable Companies franchises are nontransferable without the consent of governmental authority. Although franchises historically have been renewed and, under the Cable Acts, should continue to be renewed for companies that have provided adequate service and have complied generally with franchise terms, renewal may be more difficult as a result of the 1992 Cable Act and may include less favorable terms and conditions. Furthermore, the governmental authority may choose to award additional franchises to competing companies at any time (see within this section, "-Competition" and "-Legislation/Regulation"). In addition, under the 1996 Telecom Act certain providers of programming services may be exempt from local franchising requirements.

Competition. Cable television systems face competition from alternative methods of receiving and distributing television signals and from other sources of news, information and entertainment such as off-air television broadcast programming, newspapers, movie theaters, live sporting events, interactive computer services and home video products, including videotape cassette and video records. The extent to which a cable television system is competitive depends, in part, upon the cable system's ability to provide, at a reasonable price to consumers, a greater variety of programming and other communication services than are available off-air or through other alternative delivery

sources (see within this section, "-Legislation/Regulation") and upon superior technical performance and customer service.

The 1996 Telecom Act will make it easier for local exchange telephone companies ("LECs") and others to provide a wide variety of video services competitive with services provided by cable systems and to provide cable services directly to subscribers (see within this section, "-Legislation/Regulation"). Various LECs currently are seeking to provide video services within their telephone service areas through a variety

of distribution methods. Cable systems could be placed at a competitive disadvantage if the delivery of video services by LECs becomes widespread since LECs may not be required, under certain circumstances, to obtain local franchises to deliver such video services or to comply with the variety of obligations imposed upon cable systems under such franchises (see within this section, "-Legislation/Regulation"). Issues of cross-subsidization by LECs of video and telephony services also pose strategic disadvantages for cable operators seeking to compete with LECs who provide video services. The Company cannot predict at this time the likelihood of success of video service ventures by LECs or the impact on its proposed operations in the cable area or on the Cable Companies should the Proposed Transactions not close.

Cable television systems generally operate pursuant to franchises granted on a non-exclusive basis. The 1992 Cable Act gives local franchising authorities jurisdiction over basic cable service rates and equipment in the absence of "effective competition," prohibits franchising authorities from unreasonably denying requests for additional franchises and permits franchising authorities to operate cable systems (see within this section, "-Legislation/Regulation"). Well financed businesses from outside the cable industry (such as the public utilities that own certain of the poles on which cable is attached) may become competitors for franchises or providers of competing services (see within this section "-Legislation/Regulation - The 1996 Telecom Act"). The costs of operating a cable system where a competing service exists may be substantially greater than if there were no competition present. As of the Record Date, competition existed in the areas serviced by Prime's systems. However, as of that date there were no competing services in the areas served by Alaska Cablevision, McCaw/Rock Homer, and McCaw/Rock Seward. In addition, LECs in Alaska have announced plans to compete with Prime's Bethel cable television system.

Cable operators face additional competition from private satellite master antenna television ("SMATV") systems that serve condominiums, apartment and office complexes and private residential developments. The operators of these SMATV systems often enter into exclusive agreements with building owners or homeowners' associations. While the 1984 Cable Act gives a franchised cable operator the right to use existing compatible easements within its franchise area on nondiscriminatory terms and conditions, there have been conflicting judicial decisions interpreting the scope of the access right granted to serve such private property. Various states have enacted laws to provide franchised cable systems access to such private complexes. These laws have been challenged in the courts with varying results. Due to the widespread availability of reasonably priced earth stations, SMATV systems now can offer both improved reception of local television stations and many of the same satellite-delivered program services offered by franchised cable systems. The ability of the Cable Companies to compete for subscribers in residential and commercial developments served by SMATV operators is uncertain. The 1996 Telecom Act gives cable operators greater flexibility with respect to pricing of cable television services provided to subscribers in multi-dwelling unit residential and commercial developments. It also broadens the definition of SMATV systems not subject to regulation as a franchised cable television service.

The availability of reasonably-priced home satellite dish earth stations ("HSDs") enables individual households to receive many of the satellite-delivered program services formerly available only to cable subscribers. Furthermore, the 1992 Cable Act contains provisions, which the FCC has implemented with regulations, to enhance the ability of cable competitors to purchase and make available to HSD owners certain satellite-delivered cable programming at competitive costs.

In recent years, the FCC and the Congress have adopted policies providing a more favorable operating environment for new and existing technologies that provide, or have the potential to provide, substantial competition to cable systems. These technologies include, among others, the direct broadcast satellite ("DBS") service whereby signals are transmitted by satellite to receiving facilities located on the premises of subscribers. Programming is currently available to the owners of HSDs through conventional,

medium and high-powered satellites. Primestar Partners L.P. ("Primestar"), a consortium comprised of cable operators and a satellite company, commenced operation in 1990 of a medium-power DBS satellite system using the Ku portion of the frequency spectrum and, as of the Record Date, provided service consisting of approximately 95 channels of programming, including broadcast signals and pay-per-view services. Direct TV, which recently added AT&T Corp. as an investor, began offering nationwide high-power DBS service in 1994 accompanied by extensive marketing efforts. Several other major companies are preparing to

develop and operate high-power DBS systems, including MCI Communications Corp. and News Corp. DBS systems are expected to use video compression technology to increase the channel capacity of their systems to provide movies, broadcast stations and other program services competitive with those of cable systems. The extent to which DBS systems are competitive with the service provided by cable systems depends, among other things, on the availability of reception equipment at reasonable prices and on the ability of DBS operators to provide competitive programming.

Cable television systems also compete with wireless program distribution services such as multichannel, multipoint distribution service ("MMDS") which use low-power microwave frequencies to transmit video programming over-the-air to subscribers. There are MMDS operators who are authorized to provide or are providing broadcast and satellite programming to subscribers in areas served by Prime's cable systems. Additionally, the FCC has pending a rulemaking proceeding in which it proposed to allocate frequencies in the 28 GHz band for a new multichannel wireless video service similar to MMDS. There are no MMDS operators who are authorized to provide or who are providing broadcast and satellite programming to subscribers in the areas served by Alaska Cablevision, McCaw/Rock Homer, or McCaw/Rock Seward. A license has been granted by the FCC for a multi-channel UHF provider in Kodiak, Alaska, but as of the Record Date there had been no construction activity. Fairbanks has a lowpower UHF 25 channel plus L/P microwave service. Anchorage has also encountered some competition from MMDS operators. The Company is unable to predict whether wireless video services will have a material impact on its operations.

Other new technologies may become competitive with non-entertainment services that cable television systems can offer. The FCC has authorized television broadcast stations to transmit textual and graphic information useful both to consumers and businesses. The FCC also permits commercial and non-commercial FM stations to use their subcarrier frequencies to provide non-broadcast services including data transmissions. The FCC established an over-the-air Interactive Video and Data Service that will permit two-way interaction with commercial and educational programming along with informational and data services. LECs and other common carriers also provide facilities for the transmission and distribution to homes and businesses of interactive computer-based services, including the Internet, as well as data and other non-video services. The FCC has conducted spectrum auctions for licenses to provide PCS. PCS will enable license holders, including cable operators, to provide voice and data services. The Company is the licensee of an A block 33mHz PCS license for the Alaska major trading area. See, "CERTAIN INFORMATION CONCERNING THE COMPANY: Products and Services."

Advances in communications technology as well as changes in the marketplace and the regulatory and legislative environment are constantly occurring. Thus, it is not possible to predict the effect that ongoing or future developments might have on the cable television industry.

Legislation/Regulation. The Cable Acts and the 1996 Telecom Act amended the Communications Act and established a national policy to guide the development and regulation of cable systems. Principal responsibility for implementing the policies of the Cable Acts is allocated between the FCC and state or local franchising authorities. In addition, legislative and regulatory proposals by the Congress and federal agencies, particularly the approximately 80 rulemakings at the FCC resulting from the 1996 Telecom Act and the many state regulatory proceedings necessary to implement the 1996 Telecom Act, may materially affect the cable television industry. The following is a summary of federal laws and

regulations materially affecting the growth and operation of the cable television industry and a description of certain applicable laws of Alaska.

The 1996 Telecom Act. The 1996 Telecom Act, the most comprehensive reform of the nation's telecommunications laws since the Communications Act, became effective in February, 1996. The 1996 Telecom Act will result in changes in the marketplace for cable television, telephone and other telecommunications services. Although the long-term goal of this act is to promote competition and decrease regulation of these industries, in the short-term the law delegates to the FCC (and in some cases the states) broad new rulemaking authority. The new law requires many of these rulemakings to be complete in a limited period of time. The following is a brief summary of the important features of the 1996 Telecom Act that will affect the cable television, telephone and other telecommunications industries.

The 1996 Telecom Act deregulates rates for CPS tiers by March, 1999. Deregulation will occur sooner for certain small operators or where "effective competition" is established under the 1992 Cable Act, as amended by the 1996 Telecom Act. Alaska Cablevision has never been subject to FCC rate regulation, and, even if it were so subject, it believes it is a small operator for the purpose of FCC rate regulation.

The 1996 Telecom Act also modifies the uniform rate provisions of the 1992 Cable Act by limiting regulation of bulk discount rates offered to subscribers in multi-dwelling unit commercial and residential developments. Regulated equipment rates are permitted to be computed by aggregating costs of broad categories of equipment at the franchise, system, regional or company level. The 1996 Telecom Act eliminates the right of individual subscribers to file rate complaints with the FCC concerning certain CPS tiers and requires the

FCC to issue a final order within 90 days after the receipt of CPS tier rate complaints filed by any franchising authority after the date of enactment of the 1996 Telecom Act. The 1996 Telecom Act modifies the existing statutory provisions governing cable system technical standards, equipment compatibility, subscriber notice requirements and program access. It also permits certain operators to include losses incurred prior to September, 1992 in setting regulated rates and repeals the three-year antitrafficking prohibition adopted in the 1992 Cable Act.

The 1996 Telecom Act eliminates the requirement that LECs obtain FCC approval under Section 214 of the Communications Act before providing video services in their telephone service areas and removes the telephone company/cable television cross-ownership prohibition that had been codified by the 1984 Cable Act, thereby facilitating the ability of the LECs to offer video services in their telephone service areas. LECs may provide service as traditional cable operators with local franchises or they may opt to provide their programming over unfranchised "open video systems," in which case they must set aside a portion of their channel capacity for use by unaffiliated program distributors and satisfy certain other requirements. Under certain circumstances, cable operators also may elect to offer services through open video systems. The 1996 Telecom Act also prohibits a LEC from acquiring a cable operator in its telephone service area except in limited circumstances.

Rate Regulation. The FCC's initial "going forward" regulations limited rate increases for Regulated Services after the establishment of an initial regulated rate to an inflation-indexed amount plus increases for channel additions and certain external costs beyond the cable operator's control, such as franchise fees, taxes and increased programming costs. Under these regulations, cable operators are entitled to take a 7.5% mark-up on certain programming costs increases. In November, 1994, the FCC modified these regulations and instituted an alternative three-year flat fee mark-up plan for charges relating to new channels added to the CPS tier. As of January, 1995, cable operators were permitted to charge subscribers for channels added to the CPS tier after May, 1994, at a monthly rate of up to 20 cents per added channel, up to a total of $1.20 plus an additional 30 cents for programming license fees per subscriber over the first two years of the three-year period; and cable operators may charge an additional

20 cents plus the cost of the programming in the third year (1997) for one additional channel added in that year. Alternatively, operators may increase rates by the amount of any programming license fees in connection with such added channels, provided that the total monthly rate increase per subscriber for the added channels, including license fees, does not exceed $1.50 over the first two years, and $1.70, plus any increase in the license fees for the added channels, in the third year. Operators must make a one-time election to use either the 20 cent per channel adjustment or the 7.5% mark-up on programming cost increases for all channels added after December 31, 1994. The FCC is currently considering whether to modify or eliminate the regulation allowing operators to receive the 7.5% mark-up on increases in existing programming license fees. In September, 1995, the FCC authorized a new, alternative method of implementing rate adjustments which will allow cable operators to increase rates for Regulated Services annually on the basis of projected increases in external costs (inflation, costs of programming, franchise-related obligations, and changes in the number of regulated channels) rather than on the basis of cost increases incurred in the preceding calendar quarter. Operators that elect not to recover all of their accrued external costs and inflation pass-throughs each year may recover them (with interest) in subsequent years.

In response to complaints from subscribers about Prime's CPS tier rates, Prime submitted an appropriate responsive filing and a cost of service justification to the FCC. Prime's responsive filing was approved by the FCC. The FCC has yet to rule on the reasonableness of Prime's current and requested CPS tier rates. Prime's cost of service justification was filed with the FCC August 15, 1994. The complaints giving rise to the FCC filings were made by subscribers residing in Anchorage and a nearby community (Eagle River), where the franchising authority has not been certified to regulate the basic service tier rates. In addition Prime has requested approval of its external cost increases and inflation adjustment which would result in the maximum permitted rate increase on the CPS tier service. The FCC has not ruled on this filing, and it is not expected to do so before ruling on the cost of service justification filing referred to above. Prime had rate increases on its CPS tier service in January, 1995 and December, 1995.

Alaskan Cable had rate increases in December, 1995 for services provided by each of the three corporations.

In response to a complaint in January, 1995 from one subscriber about a CPS tier rate in Kodiak, Alaska, Alaska Cablevision submitted the appropriate forms to the FCC to justify its rates. As of the Record Date the FCC has not ruled on the reasonableness of the rate involved in the complaint. In November, 1995, the CPS tier rate in Kodiak was increased, and the appropriate rate justification forms were filed with the FCC. As of the Record Date the FCC has not ruled on the reasonableness of the new rates. In May, 1996, Alaska Cablevision filed a certification with the FCC that it qualified as a small system operator under the new definition established by the 1996 Telecom Act and requested that the FCC dismiss the pending CPS tier complaint on the grounds that the FCC no longer had jurisdiction over the CPS tier rates in Kodiak. As of the Record Date the FCC had not ruled on the request to dismiss the rate

complaint.

In November, 1994, the FCC adopted regulations permitting cable operators to create NPTs, i.e., new product tiers, that will not be subject to rate regulation if certain conditions are met. The FCC also revised its previously adopted policy and concluded that packages of a la carte services are subject to rate regulation by the FCC as CPS tiers. Because of the uncertainty created by the FCC's prior a la carte package guidelines, the FCC has allowed cable operators, including Prime under certain circumstances, to treat previously offered a la carte packages as NPTs.

Franchising authorities are empowered to regulate the rates charged for additional outlets and for the installation, lease and sale of equipment used by subscribers to receive the basic cable service tier,

such as converter boxes and remote control units. The FCC's rules require franchising authorities to regulate these rates on the basis of actual cost plus a reasonable profit, as defined by the FCC. The 1996 Telecom Act requires the FCC to revise its regulations to permit operators to compute regulated equipment rates by aggregating costs of broad categories of equipment at the franchise, system, regional or company level. In November, 1995, the FCC initiated a general rulemaking proposal that permits cable operators to price services uniformly across multiple franchise areas, as well as regional areas. If the FCC adopts the proposals, cable operators that provide service to clusters of systems would be permitted to charge uniform rates across large geographic areas. Because the proposal is designed to be revenue neutral, it would not affect the overall revenue that operators receive, but administrative and marketing costs could be reduced.

Cable operators required to reduce rates may also be required to refund overcharges with interest. Rate reductions will not be required where a cable operator can demonstrate that existing rates for Regulated Services are justified and reasonable using cost-of-service guidelines. In November 1993, the FCC ruled that operators choosing to justify rates through a cost-of-service submission must do so for all Regulated Services. In February 1994, the FCC adopted interim cost-of-service regulations establishing, among other things, the rebuttable presumptions of an industry-wide 11.25% after tax rate of return on an operator's allowable rate base and that acquisition costs above original historic book value of tangible assets should be excluded from the allowable rate base. In December, 1995, the FCC adopted final cost-of-service rate regulations requiring, among other things, cable operators to exclude 34% of system acquisition costs related to intangible and tangible assets used to provide Regulated Services. The FCC also reaffirmed the industry-wide 11.25% after tax rate of return on an operator's allowable rate base, but initiated a further rulemaking in which it proposes to use an operator's actual debt cost and capital structure to determine an operator's cost of capital or rate of return.

In June, 1995, the US Court of Appeals for the District of Columbia Circuit substantially upheld the cable rate regulations adopted by the FCC pursuant to the 1992 Cable Act. In February, 1996, the US Supreme Court declined to review the circuit court decision.

"Anti-Buy Through" Provisions. The 1992 Cable Act requires cable systems to permit subscribers to purchase video programming offered by the operator on a per channel or a per program basis without the necessity of subscribing to any tier of service, other than the basic cable service tier, unless the system's lack of addressable converter boxes or other technological limitations does not permit it to do so. The statutory exemption for cable systems that do not have the technological capability to offer programming in the manner required by the statute is available until a system obtains such capability, but not later than December, 2002. The FCC may waive such time periods, if deemed necessary. Prime's Anchorage system is fully addressable and does comply with these provisions. The Kenai, Soldotna and Bethel systems use traps to provide Pay TV services to basic service tier customers, however, such traps do not provide the technological capability to offer pay-per-view services. As of the Record Date the system provided by Alaskan Cable/Fairbanks complies but the systems provided by Alaskan Cable/Juneau and Alaskan Cable/Ketchikan did not comply. In all systems served by Alaskan Cable, Alaska Cablevision, McCaw/Rock Homer, and McCaw/Rock Seward, traps are used to secure the lowest level of service (limited), and such traps do not provide the technological capability to offer a la carte services.

Must Carry/Retransmission Consent. The 1992 Cable Act contains broadcast signal carriage requirements that allow local commercial television broadcast stations to elect once every three years to require a cable system to carry the station, subject to certain exceptions, or to negotiate for "retransmission consent" to carry the station. A cable system generally is required to devote up to one-third of its activated channel capacity for the carriage of local commercial television stations whether pursuant to the mandatory carriage or retransmission consent requirements of the 1992 Cable Act. Local non-commercial television stations are also given mandatory carriage rights. However, such stations are not given the

option to negotiate retransmission consent for the carriage of their signals by

cable systems. Additionally, cable systems are required to obtain retransmission consent for all "distant" commercial television stations (except for commercial satellite-delivered independent "superstations" such as WTBS), commercial radio stations and certain low power television stations carried by such systems after October, 1993.

In April, 1993, a special three-judge federal district court issued a decision upholding the constitutional validity of the mandatory signal carriage requirements as necessary to preserve the economic viability of the broadcast industry. In June 1994, the U.S. Supreme Court vacated this decision and remanded it to the district court to determine, among other matters, whether the statutory carriage requirements are necessary to preserve the economic viability of the broadcast industry. In December, 1995, the district court upheld the mandatory carriage requirements of the 1992 Cable Act. In February, 1996, the Supreme Court agreed to review this decision of the district court. The Company cannot predict the ultimate outcome of this litigation. Pending action by the Supreme Court, the mandatory broadcast signal carriage requirements remain in effect.

Commercial Leased Access Channels. The 1984 Cable Act permits franchising authorities to require cable operators to set aside certain channels for public, educational and governmental access programming. The 1984 Cable Act also requires a cable system with 36 or more channels to designate a portion of its channel capacity for commercial leased access by third parties to provide programming that may compete with services offered by the cable operator. The FCC has adopted rules regulating: (1) the maximum reasonable rate a cable operator may charge for commercial use of the designated channel capacity; (2) the terms and conditions for commercial use of such channels; and (3) the procedures for the expedited resolution of disputes concerning rates or commercial use of the designated channel capacity. As of the Record Date, the FCC was reviewing comments received pursuant to a recent Notice of Proposed Rulemaking proposing to change the rate calculation methodology used by cable operators to determine pricing of commercial leased access channels. Neither Prime nor Alaskan Cable nor the Company can predict the impact of this proposed change on future operations of the Cable Companies.

Franchise Procedures. The 1996 Telecom Act reaffirms the right of franchising authorities (state or local, depending on the practice in individual states) to award one or more franchises within their jurisdictions and prohibits non-grandfathered cable systems from operating without a franchise in such jurisdictions. The 1996 Telecom Act encourages competition with existing cable systems by the following: (1) allowing municipalities to operate their own cable systems without franchises; (2) preventing franchising authorities from granting exclusive franchises or from unreasonably refusing to award additional franchises covering an existing cable system's service area; and (3) prohibiting (with limited exceptions) the common ownership of cable systems and co-located MMDS or SMATV systems. In January, 1995, the FCC relaxed its restrictions on ownership of SMATV systems to permit a cable operator to acquire SMATV systems in the operator's existing franchise area so long as the programming services provided through the SMATV system are offered according to the terms and conditions of the cable operator's local franchise agreement. The 1996 Telecom Act eliminates cross-ownership restrictions in their entirety for cable operators subject to effective competition.

The 1996 Telecom Act also provides that in granting or renewing franchises, local authorities may establish requirements for cable-related facilities and equipment, but not for video programming or information services other than in broad categories, provided that local franchising authorities may not prohibit, condition, or restrict a cable system's use of any type of subscriber equipment or any transmission technology. Among the more significant changes in the 1996 Telecom Act is a limitation on the payment of franchise fees to 5% of cable system revenues received from providing cable services. In addition, the 1996 Telecom Act expressly prohibits a local franchising authority from collecting fees under the cable television franchise on telecommunication revenues when provided by a cable operator or its affiliate.

The 1984 Cable Act contains renewal procedures designed to protect incumbent franchisees against arbitrary denials of renewal. The 1992 Cable Act makes several changes to the renewal process which could make it easier for a franchising authority to deny renewal. A franchising authority's consent is required for the purchase or sale of a cable system or franchise. Such authority may attempt to impose more burdensome or onerous franchise requirements in connection with a request for such consent. Historically, franchises have been renewed for cable operators that have provided satisfactory services and have complied with the terms of their franchises.

Various courts have considered whether franchising authorities have the legal right to limit franchise awards to a single cable operator and to impose certain substantive franchise requirements, e.g., access channels, universal service and other technical requirements. These decisions have been somewhat inconsistent and, until the US Supreme Court rules definitively on the scope of cable operators' First Amendment protections, the legality of the franchising process generally and of various franchise requirements specifically are likely to be in a state of flux. Notwithstanding the ongoing legal battles in this area, Congress has continued to provide legislation making such requirements lawful.

Ownership Limitations. Pursuant to the 1992 Cable Act, the FCC adopted

rules prescribing national subscriber limits and limits on the number of channels that can be occupied on a cable system by a video programmer in which the operator has an attributable interest. The effectiveness of these FCC horizontal ownership limits has been stayed because a federal district court found a statutory limitation to be unconstitutional. An appeal of that decision is pending. The 1996 Telecom Act eliminates the statutory prohibition on the common ownership, operation or control of a cable system and a television broadcast station in the same service area and directs the FCC to eliminate its regulatory restrictions on cross-ownership of cable systems and national broadcasting networks and to review its broadcast-cable ownership restrictions to determine if they are necessary in the public interest.

LEC Ownership of Cable System. The 1984 Cable Act, FCC regulations, and the 1982 federal court consent decree that settled the antitrust suit against AT&T regulated the provision of video programming and other information services by LECs. The statutory provision and corresponding FCC regulations are of particular competitive importance because LECs already own much of the plant necessary for cable television operations, such as poles, underground conduit and associated rights-of-way. The 1996 Telecom Act makes far-reaching changes in the regulation of LECs that provide cable services. The new law eliminates current legal barriers to competition in the local telephone and cable television businesses, preempts legal barriers to competition that previously existed in state and local laws and regulations, and sets basic standards for relationships between telecommunications providers (see within this section, "-The 1996 Telecom Act"). The FCC and, in some cases, states are required to conduct numerous rulemaking proceedings to implement the 1996 Telecom Act. The ultimate outcome of these rulemakings, and the ultimate impact of the 1996 Telecom Act or any final regulations adopted pursuant to the new law on the Company or the Cable Companies or their businesses cannot be determined at this time.

Pole Attachment. The Communications Act requires the FCC to regulate the rates, terms and conditions imposed by public utilities for cable systems' use of utility pole and conduit space unless state authorities can demonstrate that they adequately regulate pole attachment rates. The State of Alaska has exercised regulatory authority over pole attachments in the past. However, this issue had not as of the Record Date been addressed in Alaska under the 1996 Telecom Act. In the absence of state regulation, the FCC administers pole attachment rates on a formula basis. In some cases, utility companies have increased pole attachment fees for cable systems that have installed fiber optic cables and that are using such cables for the distribution of non-video services. The FCC concluded that, in the absence of state regulation, it has jurisdiction to determine whether utility companies have justified their demand for additional rental fees and that the Communications Act does not permit disparate rates based on the type

of service provided over the equipment attached to the utility's pole. The 1996 Telecom Act modifies the current pole attachment provisions of the Communications Act by immediately permitting certain providers of telecommunications services to rely upon the protections of the current law and by requiring that utilities provide cable systems and telecommunications carriers with nondiscriminatory access to any pole, conduit or right-of-way controlled by the utility. Additionally, within two years of enactment of the 1996 Telecom Act, the FCC is required to adopt new regulations to govern the charges for pole attachments used by companies providing telecommunications services, including cable operators. These new pole attachment regulations will become effective five years after enactment of the 1996 Telecom Act, and any increase in attachment rates resulting from the FCC's new regulations will be phased-in in equal annual increments over a period of five years beginning on the effective date of the new FCC regulations.

Other Statutory Provisions. The 1992 Cable Act and the 1996 Telecom Act preclude video programmers affiliated with cable companies or common carriers providing video programming directly to subscribers from favoring the affiliated company over competitors and requires such programmers to sell their programming to other multichannel video distributors. This provision limits the ability of cable program suppliers affiliated with cable companies or common carriers providing video programming to offer exclusive programming arrangements to their affiliates. The Cable Acts also include provisions, among others, concerning horizontal and vertical ownership of cable systems, customer service, subscriber privacy, commercial leased access channels, marketing practices, equal employment opportunity, franchise renewal and transfer, award of franchises, obscene or indecent programming, regulation of technical standards and equipment compatibility. The FCC has adopted regulations implementing many of these statutory provisions and it has received numerous petitions requesting reconsideration of various aspects of its rulemaking proceedings.

Other FCC Regulations. In addition to the FCC regulations noted above, there are other FCC regulations covering such areas as equal employment opportunity, syndicated program exclusivity, network program non-duplication, registration of cable systems, maintenance of various records and public inspection files, microwave frequency usage, lockbox availability, origination cablecasting and sponsorship identification, antenna structure notification, marking and lighting, carriage of local sports programming, application of rules governing political broadcasts, limitation on advertising contained in non-broadcast children's programming, consumer protection and customer service, leased commercial access, ownership of home wiring, indecent programming, programmer access to cable systems, programming agreements, technical standards, consumer electronics equipment compatibility and DBS implementation. The FCC has

the authority to enforce its regulations through the imposition of substantial fines, the issuance of cease and desist orders and/or the imposition of other administrative sanctions, such as the revocation of FCC licenses needed to operate certain transmission facilities often used in connection with cable operations.

Other bills and administrative proposals pertaining to cable television have previously been introduced in Congress or considered by other governmental bodies over the past several years on matters such as rate regulation, customer service standards, sports programming, franchising and copyright. It is probable that further attempts will be made by Congress and other governmental bodies relating to the regulation of communications services.

Copyright. Cable television systems are subject to federal copyright licensing covering carriage of television and radio broadcast signals. In exchange for filing certain reports and contributing a percentage of their revenues to a federal copyright royalty pool, cable operators can obtain blanket permission to retransmit copyrighted material on broadcast signals. The nature and amount of future payments for broadcast signal carriage cannot be predicted at this time. The possible simplification, modification or elimination of the compulsory copyright license is the subject of continuing legislative review. The elimination or substantial modification of the cable compulsory license could adversely affect

the Cable Companies' (and subsequent to consummation of the Acquisition Plan, the Company's) ability to obtain suitable programming and could substantially increase the cost of programming that remained available for distribution to its subscribers. The Company cannot predict the outcome of this legislative activity.

Regulation by the Alaska Public Utilities Commission. The State of Alaska has the authority to regulate telecommunications that originate and terminate within the state. In 1990 the Alaska legislature introduced intrastate competition in Alaska. Subsequently, the APUC developed regulations that allow for the certification of additional carriers for such intrastate telecommunications and, to varying degrees, require filing of tariffs and regulation of the rates for such services. Under the APUC's current policy and regulations, all certified carriers are required to file tariffs for the provision of intrastate services. When filing for a rate increase, the dominant carrier is required to file an accompanying rate case. Non-dominant carriers are not rate regulated. Tariff revisions filed by non-dominant carriers routinely become effective without intervention by the APUC or third parties. Tariffs can be filed or revised on 30 days notice.

On March 15, 1996 the Company filed a tariff with the APUC requesting approval for provision of local services based on the terms of the 1996 Telecom Act which, in part, requires local exchange carriers to open up their networks and allow resale of their services. Once APUC approval is obtained, the Company intends to offer local services through its facilities or resale of local exchange carrier facilities.

In July 1990, the APUC instituted rate regulation over the Juneau operations of Alaskan Cable pertaining to basic cable service and installation. At December 31, 1995, the State of Alaska did not have rate regulation authority over the other locations comprising Alaskan Cable or over their basic service rates. Therefore, as of the Record Date, there was no refund liability for basic service. Since the rate regulation over the Juneau operations began in 1990 and through December 31, 1995, no refund liability has existed for this location. Refund liability for cable programming service rates may be calculated from the date a complaint alleging an unreasonable rate for cable programming service is filed with the FCC until the rate reduction is implemented. As of the Record Date, there had been no complaints filed with the FCC for these certain franchise areas.

RECENT DEVELOPMENTS

As of the Record Date, there had been no material changes in the Company's affairs which had occurred since December 31, 1995 and that were not described in the Company's Form 10-Q for the three- and six-month periods ended June 30, 1996 and which are not otherwise disclosed in this Proxy Statement/Prospectus.

DESCRIPTION OF COMPANY CAPITAL STOCK

The Restated Articles of Incorporation for the Company ("Company Articles") authorize the issuance of Class A common stock, Class B common stock, and preferred stock. The revised Bylaws of the Company ("Company Bylaws"), among other things, set forth certain guidelines by which the Company and its board of directors are governed in dealing with the shareholders of the Company.

Common Stock

The Class A and Class B common stock are essentially identical. However, on each matter submitted to a vote of shareholders, each holder of Class A common stock is entitled to one vote for each share held of record on

each matter submitted to a vote of shareholders, while each holder of Class B common stock is entitled to ten votes for each share held of record. The shares of both classes are counted equally for purposes of establishing a quorum for a shareholder meeting. In general and subject to any voting rights applicable to any shares of preferred stock then outstanding, the approval of proposals submitted to a vote of shareholders requires a favorable vote of either the majority of the voting power of the holders of the common stock or the majority of the voting power of the shares represented and voting at a duly held meeting at which a quorum is present. Additionally, under Alaska law, certain fundamental matters affecting the Company may require a favorable vote of a greater percentage.

Except as may be determined by the Company Board in the context of the issuance of preferred stock or as required under Alaska law, the holders of Class A and the holders of Class B common stock must vote with the holders of voting shares, if any, of the preferred stock as one class with respect to the election of directors and with respect to all other matters to be voted upon by shareholders. The Company Articles expressly prohibit cumulative voting for directors.

The shares of common stock have no conversion rights (other than that each share of Class B common stock outstanding is convertible into one share of Class A common stock), and include no preemptive rights or other rights to subscribe for additional shares. The Company Articles provide that the Company may redeem and otherwise buy back a portion or all of any or all classes or series of shares of its stock as allowed by law and as the Company Board in its sole discretion, will deem advisable. Subject to preferences that may be applicable to any shares of preferred stock then outstanding, the holder of the shares of common stock will be entitled to receive such dividends, if any, as may be declared by the Company Board out of legally available funds and to share pro rata in any distribution to the shareholders, including any distribution upon the liquidation of the Company. However, the current policy of the Company Board is to retain earnings for the operation of the Company's business. Furthermore, the Company's existing Credit Agreement with its Senior Lenders contains provisions that prohibit payment of dividends, other than stock dividends.

All outstanding shares of Class A common stock are, and the shares of common stock to be issued as Company Stock will be, upon payment for it, validly issued, fully paid and non-assessable. Each share of Class B common stock is under the Articles convertible, at the option of its holder, into one share of Class A common stock. However, under the Company Articles, Class A common stock is not convertible into Class B common stock.

Preferred Stock

The Company Board may under the Company Articles and subject to Alaska law, and without further action of the shareholders of the Company, issue shares of preferred stock in one or more series with such distinctive serial designations, rights, preferences, and limitations of the shares of each series as the Company Board will establish, including the number of shares to be issued, dividend rights, dividend

rates, conversion rights, voting rights, terms of redemption (including sinking fund provision), redemption prices, and liquidation, dissolution, or windup of business preferences. The Company Articles further provide that upon the occurrence and during the continuation of an event of non-compliance by the Company with the terms of the issuance of preferred stock, the then holders of the issued and outstanding preferred stock will have the exclusive right to elect up to two additional directors to the Company Board. The Company Articles also provide the Company may agree with the holders of the preferred stock issued, that without the consent of the holders of at least two-thirds of those shares the Company will not (1) effect any changes in the rights, privileges or preferences of that preferred stock, (2) create, designate or issue any class or series of securities ranking senior to that preferred stock or parity securities entitled to receive payment of dividends on a parity with the preferred stock or entitled to receive assets upon liquidation, dissolution, or winding up of the affairs of the Company; or (3) approve any other action with respect to which, under applicable law, the vote of the holders of that preferred stock as a separate series or class is required. The rights of the holders of common stock will be subject to and may be adversely affected by, the rights of any preferred stock that may be issued in the future. Issuance of preferred stock could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from acquiring, a majority of the outstanding voting stock of the Company. While the Company has issued preferred stock in the past, none was outstanding as of the date of this Proxy Statement/Prospectus. The Company has no present plans to issue any shares of preferred stock.

Limitation of Liability and Indemnification

The present Company Articles and Company Bylaws provide for the indemnification of a person, who is made or threatened to be made a party to an action or proceeding, whether criminal, civil, administrative, or investigative, by reason of the fact that he or she is or was a director, officer, employee or agent of the Company or at the request of the Company, served any other enterprise as an officer, director, employee or agent. The Company Bylaws further provide for indemnification of a person who was, is, or is threatened to be made a party to a completed, pending, or threatened action by or in the right

of the Company to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee, or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee, or agent of another enterprise. The Company Articles further provide that these requirements are deemed to be a contract between the Company and each director and officer who serves in such capacity at any time while those requirements of the Company Articles are in effect. The Company had not as of the date of this Proxy Statement/Prospectus entered into any express agreement with its officers and directors setting forth these terms of indemnification.

The Company Bylaws provide, in accordance with Alaska law, that such indemnification will not be made in respect of any claim, issue, or matter as to which the person has been adjudged to be liable for negligence or misconduct in the performance of the person's duty to the Company, with limited exception. The Company Bylaws also provide to the extent that a director, officer, employee, or agent of the Company has been successful in a defense of such an action or proceeding, that person will be indemnified against expenses and attorney fees actually and reasonably incurred in connection with the defense. The Company Bylaws provide at the discretion of the Company Board, the Company may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against any liability asserted against that person and incurred by that person in any such capacity, or arising out of that status, whether or not the Company would have the power to indemnify that person against such liability under provisions of the Company Bylaws. However, under Alaska law, no indemnification applies if the officer, director, employee, or agent is adjudged to be liable for negligence or misconduct in the performance of the person's duty to the Company unless the court in which the action or suit was brought determines upon application that, despite the adjudication of liability, in view of all circumstances of the case, the

person is fairly and reasonably entitled to indemnification for such expenses that the court considers proper. See, "SECURITIES ACT INDEMNIFICATION."

Certain Charter Provisions

The Company Bylaws provide that annual meetings of shareholders will be held for the purpose of the election of directors and the conduct of such other business as properly may be brought before the meeting. The Company Bylaws further provide that special meetings of shareholders may be called at any time by specified officers, the directors, or by at least one-tenth of all the shares entitled to vote at such meeting. For such a meeting the notice must be given in the same manner as notices of the annual meeting and must in addition set forth the agenda for the special meeting. The Company has followed the policy of considering shareholder proposals for the agenda of a shareholder meeting only if received by a date (typically six months before the meeting) as identified in the previous year's management proxy statement. Under the Company Bylaws only holders of shares as of the record date established for a shareholder meeting may nominate and vote upon proposals at the meeting including the nomination and election of directors.

The Company Articles and Company Bylaws provide for a Company Board divided into three classes of approximately equal size, with one class elected for a three-year term at each annual meeting of shareholders. The Company Bylaws provide that any action that may be taken at a meeting of the Company Board or a committee of the Company Board may be taken without a meeting if identical consents in writing describing the action so taken are signed by all of the directors or members of such committee entitled to vote with respect to the subject matter of that meeting.

The Company Bylaws incorporate a number of provisions of Alaska law pertaining to Company transactions with officers, directors, and shareholders. For example, a contract or other transaction between the Company and one or more of the directors of the Company and their affiliates is neither void nor voidable because that person is a party or because the director or directors are present at the meeting of the Company Board that authorizes, approves, or ratifies the contract or transaction, if certain procedures are followed. Those procedures include that the material facts as to the transaction and as to that person's interest are fully disclosed or known to the Company Board, and the Company Board authorizes, approves, or ratifies the contract or transaction in good faith by a sufficient vote without counting the vote of that interested person, and the person asserting the validity of the contract or transaction sustains the burden of proving that the transaction was just and reasonable as to the Company at the time it was authorized, approved, or ratified.

COMPARISON OF SECURITY HOLDER RIGHTS IN THE COMPANY
AND CERTAIN CABLE COMPANIES

The following summary is qualified in its entirety by reference to (1) the Alaska Corporations Code and the complete set of the Company Articles and Company Bylaws, and the articles of incorporation and bylaws of Alaskan Cable (for each of the three corporations comprising Alaskan Cable), (2) the Delaware Partnership Act, the Prime Partnership Agreement, and the limited partnership agreements of the other two limited partners of Prime (Prime Growth and Prime Holdings), and (3) the Delaware General Corporation Law, and the articles of incorporation and bylaws of Prime General Partner and ACI. See, "AVAILABLE INFORMATION."

General

Upon the consummation of the Acquisition Plan, the direct or (in the case of ACI and Prime General Partner) indirect holders of securities of Prime (a Delaware partnership) will exchange direct or

(in the case of ACI and Prime General Partner) indirect ownership of Prime for shares of Company Stock for later distribution by those security holders to the other Prime Group members, as described more fully elsewhere in this Proxy Statement/Prospectus (see, "PROPOSED TRANSACTIONS") and the shareholders of Alaskan Cable (all three corporations of which are Alaska corporations) will acquire shares of Company Stock. That is, these security holders will become holders of Class A common stock of the Company, an Alaska corporation. The rights of these securities holders will then be governed by the laws of the State of Alaska and the Company Articles and Company Bylaws. The following is a summary of certain provisions affecting the rights of securities holders of the Company and a comparison of those provisions to comparable provisions of the organizing documents of Prime and Alaskan Cable.

Authorized Capitalization

Company. Under the Company Articles, the authorized capitalization of the Company consists of 61 million shares divided into the following classes: (1) 50 million shares of Class A common stock; (2) 10 million shares of Class B common stock; and (3) 1 million shares of preferred stock.

Prime. The Prime Partnership Agreement does not set a specific authorized capitalization. The partnership was formed with a specific group of limited partners who were to make specific capital contributions as set forth in the agreement. The agreement expressly provides that a partner that has made its specified capital contribution shall not be obligated to make additional capital contributions to the partnership. The agreement expressly provides that, except upon transfer of a limited partner's interests, the general partner may not admit any additional limited partner interests in the partnership without the consent of all of the seven members of an advisory committee, the membership of which is controlled by the holders of common stock in ACI.
The initial partner capital contributions totalled $45 million.

Alaskan Cable. The Articles of Incorporation for Alaskan Cable/Fairbanks authorize a total of 1,000 shares of capital stock and further provide that the shares are not to be divided up into classes and are not to be issued in series. The Articles of Incorporation for Alaskan Cable/Juneau authorize a total of 2,000 shares of common stock. The Articles of Incorporation for Alaska Cable/Ketchikan authorize a total of 10,000 shares of one class.

Voting

Company. The Company Articles provide that all of the Company common stock is voting stock. Each share of Class A common stock is identical in all respects with the Class B common stock, except that each holder of Class A common stock is entitled to one vote for each share of such stock held, and each holder of Class B common stock is entitled to ten votes for each share of such stock held. The preferred stock may be issued by series with all shares in a series having the same rights and conditions. The preferred stock in a given series may or may not have voting rights at the discretion of the Company Board in establishing the terms and conditions of that series. The Company Articles expressly prohibit cumulative voting for election of directors.

Prime. The Prime Partnership Agreement provides that the general partner, acting on behalf of the partnership under the terms of the agreement, shall have the full and exclusive power to manage and conduct the business of the partnership, subject only to the general partner's obligation to seek consent or ratification of Prime's advisory committee with respect to certain specified matters. The agreement confers limited voting rights upon the limited partners based upon their limited partner interests in the following areas only: (1) at any time, by consent or approval of limited partners holding not less than a majority of the outstanding limited partner interests (a) to remove any or all of the general partners with or without cause, and (b) to replace any general partner so removed; and (2) upon the occurrence of an event of withdrawal of a general partner, as defined in the Delaware Revised Uniform Limited Partnership

Act, as amended ("Delaware Partnership Act"), from the partnership where at the time of such event of withdrawal only one general partner exists, the limited partners, should they choose to continue the partnership, must by unanimous vote within 90 days of that event appoint another general partner in order to prevent the dissolution of the partnership and the liquidation or distribution of its assets. The agreement provides that any matter requiring the consent, ratification or approval of all or any portion of the limited partners may be considered at a meeting of the partners. At such a meeting, a quorum shall consist of limited partners owning at least a majority of the outstanding limited partner interests in the partnership. Limited partners are entitled under the agreement to give a consent at such meeting or may do so by proxy. The agreement provides for its immediate dissolution and the liquidation or distribution of assets upon the expiration of the partnership term, i.e., 30

years after the effective date. The Prime Partnership Agreement expressly provides that limited partners shall not be allowed to take part in the management or control of the partnership business or to sign for or bind the partnership, such power being vested solely and exclusively in the general partner.

The Prime Partnership Agreement provides that any consent, ratification or approval required or permitted to be given by the limited partners pursuant to the agreement may be given without a meeting of the partners if a writing (including the use of counterparts) setting forth the matters as to which such action is requested is signed by the limited partners that would be entitled to consent, ratify, or approve such matter at a meeting of partners called for that purpose representing the necessary percentage of outstanding limited partner interests. The agreement further provides that the general partner is obligated to give prompt notice of any action to be taken pursuant to the written consent of less than all the partners to each partner that did not give such consent or approval. The other Prime limited partnership entities associated with the Prime Sellers may also take action without a meeting or otherwise provide for amendment of the corresponding partnership agreement.

Alaskan Cable. The Bylaws of Alaskan Cable/Fairbanks provide that each outstanding share shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders. Those Bylaws also provide that action may be taken by shareholders without a meeting if a consent in lieu of meeting in writing setting forth the action so taken is signed by all of the shareholders entitled to vote with respect to that subject matter. Such consent is to have the same force and effect as a unanimous vote of shareholders. The Articles of Incorporation for both Alaskan Cable/Fairbanks and Alaskan Cable/Juneau are silent on cumulative voting, and so under the Alaska Corporations Code cumulative voting is allowed for both corporations for the election of directors. The Bylaws of Alaskan Cable/Juneau provide that each outstanding share shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders. Those Bylaws also provide that action may be taken by shareholders without a meeting if a consent in lieu of meeting in writing setting forth the action so taken is signed by all of the shareholders entitled to vote with respect to that subject matter. Such consent is to have the same force and effect as a unanimous vote of shareholders. The Bylaws of Alaska Cable/Ketchikan provide that each outstanding share shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders. Those Bylaws also provide that action may be taken by shareholders without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the shareholders entitled to vote with respect to that subject matter. Such consents are to have the same force and effect as a unanimous vote of shareholders. The Bylaws but not the Articles of Incorporation for Alaskan Cable/Ketchikan expressly prohibit cumulative voting for the election of directors. However, to be effective under the Alaska Corporation Code, such prohibition must be contained in the corporation's articles of incorporation.

The Bylaws of each of the three corporations comprising Alaskan Cable provide that each share is to have one vote on matters addressed to the shareholders at a meeting. Those Bylaws also provide that any action required by law to be taken at a shareholder meeting or which may be taken at such a meeting may be taken without a meeting if a consent in lieu of meeting in writing setting forth the action

so taken is signed by all of the shareholders entitled to vote with respect to the subject matters in question. Such consent is to have the same force and effect as a unanimous vote of shareholders.

Annual and Special Meetings of Securities Holders

Company. The Company Bylaws provide that the Company shall hold an annual meeting of shareholders at a place designated by the Company Board. The date of the annual meeting is to be May 15 of each year or at such other date as is designated by the Company Board. Under the Company Bylaws a special meeting of shareholders of the Company may be called at any time by the president, the chairman of the board, the Company Board, or the holders of not less than one-tenth of all of the outstanding shares entitled to vote at such meeting. A request for such a special meeting and the notice of it must specify the purpose of the proposed meeting.

Prime. The Prime Partnership Agreement does not provide for established annual meetings of the partners. However, any matter requiring the consent, ratification or approval of all or a portion of the limited partners may be considered at a meeting of the partners upon not less than 10 days nor more than 60 days' notice from the general partner. A meeting of limited partners may also be requested by submitting a request to a general partner signed by limited partners owning at least 10% of the outstanding limited partnership interests in the partnership. A request for such a special meeting and the notice of it must give the purpose of the proposed meeting.

Alaskan Cable. The Bylaws of Alaskan Cable/Fairbanks provide that the corporation shall hold an annual meting of shareholders on March 1 at a place designated in the Bylaws or as otherwise fixed by the chairman of the board, the president, or the board of directors. Those Bylaws further provide that a special meeting of the shareholders may be called by the chairman or the holders of not less than one-tenth of all the shares entitled to vote at the meeting, with the place, day, and hour of the meeting to be fixed by the caller of the

meeting. The Bylaws of Alaskan Cable/Juneau provide that the corporation shall hold an annual meeting of shareholders on December 1 or as otherwise fixed by the chairman of the board, president, or the board of directors. Those Bylaws further provide that a special meeting of the shareholders may be called by the chairman of the board, president, or the board of directors or the holders of the not less than one-tenth of all the shares entitled to vote at the meeting, with the place, day, and time of the meeting to be fixed by the caller of the meeting. The Bylaws of Alaskan Cable/Ketchikan provide that the corporation shall hold an annual meeting of shareholders on November 1 at a place designated in the Bylaws or as otherwise fixed by the chairman of the board, the president, or the board of directors. Those Bylaws further provide that a special meeting of the shareholders may be called by the chairman, the president, the board, or the holders of not less than one-tenth of all of the shares entitled to vote at the meeting, with the place, day, and time of the meeting to be fixed by the caller of the meeting.

Board of Directors or Governing Body

Company. The Company Articles provide that the Company is to be governed by the Company Board. The Company Articles state that the number of directors on the Company Board is to be determined in a manner as provided in the Company Bylaws, but it is not to be less than three. The Company Bylaws state that the number is not to be less than three nor more than twelve and is to be fixed by vote of at least a simple majority of the board.

Prime. Prime is governed by Prime General Partner, a Delaware corporation with a three member board of directors.

Alaskan Cable. The Articles of Incorporation for Alaskan Cable/Fairbanks provide for an initial board of directors to consist of five members. The Bylaws of the corporation provide that the number of

directors is to be not less than three nor more than nine, with the exception that should all the shares of stock of the corporation be owned beneficially and of record by one or two shareholders, the number of directors may be less than three but not less than the number of shareholders. The Articles of Incorporation for Alaskan Cable/Juneau provide for an initial board of directors to consist of three members. The Bylaws of the corporation provide that the number of directors is to be not less than three directors nor more than nine directors, with the exception that should all the shares of stock of the corporation be owned beneficially and of record by one or two shareholders, the number of directors may be less than three but not less than the number of shareholders. The Articles of Incorporation for Alaskan Cable/Ketchikan provide for an initial board of directors to consist of four members. The Bylaws of the corporation provide that the number of directors is to be four.

Removal of Directors or Governing Body

Company. Under the Company Bylaws, a director may be removed only as follows: (1) the entire Company Board or any individual director may be removed from office, at the annual meeting or a special meeting of the shareholders called for that purpose, by at least, a majority vote of a quorum of shareholders for that meeting; (2) if, after the filling of a vacancy by the Company Board, the directors who have been elected by the shareholders constitute less than a majority of the directors, a holder or holders of an aggregate of 10% or more of the shares outstanding at the time may call a special meeting of shareholders to elect the entire board; (3) the Company Board may declare vacant the office of a director who has been declared of unsound mind by a court order; or (4) the superior court may, at the suit of the Company Board or of shareholders holding at least 10% of the number of outstanding shares of any class, remove from office a director for fraudulent or dishonest acts, gross neglect of duty, or gross abuse of authority or discretion with reference to the Company and may bar from reelection a director removed in that manner for a period prescribed by the court.

Prime. The Prime Partnership Agreement provides that the limited partners are entitled, at any time, by consent or approval of limited partners holding not less than a majority of the outstanding limited partnership interests to do the following: (1) remove any or all of the general partners with or without cause; and (2) replace any general partner so removed.

Alaskan Cable. In the case of each of the three corporations comprising Alaskan Cable, the corporation in being incorporated under and subject to the Alaska Corporations Code is limited in the manner in which a director may be removed from its board. The allowable means by which such a director may be removed are as described elsewhere in this section. See, "--Removal of Directors or Governing Body-Company."

Vacancies on the Board of Directors or Other Governing Body

Company. Vacancies may be filled by action of the Company Board or by action of the shareholders at an annual or special meeting. Should there be a vacancy on the Company Board, the board may by motion reduce the number of director positions on the Company Board and eliminate the vacancy. However, the Company Board is prohibited from reducing the number of director positions where a sitting director's position on the board is terminated.

Prime. The Prime Partnership Agreement provides upon the occurrence of

an event of withdrawal of the last remaining general partner of the partnership, the limited partners may appoint a successor general partner but such vote must be unanimously in favor of that successor general partner as further described elsewhere in this section. See, "--Voting-Prime." The agreement further provides that the general partner may not admit additional general partners to the partnership without the consent of the

advisory committee as further described elsewhere in this section. See, "--Authorized Capitalization-Prime."

Alaskan Cable. In the case of each of the three corporations comprising Alaskan Cable, the corresponding bylaws provide that vacancies on the board of directors may be filled by action of the corporation's board or by action of the shareholders at an annual or special meeting. Under the Alaska Corporations Code, should there be a vacancy on that board, the board may by motion reduce the number of director positions and eliminate the vacancy. However, under the Alaska Corporations Code the board is prohibited from reducing the number of director positions where a sitting director's position on the board is thereby terminated.

Mergers, Consolidations and Sale of Assets

Company. Under the Alaska Corporations Code, any merger or consolidation of an Alaska corporation, e.g., the Company, with or into another corporation, any statutory exchange of the corporation shares for shares of another corporation, or any sale of all or substantially all of the assets of the corporation not in the ordinary course of business requires the following: (1) the adoption and recommendation of the proposed transaction by the board of directors of the corporation; and (2) the approval of such transaction by each voting group entitled to vote on the issue by at least a two-thirds majority vote of the outstanding shares.

Prime. The Prime Partnership Agreement does not expressly provide for the reorganization of the partnership through merger, consolidation, or sale of assets but does provide for amendment of the agreement by the partners. The agreement provides for the dissolution and termination of the partnership as described elsewhere in this section. See, "--Voting-Prime."

Alaskan Cable. The case of each of the three corporations comprising Alaskan Cable, the corporation in being incorporated under and subject to the Alaska Corporations Code is limited in the manner in which the corporation may be merged or consolidated, or the manner in which all of its assets may be sold. The provisions of that code in this regard are as described elsewhere in this section. See, "--Mergers, Consolidations, and Sale of Assets-Company."

Amendment to Articles of Incorporation or Other Organizing Documents

Company. Under the Alaska Corporations Code, the articles of incorporation of a corporation may be amended only by approval of at least a simple majority of the shares outstanding, but only if that majority vote is specified in the corporation's articles of incorporation should the corporation have been incorporated prior to the enactment of the Alaska Corporations Code. The Company was incorporated prior to the enactment of the Alaska Corporations Code, and the Company Articles do provide for the simple majority vote in this instance.

Prime. The Prime Partnership Agreement provides that all amendments to the agreement must be proposed by a general partner or by limited partners owning the right to not less than 25% of the outstanding limited partner interests in the partnership. An amendment proposed by the general partner shall be effective if approved in writing by limited partners owning in the aggregate interests of at least 50% of the outstanding limited partner interests in the partnership. An amendment proposed by a limited partner shall be effective if approved in writing by the general partner and by limited partners owning an aggregate interest of at least 50% of the outstanding limited partner interests in the partnership, within 90 days of its proposal. The agreement provides that no amendment to it that would adversely affect the interest of any limited partner in partnership profits or capital or remove any voting rights granted to the limited partner under the agreement may be adopted without the written consent of each limited partner

affected by that amendment. However, the general partner may amend the agreement to remove or correct any inconsistency, ambiguity or error contained in the agreement, provided such amendment does not adversely affect the limited partners in any manner. Notwithstanding these provisions, Prime has chosen to require an affirmative consent of at least 66-2/3% of the interests held by its limited partners to approve the Prime Proposed Transaction.

Alaskan Cable. In the case of each of the three corporations comprising Alaskan Cable, the corporation in being incorporated under the precursor corporate code and as of the Record Date subject to the Alaska Corporations Code is limited in the manner in which the corporation may amend its articles of incorporation. The corporation's articles of incorporation may be amended only by approval of at least a two-thirds majority of the outstanding shares.

Amendment to Bylaws

Company. Under the Company Articles, the Company Board is expressly authorized and empowered to adopt, alter, amend, or repeal any provision or all of the Company Bylaws, to the exclusion of the outstanding shares of the Company.

Prime. Prime has no bylaws. The Prime Partnership Agreement and applicable Delaware law govern the internal affairs of Prime.

Alaskan Cable. Under the Alaska Corporations Code, the bylaws of a corporation may be amended by the board of directors or by a majority of the outstanding shares, unless in the corporation's articles of incorporation the power is expressly given to one to the exclusion of the other. The Articles of Incorporation for Alaskan Cable/Fairbanks provide that the initial Bylaws of the corporation are to be adopted by the board of directors. These articles are silent as to who is to have the power, exclusive or otherwise, to alter, amend, or repeal any provision of the Bylaws. The Articles of Incorporation for Alaskan Cable/Juneau provide that the board of directors of the corporation is to have the power to adopt, amend, alter and repeal bylaws not inconsistent with its articles or Alaska law. However, those articles also provide that the shareholders may at a regular or special meeting called for that purpose, amend, alter, or repeal the corporation's bylaws by an affirmative vote of at least 51% of the common stock of the corporation then issued and outstanding. Thereafter that Bylaw so altered, amended, or repealed by shareholder action is not to be subject to any subsequent amendment, alteration, or repeal by the board. The Articles of Incorporation of Alaskan Cable/Ketchikan provide that the board of directors of the corporation is to have the power to adopt, alter, amend, or repeal the bylaws of the corporation. Those articles further provide that such bylaws and amendments of them are to be in full force and effect as the bylaws of the corporation unless the shareholders should at a regular or special meeting amend, alter, or repeal those bylaws. Once the shareholders alter, amend, or repeal a portion of those bylaws, that portion is not to be subject to subsequent alteration, amendment, or repeal by the board.

Limitation on Liability of Directors and Officers

Company. Under the Company Bylaws, the Company shall indemnify any person who was or is made a party to an action, suit or proceeding by reason of or arising from the fact that the person is or was a director, officer, employee, or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee, or agent of another corporation or entity. Amounts paid in settlement actually and reasonably incurred by that person in connection with that action, suit, or proceeding may include reimbursement of expenses, attorney fees, judgment, fines, and amounts paid in settlement actually and reasonably incurred by that person if that person acted in good faith and in a manner that that person reasonably believed to be in or not opposed to the best interests of the Company. Under the Company Bylaws, the Company shall also indemnify any person who was or is a party to any

action or suit by or in the right of the Company to procure a judgment in its favor by reason or arising from the fact that that person is or was a director, officer, employer, or agent of the Company or is or was serving at the request of the Company as a director, officer, employee, or agent of another entity. This indemnification is to cover reimbursement for expenses including attorney fees actually and reasonably incurred by the person in connection with the defense or settlement of that action or suit if that person acted in good faith and in a manner that that person reasonably believed to be in or not opposed to the best interests of the Company.

Under the Alaska Corporations Code, an officer shall perform the duties of the office in good faith and with that degree of care, including reasonable inquiry, that an ordinarily prudent person in a like position would use under similar circumstances. An officer is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data in each case prepared or presented by legal counsel or public accountants, except that an officer is not acting in good faith if the officer has knowledge concerning the matter in question that makes reliance otherwise permitted unwarranted.

Under the Alaska Corporations Code a director shall perform his or her duties as a director, including duties to serve as a member of a committee of the board, in good faith, in a manner the director reasonably believes to be in the best interests of the corporation, and with the care, including reasonable inquiry, that an ordinarily prudent person in a like position would use under similar circumstances. A director is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by (1) officers or employees of the corporation whom the director reasonably believes to be reliable and competent in the matters, (2) counsel, public accountants, or other persons as to matters that the director reasonably believes to be within the person's professional or expert competence, or (3) a committee of the board upon which the director does not serve, designated in accordance with a provision of the articles or the bylaws, as to matters within the authority of the committee if the director reasonably believes the committee to merit confidence; provided that a director is not acting in good faith if the director has knowledge concerning the matter in question that makes reliance otherwise permitted unwarranted.

Prime. The Prime Partnership Agreement provides for indemnification by the partnership of the general partner and its officers, employees, directors, and affiliates from and against any and all claims, demands, liabilities, costs, losses, judgments, fines, penalties, settlements, damages, and other amounts arising out of or resulting from any claims, demands, actions, suits, or proceedings (whether civil, criminal, administrative or investigative) or causes of action of any nature arising out of or incidental to the partnership's affairs and the execution of certain documents related to it, including without limitation, reasonable attorneys' fees, accountants' fees, and experts' fees incurred in connection with the agreement. However, to the extent that the claim at issue is based upon a matter unrelated to the general partner's management of the partnership affairs or the involvement of such officer, employee, director or affiliate in it, or proven gross negligence or willful misconduct of the general partner or such other persons, or the proven material breach of that general partner of any material provision of the agreement, then the general partner or such other persons as the case may be shall not be entitled to such indemnification. The agreement does not indemnify limited partners.

Alaskan Cable. Under the Alaska Corporations Code, provision for indemnification of officers and directors is limited as set forth in the code and as generally described for the Company elsewhere in this section. See, "--Limitations on Liability of Directors and Officers-Company." In the case of each of the three corporations comprising Alaskan Cable, the corresponding bylaws provide for indemnification of officers and directors similar to that set forth for the Company.

Preferred Stock

Company. As of the Record Date, the Company had no outstanding preferred stock issued.

Prime. The Prime Partnership Agreement does not provide for a preferred return or any preferred equity.

Alaskan Cable. In the case of each of the three corporations comprising Alaskan Cable, the corresponding articles of incorporation are silent on authorizing preferred stock or any other stock other than common stock.

MANAGEMENT OF THE COMPANY

General

The Company Board is classified into three classes: Class I, Class II, and Class III. As of the Record Date, the Company Bylaws provided that the number of directors was to be not less than three nor more than twelve and could be changed from time to time by action of the Board. As of the Record Date the number of directors constituting the Board was seven.

At the Annual Meeting, three individuals will be elected to positions in Class I of the Company Board for three-year terms. The individuals so elected will serve subject to the provisions of the Company Bylaws and until the election and qualification of their respective successors.

Management believes that its proposed nominees for election as directors are willing to serve as directors, and it is intended that the proxy holders named in the accompanying form of Company Proxy or their substitutes will vote for the election of these nominees unless specifically instructed to the contrary. However, if any nominee at the time of the election is unable, unavailable or, for good cause, unwilling to serve and, as a consequence other nominees are designated, the proxy holders named in the Company Proxy or their substitutes will have discretion and authority to vote or refrain from voting in accordance with their judgment with respect to other nominees.

Business Background of Directors, Nominees, and Executive Officers of the Company

The following table provides business background information on the directors, nominees and executive officers of the Company. All executive officers are elected for annual terms, subject to their earlier death, resignation or removal in accordance with the Company Articles and Company Bylaws, until their successors are chosen and qualify. There are no family relations of first cousin or closer, among the persons named in the table, by blood, marriage, or adoption. The Company Board is unaware of any legal proceedings which may have occurred during the past five years and which would be material to an evaluation of the integrity or ability of any director or executive officer of the Company to serve. Furthermore, the Company Board is unaware of any legal proceedings which may have occurred in which any director or executive officer of the Company was or is a party adverse to the Company or any of its subsidiaries or has a material interest adverse to the Company or any of its subsidiaries.

<TABLE>
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DIRECTORS, NOMINEES, AND EXECUTIVE OFFICERS OF THE COMPANY

<CAPTION>

Name	Age	Positions, Business Experience
<S>	<C>	<C>
Ronald A. Duncan (1)	44	Director, President and Chief Executive Officer of the Company since January 1, 1989. Prior to that, Mr. Duncan was the Executive Vice President and a director of the Company from 1979 through December, 1988.
Donne F. Fisher (1)	58	Nominee. Director of the Company since 1980. Mr. Fisher has been a consultant to Tele-Communications, Inc. ("TCI") since January, 1996 and has been a director of TCI since 1980. Prior to becoming a consultant to TCI, he was Executive Vice President of TCI from December, 1991 to December, 1995 and had been a Senior Vice President of TCI from 1982 to December, 1995. He has served as Vice President, Treasurer and Chief Financial Officer of most of TCI's subsidiaries. TCI is a cable television company which owns and operates cable television systems primarily located in the United States.
John W. Gerdelman (1)	43	Nominee. Director of the Company since July, 1994. Mr. Gerdelman has been President, Network Services for MCI Telecommunications Corporation, a wholly owned subsidiary of MCI Communications Corporation in Washington, D.C., since September, 1994. Prior to that, he was Senior Vice President for MCI Telecommunications Corporation from July, 1992 to September, 1994. Prior to that, he was President of MCI Services, Inc. in Sergeant Bluff, Iowa from July, 1989 to July, 1992. MCI through its subsidiaries provides telecommunication and related services throughout the country and internationally.
Carter F. Page (1)	64	Director and Chairman of the Board of the Company since 1980. From December, 1987 to December, 1989, Mr. Page served as a consultant to WestMarc Communications, Inc., a wholly owned subsidiary of TCI ("WSMC"), in matters related to the Company. He served as President and director of WSMC from 1972 to December, 1987. Since then and to the present, he has been managing general partner of Semaphore Partners, a general partnership and investment vehicle in the communications industry.
Larry E. Romrell(1)	56	Director of the Company since 1980. Mr. Romrell has been an Executive Vice President of TCI since 1994, President and director of TCI Technology Ventures, Inc. since 1994, and Senior Vice President of TCI since 1991, is the President of WSMC, and has been employed by WSMC in various capacities from 1961.

Name	Age	Positions, Business Experience
James M. Schneider (1)	43	Nominee. Director of the Company since July, 1994. Mr. Schneider has been Senior Vice President Finance for MCI Communications Corporation in Washington, D.C. since August, 1995. Prior to that, he was Senior Vice President Finance Consumer Markets for MCI Telecommunications Corporation since November, 1993. Prior to that, he was Corporate Controller for MCI from September, 1993. Prior to that, Mr. Schneider was with the accounting firm of Price Waterhouse from 1973 to September, 1993 and was a partner in that firm from October, 1983 to September, 1993.
Robert M. Walp (1)	68	Director, Vice Chairman of the Company since January 1, 1989. Prior to that, Mr. Walp served as President and Chief Executive Officer and a Director of the Company from 1979.
William C. Behnke	38	Senior Vice President Marketing and Sales for the Company since January, 1994. Prior to that Mr. Behnke was Vice President of the Company and President of GCI Network Systems, Inc. from February, 1992 to January, 1994 when that corporation, a subsidiary of GCC (a wholly-owned subsidiary of the Company), was merged into GCC. Prior to that, he was Vice President of the Company and General Manager of GCI Network Systems, Inc. from June, 1989 to February, 1992. Prior to that, he was Senior Vice President for TransAlaska Data Systems, Inc. from August, 1984 to June, 1989.

Richard P. Dowling	52	Senior Vice President - Corporate Development for the Company since December, 1990. Prior to that, Mr. Dowling was Senior Vice President-Operations and Engineering for the Company from December, 1989 to December, 1990. Prior to that he was Vice President-Operations and Engineering for the Company from 1981 to December, 1989.
G. Wilson Hughes	50	Executive Vice President and General Manager of the Company since June, 1991. Prior to that, Mr. Hughes was President and a member of the board of directors of Northern Air Cargo, Inc. from March, 1989 to June, 1991. Prior to that, he was President and a member of the board of directors of Enserch Alaska Services, Inc. from June, 1984 to December, 1988.
John M. Lowber	46	Senior Vice President and Chief Financial Officer for the Company since December, 1989. Prior to that, Mr. Lowber was Vice President-Administration for the Company from 1985 to December, 1989. He has been Chief Financial Officer for the Company since January, 1987 and Secretary/Treasurer of the Company since July, 1988. Prior to joining the Company, Mr. Lowber was a senior manager at KPMG Peat Marwick.

Dana L. Tindall	34	Senior Vice President-Regulatory Affairs since January, 1994. Prior to that Ms. Tindall was Vice President-Regulatory Affairs for the Company from January, 1991 to January, 1994. Prior to that, she was Director Regulatory Affairs for the Company from October, 1989 through December, 1990, and prior to that she was Manager Regulatory Affairs for the Company from 1985 to October, 1989.

<FN>

1 Messrs. Gerdelman, Page, and Walp were, as of the Record Date, Class I directors whose terms will expire at the time of the 1996 annual shareholder meeting. Messrs. Duncan and Romrell were, as of the Record Date, Class II directors whose terms will expire at the time of the 1997 annual shareholder meeting. Messrs. Fisher and Schneider were, as of the Record Date, Class III directors whose terms will expire at the time of the 1998 annual shareholder meeting.

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In addition, one of the directors, Mr. Fisher, serves on the boards of directors of most of TCI's subsidiaries, and the boards of directors of DMX and United Video Satellite Group, Inc.

Compliance with Section 16(a) of the Exchange Act

Based upon a review of Exchange Act Forms 3, 4, and 5 completed and furnished to the Company by shareholders, the Company is unaware of any director, officer, or beneficial owner of more than 10% of any class of common stock of the Company who failed to file on a timely basis, as provided in those forms, reports required under Section 16(a) of that act during the year ended December 31, 1995.

Remuneration of Directors and Executive Officers

Summary Compensation. The following table sets forth a summary of the compensation paid by the Company to its chief executive officer for services in all capacities for each of the years ended December 31, 1993, 1994, and 1995, respectively. It also sets forth similar information for the four most highly compensated executive officers of the Company aside from the chief executive officer rendering services to the Company and its subsidiaries, whose aggregate salary and bonuses exceeded $100,000 for the year ended December 31, 1995 (Mr. Duncan and these four executive officers, collectively, "Named Executive Officers").

<TABLE>

SUMMARY COMPENSATION TABLE

<CAPTION>

Long-Term Compensation

	Annual Compensation				Awards		Payouts	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Name & Principal Position	Year	Salary (1) ($)	Bonus (1) ($)	Other Annual Compensation (2),(3) ($)	Restricted Stock Awards ($)	Securities Underlying Options/SARs (#)	LTIP Payouts (4) ($)	All Other Compensation (5) ($)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Ronald A. Duncan President	1995	89,550	-0-	14,736	-0-	-0-	-0-	144,470
and Chief Exec. Officer (6)	1994	89,550	99,960	41,322	-0-	-0-	-0-	110,400
	1993	89,550	27,830	536,970	-0-	-0-	-0-	103,500
William C. Behnke	1995	110,002	-0-	41,931	-0-	50,000	-0-	20,000
Senior Vice President,	1994	109,168	136,194	90,049	-0-	-0-	-0-	-0-
Marketing and Sales (7)	1993	90,000	41,900	64,569	-0-	-0-	-0-	-0-
G. Wilson Hughes	1995	150,002	-0-	16,305	-0-	260,000	-0-	76,586
Executive Vice President	1994	150,003	89,698	15,843	-0-	-0-	-0-	61,059
and General Manager (8)	1993	149,547	31,666	9,342	-0-	-0-	-0-	58,074
John M. Lowber	1995	125,000	-0-	15,321	-0-	100,000	-0-	65,000
Senior Vice President,	1994	125,514	117,757	12,814	-0-	-0-	-0-	65,000
Administration, Chief	1993	125,000	32,746	177,792	-0-	-0-	-0-	65,000
Financial Officer,								
Secretary/Treasurer (9)								
Dana L. Tindall	1995	103,699	24,000	14,949	-0-	-0-	-0-	-0-
Senior Vice President,	1994	93,555	97,467	30,208	-0-	-0-	-0-	-0-
Regulatory Affairs (10)	1993	90,220	38,349	42,299	-0-	50,000	-0-	-0-

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1 Amounts shown include cash and non-cash compensation earned and received by executive officers as well as amounts earned but deferred at the election of those officers, including employee base salary and contributions to the Stock Purchase Plan (included in column (c) of this table) and bonuses (included in column (d) of this table). Does not include Company contributions to the Stock Purchase Plan for the account of the participating employee (included in column (e) of this table). Does not include value of options granted as shown in column (g) of this table in that they were not in-the-money at the time of grant. Mr. Lowber was as of December 31, 1995, the only employee of the Company. The other individuals named in this table were as of that date employees of GCC. Management of the Company anticipated that this arrangement would continue. See, "OWNERSHIP OF THE COMPANY: Changes in Control -- Pledges of Stock of Subsidiaries."

2 Perquisites and other personal benefits, securities and property for each Named Executive Officer did not exceed the lesser of either $50,000 or 10% of the total of annual salary and bonus reported for that individual.

3 During the years ended December 31, 1993 through 1995, Messrs. Duncan, Lowber, and Hughes and Ms. Tindall participated in the Company's Stock Purchase Plan through which those persons contributed funds under a payroll deduction arrangement, and the Company matched those contributions on a dollar-for-dollar basis. The contributions by the Company were made to all employees of the Company and its subsidiaries who participated in the plan, including the

identified persons. Contributions identified in this column (e) are

those of the Company to the plan only. Prior to July 1, 1995 employee and Company contributions were invested in Company common stock, and employee contributions received up to 100% matching, as determined by the Company each year, in Company common stock. On and after that date, employees could direct their contributions to be invested by the plan in Company common stock, MCI common stock, TCI common stock or various identified mutual funds. Also on and after that date, employee contributions directed into investments other than Company common stock are to receive Company matching contributions of up to 50 cents on the dollar as determined by the Company Board. The contributions are invested in the name of the plan and for the benefit of the respective participants in the plan. All securities were purchased or otherwise acquired at fair market value on the date of purchase or acquisition. See, "MANAGEMENT OF THE COMPANY: Remuneration of Directors and Executive Officers -- Stock Purchase Plan."

4 The Company had no long-term incentive plan during the three-year period ended December 31, 1995.

5 All incidental compensation to each Named Executive Officer did not for the years ended December 31, 1993 through 1995, exceed the lesser of $50,000 or 10% of total annual salary and bonus reported for the officer.

6 For 1995, column (e) includes $10,756 of Company matching contributions to the Stock Purchase Plan.

For 1994, column (e) includes prepaid portion of salary for 1995 of $30,000 and $9,240 of Company matching contributions to the Stock Purchase Plan. For 1993, column (e) includes the value of options exercised (income derived), calculated as the fair market value less the exercise price of the options at $1.25 per share for 247,947 shares of Class A common stock granted in April, 1988, in the amount of $495,894 and includes prepaid portion of salary for 1994 of $30,000 and $8,994 of Company matching contributions to the Stock Purchase Plan.

For 1993, 1994, and 1995 column (i), includes the deferred compensation agreement entered into between Mr. Duncan and the Company dated August 13, 1993 ("Second Duncan Deferred Compensation Agreement"). Under the Second Duncan Deferred Compensation Agreement, the Company is to pay to Mr. Duncan deferred compensation in an amount not to exceed $625,000 plus interest in addition to the regular compensation he now earns or may in the future earn. This deferred compensation is to be credited to Mr. Duncan each July 1 that he is employed by the Company in amounts as follows:

Year	Amount
1993	$100,000
1994	100,000
1995	125,000
1996	150,000
1997	150,000
Total	$625,000

The full amount of deferred compensation plus accrued interest will be due and payable to Mr. Duncan upon the termination of his employment with the Company, provided that, should he voluntarily terminate his employment or his employment is terminated for cause, only that portion of the deferred compensation credited as of the December 31 immediately preceding that termination plus interest will be due and payable and the remainder of the deferred compensation will be canceled. No compensation was received by Mr. Duncan under this agreement during the years ended December 31, 1993, 1994, or 1995. See, "MANAGEMENT OF THE COMPANY: Employment Contracts and Termination of Employment and Change of Control Arrangements."

7 For 1995, column (e) includes the value of options exercised (income derived) calculated as the fair market value less the exercise price of the options at $0.001 per share for 10,000 shares of Class A common stock granted in June, 1989 in the amount of $41,865.

For 1994, column (e) includes the value of options exercised (income derived), calculated as the fair market value less the exercise price of the options at $.001 per share for 17,500 shares of Class A common stock granted in June, 1989 in the amount of $89,983. For 1993, column (e) includes the value of options exercised (income derived), calculated as the fair market value less the exercise price of the options at $.001 per share for 15,000 shares of Class A common stock granted in June, 1989 in the amount of $64,516.

For 1995, column (i) include an allocation pursuant to a deferred compensation plan with Mr. Behnke of $20,000 of deferred compensation vesting over the five year period beginning in 1995.

8 For 1995, column (e) includes the Company's contributions to the Stock Purchase Plan for the benefit of Mr. Hughes in the amount of $12,750.

For 1994, column (e) includes the Company's contributions to the Stock Purchase Plan for the benefit of Mr. Hughes in the amount of $15,000.

For 1993, column (e) includes the Company's contributions to the Stock Purchase Plan for the benefit of Mr. Hughes in the amount of $8,994.

For 1993 through 1995, column (i), represents the amount accrued through a deferred compensation agreement entered into between Mr. Hughes and the Company dated April 30, 1991 ("Hughes Deferred Compensation Agreement") during and for the years ended December 31, 1993, 1994, and 1995. The Company entered into the Hughes Deferred Compensation Agreement, a five year deferred bonus agreement, with Mr. Hughes dated April 30, 1991. Under the Hughes Deferred Compensation Agreement, Mr. Hughes will receive deferred compensation of $50,000 per year accrued annually on December 31 of each year of the agreement. The agreement further provides that accumulated balances on Mr. Hughes deferred compensation will accrue interest at 10% per year, compounded annually. The plan was amended to provide for deferred compensation of $65,000 in 1995 and $75,000 per year in 1996 and in subsequent years. Each contribution vests over the following three years after the corresponding contribution. The agreement provides that after five years, or upon termination of his employment with the Company, Mr. Hughes may elect to have the full balance of the deferred compensation paid in cash, in a lump sum or in monthly installments for up to ten years. The agreement provides that in the event of a deferred payment, the residual balance will continue to accrue interest. Interest accrued under the agreement in the amounts of $8,074, $11,059, and $11,585 during the years ended December 31, 1993, 1994, and 1995, respectively. The agreement is part of an employment agreement described further elsewhere in this section. See, "MANAGEMENT OF THE COMPANY: Employment Contracts and Termination of Employment and Change of Control Arrangements."

9 For 1995, column (e) includes $12,852 of Company matching contributions to the Stock Purchase Plan.

For 1994, column (e) includes $11,844 of Company matching contributions pursuant to the Company's Stock Purchase Plan.

For 1993, column (e), includes the value of options exercised (income derived), calculated as the fair market value less the exercise price of the option at $1.00 per share for 75,000 shares granted in April, 1988, in the amount of $168,750 and $8,500 of Company matching contributions to the Stock Purchase Plan.

For 1993, 1994, and 1995, column (i), the amount accrued through the Lowber Deferred Compensation Agreement ("Lowber Deferred Compensation Agreement") during and for the years ended December 31, 1993 through 1995, respectively. The Company entered into the Lowber Deferred Compensation Agreement providing for deferred compensation of $65,000 per year in each year of a seven year term and accruing annually on July 1 of each year of the term, the proceeds of which were used to purchase a life insurance policy which has been collaterally assigned to the Company to the extent of premiums paid by the Company. At the earlier of termination of employment or upon election by Mr. Lowber subsequent to the end of the seven year term of the agreement, the collateral assignment will be terminated with the Company. The agreement provides that if Mr. Lowber leaves the employment of the Company voluntarily, he will lose the unvested portion of the compensation. The Lowber Deferred Compensation Agreement is a part of Mr. Lowber's employment agreement with the Company described further elsewhere in this section. See, "MANAGEMENT OF THE COMPANY: Compensation Committee Report on Executive Compensation."

10 For 1995, column (e) includes $12,802 of Company matching contributions pursuant to the Stock Purchase
Plan.

For 1994, column (e) includes $13,190 of Company matching contributions pursuant to the Stock Purchase Plan and the value of options exercised (income derived), calculated as the fair market value less the exercise price of $2.25 per share for 5,000 shares of Class A common stock granted December, 1989, in the amount of $15,312.

For 1993, column (e) includes $6,145 of Company matching contributions pursuant to the Stock Purchase Plan and the value of options exercised (income derived), calculated as the fair market value less the exercise price of $.75 per share for 9,917 shares and $2.25 for 83 shares of Class A common stock granted in March, 1987 and December, 1989, respectively, in the total amount of $36,125.

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</FN>
</TABLE>

<TABLE>
Option/SAR Grants. The following table sets forth information on the

individual grants of stock options (whether or not in tandem with stock appreciation rights ("SARs")), and freestanding SARs made during the Company's fiscal year ended December 31, 1995 to the Named Executive Officers. There were no tandem SARs or freestanding SARs associated with the Company during this period.

OPTION/SAR GRANTS IN LAST FISCAL YEAR

<CAPTION>

Individual Grants					Potential Realizable Value of Assumed Annual Rates of Stock Price Appreciation for Option Term	
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Name	Number of Securities Underlying Option/SARs Granted (1) (#)	% of Total Options/SARs Granted to Employees in Fiscal Year	Exercise or Base Price (2) ($/Sh)	Expiration Date	5% ($) (3)	10% ($) (3)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Ronald A. Duncan	-0-	-0-	---	---	---	---
William C. Behnke	50,000 (4)	8.2	4.00	3/1/05	126,000	319,000
G. Wilson Hughes	260,000 (5)	42.6	4.00	3/1/05	654,000	1,657,000
John M. Lowber	100,000 (6)	16.4	4.00	3/1/05	252,000	638,000
Dana L. Tindall	-0-	-0-	---	---	---	---

<FN>

1 Options in Class A common stock.

2 The exercise price of the options was equal to the market price of the Class A common stock at the time of grant.

3 The potential realizable dollar value of a grant is calculated as the product of the following: (1) the difference between (i) the product of the per-share market price at the time of grant and the sum of 1 plus the adjusted stock price appreciation rate (the assumed rate of appreciation compounded annually over the term of the option) and (ii) the per-share exercise price of the option; and (2) the number of securities underlying the grant at fiscal year end.

4 The option is for 50,000 shares at $4.00 per share vesting in the following amounts on the indicated dates: (1) 5,000 shares on March 1, 1998; (2) 15,000 shares on March 1, 1999; (3) 15,000 shares on March 1, 2000; and (4) 15,000 shares on March 1, 2001. The options were granted pursuant to the Stock Option Plan and will expire if not exercised before March 1, 2005.

5 The option is for 260,000 shares at $4.00 per share vesting in the following amounts on the indicated dates: (1) 60,000 shares on June 1, 1997; (2) 60,000 shares on June 1, 1998; (3) 60,000 shares on June 1, 1999; and (4) 80,000 shares on June 1, 2000. The options were granted pursuant to the Stock Option Plan and will expire if not exercised before March 1, 2005.

6 The option is for 100,000 shares at $4.00 per share vesting in the following amounts on the indicated dates: (1) 10,000 shares on March 1, 1998; (2) 30,000 shares on March 1, 1999; (3) 30,000 shares on March 1, 2000; and (4) 30,000 shares

on March 1, 2001. The options were granted pursuant to the Stock Option Plan and will expire if not exercised before March 1, 2005.

</FN>
</TABLE>
<TABLE>

Aggregated Option/SAR Exercises and Year-End Option/SAR Value. The following table sets forth information concerning each exercise of stock options during the year ended December 31, 1995, by each of the Named Executive Officers and the fiscal year-end value of unexercised options. There were no tandem SARs or freestanding SARs associated with the Company during this period.

AGGREGATED OPTION/SAR EXERCISES

IN LAST FISCAL YEAR AND FISCAL YEAR-END
OPTION/SAR VALUE TABLE

<CAPTION>

(a) Name	(b) Shares Acquired on Exercise (#)	(c) Value Realized (1) ($)	(d) Number of Securities Underlying Unexercised Options/SARs at FY-End (#) Exercisable/ Unexercisable	(e) Value of Unexercised In-the-Money Options/SARs at FY-End ($) (1),(2) Exercisable/ Unexercisable
<S>	<C>	<C>	<C>	<C>
Ronald A. Duncan	-0-	-0-	90,000/110,000	180,000/220,000
William C. Behnke	10,000	41,865	160,190/75,000	575,865/100,000
G. Wilson Hughes	-0-	-0-	200,000/310,000	650,000/422,500
John M. Lowber	-0-	-0-	167,500/182,500	560,000/265,000
Dana L. Tindall	-0-	-0-	71,400/85,000	155,600/170,000

<FN>

1 The dollar values in columns (c) and (e) of the table are calculated by determining the difference between the fair market value of the securities underlying the options and the exercise price of the options at exercise or fiscal year-end, respectively.

2 An option is "in-the-money" if the fair market value of the underlying securities exceeds the exercise price of the option.

</FN>
</TABLE>

Long-Term Incentive Plan Awards. The Company had no long-term incentive plan in operation during the year ended December 31, 1995.

Stock Purchase Plan. The Company adopted the Qualified Employee Stock Purchase Plan in December, 1986, and the plan has subsequently been amended several times by shareholder and board of director actions ("Stock Purchase Plan"). The Stock Purchase Plan is qualified under Section 401 of the Code. The plan has been allocated 2.4 million shares of Class A and 240,000 shares of Class B common stock of the Company for issuance to or acquisition by the plan. Of those amounts, as of the Record Date, 553,644 shares of Class A and 67,037 shares of Class B common stock remain available for issuance or acquisition by the plan.

The Stock Purchase Plan permits each employee of the Company, each employee of a subsidiary of the Company, and each employee of a subsidiary of a subsidiary of the Company, who has completed one year of service and is at least 21 years of age to elect to participate in it. Eligible employees may elect to reduce their compensation in any even dollar amount up to 10% of such compensation through contributions to the plan up to a maximum of $9,500 for 1996. This limit is adjusted annually based upon inflation, at the direction of the Internal Revenue Service. An eligible employee may contribute up to 10% of the employee's compensation with after-tax dollars, or the employee may elect a combination of salary reductions and after-tax contributions.

The Company may under the plan match employee salary reductions and after tax contributions in any amount up to 100% as elected by the Company each year. However, no more than 10% of any one employee's compensation will be matched in any year. The combination of salary reductions, after tax contributions, and Company matching contributions cannot exceed 25% of any employee's compensation (determined after salary reduction) for any year. The Company's contributions will vest over six years. Prior to July 1, 1995, employee and Company contributions were invested in Company common stock and employee contributions received up to 100% matching, as determined by the Company each year, in Company common stock. On and after that date, employees could direct their contributions to be invested by the plan in Company common stock, MCI common stock, TCI common stock or various identified mutual funds. Also on and after that date, employee contributions directed into investments other than Company common stock are to receive Company matching contributions of up to 50 cents on the dollar as determined by the Company Board. The contributions are invested in the name of the plan for the benefit of the respective participants in the plan.

The Stock Purchase Plan is administered through a plan committee whose chair is the plan administrator. The assets of the plan are invested from time to time by the plan administrator under the direction of the trustee which as of the Record Date was National Bank of Alaska. As of the Record Date, the plan

administrator was Alfred J. Walker. The plan administrator and members of the committee were all employees of the Company or its subsidiaries. The plan administrator and committee members are appointed by the Company Board. The committee has broad administrative discretion under the terms of the plan.

The purpose of the Stock Purchase Plan is to provide employees of the Company, its subsidiaries, and their subsidiaries a convenient means of investing in the Company. The plan provides an incentive to employees as shareholders of the Company to redouble their efforts to make the Company successful and thereby increase the value of their investments. Through discretionary contributions by the Company to the plan which in turn increase the stock ownership in the Company by participants in the plan, the plan provides further incentive to employees of the Company.

Stock Option Plan. The Company adopted its 1986 Stock Option Plan in December, 1986, and the plan has subsequently been amended several times by shareholder and Company Board action ("Stock Option Plan"). The Stock Option Plan is a non-qualified plan under the Code.

The Stock Option Plan has been allocated 3,200,000 shares of Class A common stock of the Company to be subject to options granted under the plan and further subject to adjustment upon the occurrence of stock dividends, stock splits, mergers, consolidations, or certain other changes in corporate structure or capitalization. Of that amount, as of the Record Date, 2,193,617 shares were subject to outstanding options, 639,539 shares had been issued upon the exercise of options under the plan, and 366,844 shares of that stock remained available for subsequent granting of options under the plan.

Through the Stock Option Plan, the Company acting through its board may provide special incentives to officers, non-employee directors, and other key employees by offering them an opportunity

to acquire an equity interest in the Company. An option granted under the Stock Option Plan may have an option exercise price less than, equal to, or greater than the fair market value on the date of grant of the option. Options granted pursuant to the Stock Option Plan are only exercisable if at the time of exercise the option holder is an employee, or non-employee director, of the Company.

The Stock Option Plan provides that all options granted under the plan must expire not later than ten years after the date of grant. If an option expires or terminates, the shares subject to the option will be available for future grants of options under the Stock Option Plan. The plan provides that it shall continue until such time as the Company Board's adoption, by a simple majority vote, of a resolution suspending or terminating the plan or discontinuing granting options under the plan. However, any such suspension, termination, or discontinuance will not affect options then outstanding under the plan. No options may be granted after termination of the plan.

The Stock Option Plan is administered by a committee composed of the Company Board. Key employees (including officers and directors who are employees) and non-employee directors of the Company, are eligible to participate in the plan. The committee selects the eligible employees to whom options are granted and, subject to the terms of the Stock Option Plan, the number of shares subject to each option. Subject to the provisions of the Stock Option Plan, the committee has broad discretion in administering the plan, and is authorized to determine the times at which options will be granted and exercisable and the fair market value of the shares covered by each option at the time of grant, to prescribe the form evidencing options, to interpret the plan, and to prescribe, amend, and rescind rules and regulations relating to the plan.

Unfunded Deferred Compensation Plan. In February, 1995 the Company established a non-qualified, unfunded deferred compensation plan to provide a means by which certain employees of the Company and its subsidiaries may elect to defer receipt of designated percentages or amounts of their compensation and to provide a means for certain other deferrals of compensation. Employees eligible to participate in the plan are determined by the Company Board.

The Company may, at its discretion, contribute matching deferrals in amounts selected by the Company. Participants immediately vest in all elective deferrals and all income and gain attributable to that participation. Matching contributions and all income and gain attributable to them 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 general creditors of the Company with respect to deferred compensation benefits of the plan.

Compensation To Directors. In July, 1995, each director of the Company (with the exceptions of Messrs. Schneider and Gerdelman) received $2,000 in director fees for the 12 month period July, 1995 -June, 1996. Messrs. Schneider and Gerdelman, as a matter of MCI Communications Corporation policy, declined to accept such remuneration for serving on a board outside of MCI and its subsidiaries. During the year ended December 31, 1995, the directors on the Company Board received no other direct compensation for serving in those capacities but were reimbursed for travel and out-of-pocket expenses incurred in connection with attendance at meetings of the board. The same policy was

followed during calendar year 1996 up through the Record Date, and management anticipated that such policy would continue through the balance of 1996. It is anticipated that the directors will receive similar director fees in the fourth quarter of 1996 for the 12-month period July, 1996 - June, 1997.

Employment Contracts and Termination of Employment and Change of Control Arrangements

The Company entered into employment agreements with Mr. Hughes in April, 1991 and with Mr. Lowber in July, 1992 and has deferred compensation agreements with Messrs. Duncan, Hughes, Behnke and Lowber, the terms of which are described elsewhere in this Proxy Statement. See footnotes 6 through 9 to the Summary Compensation Table in "MANAGEMENT OF THE COMPANY: Remuneration of Directors and Executive Officers -- Summary Compensation." The Company has no employment agreements with Ms. Tindall, the other Named Executive Officer.

The Company entered into a deferred compensation agreement with Mr. Duncan in June, 1989 ("First Duncan Deferred Compensation Agreement"). Under the First Duncan Deferred Compensation Agreement as of June 12, 1989, the Company credited an account on its books with $325,000 for the benefit of Mr. Duncan as a deferred bonus for Mr. Duncan's past service to the Company. Amounts in the account were to accrue interest at 10% per annum unless there was an investment election by Mr. Duncan to have the balance in the account treated as though it was invested in the common stock of the Company. In July, 1989, Mr. Duncan made the investment election, and the Company purchased a total of 105,111 shares of Class A common stock in its name for the benefit of Mr. Duncan. The stock is not voted. The full amount of the deferred compensation will be due and payable to Mr. Duncan upon the termination of his employment with the Company.

The Company entered into a Second Duncan Deferred Compensation Agreement with Mr. Duncan as further described in footnote 6 to the Summary Compensation Table found elsewhere in this Proxy Statement. See, "MANAGEMENT OF THE COMPANY: Remuneration of Directors and Executive Officers -- Summary Compensation." In September, 1995, the Company agreed to buy back 100,000 shares of its Class A common stock to fund the vested portion subject to that second agreement. However, with the concurrence of Mr. Duncan, the Company subsequently during September-October, 1995 bought a total of only 13,750 shares under that second agreement for a total of $47,880, i.e., at a weighted average of $3.48 per share. Effective July 8, 1996, and at the prior request of Mr. Duncan, the Company purchased from Mr. Duncan 76,470 shares of Company Class A common stock at the then market price of $8.125 per share. The Company used funds that would have accrued pursuant to the Second Duncan Deferred Compensation Agreement through July 1, 1997 and that would otherwise have been payable to Mr. Duncan following termination of his employment with the Company. Accordingly, the balance owed Mr. Duncan pursuant to the Second Duncan Deferred Compensation Agreement is now denominated in 90,220 shares of Company Class A common stock. The Company is holding the shares in its name in treasury until such time as the shares are distributed to Mr. Duncan whereupon the accrued obligation will be extinguished.

Mr. Hughes' employment agreement provides for base compensation and in addition deferred compensation of $50,000 per year for five years accruing interest at 10% per annum, compounded annually. The plan was amended to provide for deferred compensation of $65,000 in 1995 and $75,000 per year in 1996 and in subsequent years. Each contribution vests over the following three years after the corresponding contributions. In September, 1995, the Company agreed to buy back 3,750 shares of its Class A common stock to fund certain of the vested portions subject to the Hughes Deferred Compensation Agreement. The total purchase price was $12,658, i.e., at $3.375 per share. Mr. Hughes' compensation is tied to achievement of the Company's cash flow objectives with the opportunity for significant increases in the level of compensation if the Company exceeds those objectives. Mr. Hughes has also been granted stock options for 250,000 shares of Class A common stock at $1.75 per share which vested over a period of five years.

Mr. Lowber's employment agreement provides for base compensation and in addition deferred compensation of $450,000 to vest over seven years at the rate of $65,000 per year, with full vesting to

occur should he die, his position in the Company be terminated, or the Company terminate his employment. In addition, Mr. Lowber is to receive an annual cash bonus of $30,000 based upon Company and individual performance.

The Company entered into a deferred compensation agreement with Mr. Behnke in February, 1995 ("Behnke Deferred Compensation Agreement'). Under the Behnke Deferred Compensation Agreement Mr. Behnke is to receive $20,000 per year, to vest over a five year period including the year of the allocation, and accruing interest at 10% per annum. The first allocation under the plan was made in December, 1995.

Except as disclosed in this Proxy Statement, as of December 31, 1995 and the Record Date, there were no compensatory plans or arrangements including payments to be received from the Company with respect to the Named Executive Officers for the year ended December 31, 1995 where such a plan or arrangement resulted in or will result from the resignation, retirement, or any other

termination of such individual's employment with the Company or its subsidiaries or from a change of control of the Company or a change in the individual's responsibilities following a change in control and where the amount involved, including all periodic payments or installments, exceeded $100,000.

Report on Repricing of Options/SARs

During the year ended December 31, 1995, the Company did not adjust or amend the exercise price of stock options or SARs previously awarded to any of the Named Executive Officers, whether through amendment, cancellation or replacement grants, or any other means.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee is composed of the members of the Company Board, and the identity and relationships of the members of the committee to the Company are described elsewhere in this Proxy Statement. See, "MANAGEMENT OF THE COMPANY: Business Background of Directors, Nominees, and Executive Officers of the Company," "OWNERSHIP OF THE COMPANY" and "CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS." During the year ended December 31, 1995, both Messrs. Walp and Duncan, executive officers of the Company, participated in deliberations of the Compensation Committee concerning executive officer compensation but not including their respective compensations.

Compensation Committee Report on Executive Compensation

In January, 1994, the Company Board established a compensation committee composed of all of the members of the board ("Compensation Committee"). The Company Board established the duties of the Compensation Committee as follows:

(1) Preparing, on an annual basis for the review of and action by the Company Board, a statement of policies, goals, and plans for executive officer and Company Board member compensation, if any, and, specifically a statement of expected performance and compensation of and the criteria on which compensation is based for the chief executive officer and such other executive officers of the Company as the board may designate for this purpose;

(2) Monitoring the effect of ongoing events on and the effectiveness of existing compensation policies, goals, and plans, including but not limited to the status of the premise that all pay systems correlate with the compensation goals and policies of the Company, and, at its own direction or at the direction of the Company Board;

(3) Monitoring compensation-related publicity and public and private sector developments on executive compensation;

(4) Familiarizing itself with and monitoring the tax, accounting, corporate, and securities law ramifications of the compensation policies of the Company, including but not limited to comprehending a senior executive officer's total compensation package, its total cost to the Company and its total value to the recipient, paying close attention to salary, bonuses, individual insurance and health benefits, perquisites, loans made or guaranteed by the Company, special benefits to specific executive officers, individual pensions, and other retirement benefits;

(5) Establishing the overall cap on executive compensation, the measure of performance for executive officers, either by predetermined measurements or by a subjective evaluation; and

(6) Striving to make the compensation plans of the Company simple, fair, and structured so as to maximize shareholder value.

For the year ended December 31, 1995, the duties of the Compensation Committee in the area of executive compensation specifically included addressing the reasonableness of compensation paid to executive officers. In doing so, the committee took into account how compensation compared to compensation paid by competing companies as well as the Company's performance and available resources.

The compensation policy of the Company as established by the Compensation Committee is that a portion of the annual compensation of senior executive officers relates to and is contingent upon the performance of the Company. In addition, executive officers participating in deferred compensation agreements established by the Company are under those agreements unsecured creditors of the Company.

In February, 1995 the Compensation Committee established compensation levels for all corporate officers including the Named Executive Officers. Also at that time the Compensation Committee established structured annual incentive bonus agreements with Mr. Duncan and with each of several of its executive officers, including Messrs. Behnke, Hughes and Lowber, and Ms. Tindall. The agreements included the premise that the Company's performance, or that of a division or subsidiary, as the case may be, for purposes of compensation would be measured by the Compensation Committee against goals established at that time

and were reviewed and approved by the Company Board. The goals included targets for revenues and cash flow standards for the Company or the relevant division or subsidiary. Targeted objectives were set and measured from time to time by the Compensation Committee. Other business achievements of the Company obtained through the efforts of an executive officer were also taken into consideration in the evaluation of performance. See, "MANAGEMENT OF THE COMPANY: Remuneration of Directors and Executive Officers -- Summary Compensation."

During the year ended December 31, 1995 the Compensation Committee monitored and provided direction for the Company's Stock Purchase Plan and Stock Option Plan. Because the incentive bonus standards set by the committee for the Company for that year were not met, no incentive bonuses tied to Company performance were awarded to the Named Executive Officers and other executive officers of the Company or to the officers of the subsidiaries of the Company. In addition, the Compensation Committee reviewed compensation levels of members of management, evaluated the performance of management, and considered management succession and related matters. The Compensation Committee reviewed in detail all aspects of compensation for the Named Executive Officers and other executive officers of the Company. Corresponding duties were carried out by the boards of directors of the subsidiaries of the

Company with respect to employees of those entities, and the same individuals served as directors of each of these boards.

The practice of the Compensation Committee in future years will likely be to review directly the compensation and performance of Mr. Duncan as chief executive officer and to review recommendations by Mr. Duncan for the compensation of other senior executive officers.

Performance Graph

The following graph includes a line graph comparing the yearly percentage change in the Company's cumulative total shareholder return on its Class A common stock during the five year period from December 31, 1990 through December 31, 1995. This return is measured by dividing (1) the sum of (a) the cumulative amount of dividends for the measurement period (assuming dividend reinvestment, if any) and (b) the difference between the Company's share price at the end and the beginning of the measurement period, by (2) the share price at the beginning of that measurement period. This line graph is compared in the following graph with two other line graphs during that five year period: (1) a market index and (2) a peer index. The market index is the Center for Research in Securities Prices Index for the Nasdaq Stock Market for United States companies. It presents cumulative total returns for a broad based equity market assuming reinvestment of dividends and is based upon companies whose equity securities are traded on the Nasdaq Stock Market. The peer index is the Center for Research in Securities Prices Index for Nasdaq Telecommunications Stock. It presents cumulative total returns for the equity market in the telecommunications industry segment assuming reinvestment of dividends and is based on companies whose equity securities are traded on the Nasdaq Stock Market. The line graphs represent monthly index levels derived from compounding daily returns.

In constructing each of the line graphs in the following graph, the closing price at the beginning point of the five year measurement period has been converted into a fixed investment, stated in dollars, in the Company's Class A common stock (or in the stocks represented by a given index in the cases of the two comparison indexes), with cumulative returns for each subsequent fiscal year measured as a change from that investment. Data for each succeeding fiscal year during the five-year measurement period are plotted with points showing the cumulative total return as of that point. The value of a shareholder's investment as of each point plotted on a given line graph is the number of shares held at that point multiplied by the then prevailing share price.

The Company's Class B common stock is traded over-the-counter on a more limited basis, and therefore comparisons similar to those previously described for the Class A common stock are not directly available. However, the performance of Class B common stock may be analogized to that of the Class A common stock in that the Class B common stock is readily convertible to Class A common stock by request to the Company.

<TABLE>

COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL RETURNS PERFORMANCE GRAPH FOR GENERAL COMMUNICATION, INC., NASDAQ STOCK MARKET INDEX FOR UNITED STATES COMPANIES, AND NASDAQ TELECOMMUNICATIONS STOCK

<CAPTION>

Measurement Period (Fiscal Year Covered)	Company	Nasdaq Stock Market Index Index for U.S. Companies	Nasdaq Telecommunication Stock
Measurement Point -			
<S>	<C>	<C>	<C>
FYE 12/31/90	$ 100.0	100.0	100.0

FYE 12/31/91	90.5	160.6	137.9
FYE 12/31/92	123.8	186.9	169.4
FYE 12/31/93	241.3	214.5	261.2
FYE 12/31/94	196.8	209.7	216.0
FYE 12/31/95	260.3	296.3	259.9

</TABLE>

OWNERSHIP OF THE COMPANY

Principal Shareholders

So far as is known to management of the Company, as of the Record Date, the following persons each owned beneficially more than 5% of the outstanding shares of Class A common stock or Class B common stock of the Company. A beneficial owner includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise, has or shares the following powers within 60 days of the Record Date: (1) voting power, which includes the power to vote or to direct the voting of shares of common stock of the Company; or (2) investment power, which includes the power to dispose of or to direct the disposition of, such shares of common stock of the Company. So far as is known to the Company, the persons named in the table had sole voting and investment power with respect to the shares indicated as owned by them except as otherwise stated in the footnotes to the table. Shares issuable upon exercise of outstanding options and warrants are deemed to be outstanding for the purpose of computing the percentage of ownership of persons owning such options or warrants but have not been deemed to be outstanding for the purpose of computing the percentage of ownership of any other person.

<TABLE>

SHAREHOLDINGS OF PRINCIPAL SHAREHOLDERS

<CAPTION>

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
<S>	<C>	<C>	<C>
Class A	Ronald A. Duncan	1,281,971 (1)	6.4
Class B	2550 Denali St., Suite 1000	248,062 (1)	6.1
	Anchorage, Alaska 99503		
Class A	General Communication, Inc.	1,680,971	8.4
Class B	Employee Stock Purchase Plan	142,828	3.5
	2550 Denali Street, Suite 1000		
	Anchorage, Alaska 99503		
Class A	Bufka & Rodgers, Inc.	1,099,800	5.5
Class B	425 North Martingale Road,	-0-	---
	Suite 750		
	Schaumburg, Illinois 60173		
Class A	Kearns-Tribune Corporation	300,200	1.5
Class B	400 Tribune Building	225,000	5.5
	Salt Lake City, Utah 84111		
Class A	Bob Magness	273,992 (2)	1.4
Class B	Chairman of the Board	815,048 (2)	20.0
	Tele-Communications, Inc.		
	5619 DTC Parkway		
	Englewood, Colorado 80111		
Class A	MCI Telecommunications	6,251,509 (3)	31.5
Class B	Corporation	1,275,791 (3)	31.2
	1801 Pennsylvania Avenue, N.W.		
	Washington, D.C. 20006		
Class A	Robert M. Walp	572,845 (4)	2.9
Class B	804 P Street, No. 4	303,457 (4)	7.4
	Anchorage, Alaska 99501		
Class A	Voting Agreement	7,562,430 (5)	38.1
Class B	c/o General Communication, Inc.	2,400,591 (5)	58.8
	2550 Denali Street, Suite 1000		
	Anchorage, Alaska 99503		
	Attn: Ronald A. Duncan		
Class A	Wellington Management Co.	1,347,500 (6)	6.8
Class B	75 State Street	-0-	---
	Boston, Massachusetts 02109		
Class A	TCI GCI, Inc.	-0-	---
Class B	5619 DTC Parkway	590,043 (7)	14.4
	Englewood, Colorado 80111		

<FN>
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1 Includes 18,560 shares of Class A and 8,242 shares of Class B common stock gifted by Mr. Duncan to the Amanda Miller Trust, where Ms. Miller is the daughter of Mr. Duncan's spouse, Dani Bowman, and Mr. Duncan has a reversionary interest in those shares. Includes 105,111 shares of Class A common stock of the Company held by the Company in its name but for the benefit of Mr. Duncan pursuant to the terms of the First Duncan Deferred Compensation Agreement and 90,220 shares of Class A common stock of the Company held by the Company in its name but for the benefit of Mr. Duncan pursuant to the terms of the Second Duncan Deferred Compensation Agreement. See "MANAGEMENT OF THE

COMPANY: Remuneration of Directors and Executive Officers - Summary Compensation." Includes 776,305 shares of Class A and 233,708 shares of Class B common stock of the Company owned by Mr. Duncan but subject to a Voting Agreement. See, "OWNERSHIP OF THE COMPANY: Changes in Control -- Voting Agreement." Does not include 5,760 shares of Class A or 27,020 shares of Class B common stock held by Ms. Bowman, to which Mr. Duncan disavows any interest.

Mr. Duncan had as of the Record Date the following interests in the shares beneficially owned by him: (1) sole power to vote or to direct the vote - no shares of Class A or Class B common stock; (2) shared power to vote or to direct the vote -776,305 shares of Class A and 233,708 shares of Class B common stock; (3) sole power to dispose or to direct the disposition - 103,341 shares of Class A and no shares of Class B common stock; and (4) shared power to dispose or to direct the disposition - 764,739 shares of Class A and 239,820 shares of Class B common stock.

2 Includes 177,324 shares of Class A common stock of the Company and 194,440 shares of Class B common stock of the Company from the Estate of Betsy Magness, in which Mr. Magness is beneficial owner and executor.

Mr. Magness owns 25 percent, beneficially and of record, and another 25 percent, beneficially as executor of the Estate of Betsy Magness, of the stock of KGBB, Inc., a Colorado corporation which holds 40,000 shares of Class A common stock of the Company, and as a result may be deemed to have shared voting and investment power over those 40,000 shares. The number of shares in the table includes 20,000 shares of Class A common stock of the Company directly and beneficially owned by Mr. Magness due to his shareholdings in KGBB, Inc.

3 All of these shares are subject to a Voting Agreement. See, "OWNERSHIP OF THE COMPANY: Changes in Control -- Voting Agreement."

MCI Telecommunications Corporation had as of the Record Date the following interests in the shares beneficially owned by it: (1) sole power to vote or to direct the vote - no shares of Class A or Class B common stock; (2) shared power to vote or to direct the vote - 6,251,509 shares of Class A common stock and 1,275,791 shares of Class B common stock; (3) sole power to dispose or to direct the disposition - 6,251,509 shares of Class A and 1,275,791 shares of Class B common stock; (4) shared power to dispose or to direct the disposition - no shares of Class A or Class B common stock.

4 Includes 534,616 shares of Class A and 301,049 shares of Class B common stock of the Company owned by Mr. Walp but subject to a Voting Agreement. See, "OWNERSHIP OF THE COMPANY: Changes in Control -- Voting Agreement."

Mr. Walp had as of the Record Date the following interests in the shares beneficially owned by him: (1) sole power to vote or to direct the vote - no shares of Class A or Class B common stock; (2) shared power to vote or to direct the vote - 534,616 shares of Class A and 301,049 shares of Class B common stock; (3) sole power to dispose or to direct the disposition- 534,616 shares of Class A and 301,049 shares of Class B common stock; and (4) shared power to dispose or to direct the disposition - 38,229 shares of Class A and 2,408 shares of Class B common stock.

5 The Voting Agreement is described elsewhere in this Proxy Statement/Prospectus. Does not include shares to be issued to the Prime Sellers. See "OWNERSHIP OF THE COMPANY: Changes in Control -- Voting Agreement."

6 Number of shares beneficially owned by the reporting person with shared dispositive power. Number of shares beneficially owned by the reporting person with shared voting power was 720,800 shares.

7 All of these shares are subject to the Voting Agreement. See, "OWNERSHIP OF THE COMPANY: Changes in Control --Voting Agreement."

TCI GCI, Inc. had as of the Record Date the following interests in the shares beneficially owned by it: (1) sole power to vote or to direct

the vote - no shares of Class A or Class B common stock; (2) shared power to vote or to direct the vote - no shares of Class A common stock and 590,043 shares of Class B common stock; (3) sole power to dispose or to direct the disposition - no shares of Class A common stock and 590,043 shares of Class B common stock; (4) shared power to dispose or to direct disposition - no shares of Class A or Class B common stock.

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</TABLE>

Management

<TABLE>

The following table sets forth information with respect to the beneficial ownership of shares of the Company's Class A and Class B common stock as of the Record Date by each director and nominee of the Company, by the Named Executive Officers and by all directors and executive officers of the Company

as a group. Shares issuable upon exercise of outstanding options and warrants are deemed to be outstanding for the purpose of computing the percentage of ownership of the individual owning such options or warrants but have not been deemed to be outstanding for the purpose of computing the percentage of ownership of any other individual. So far as is known to the Company, the individuals identified in the table had sole voting and investment power with respect to the shares indicated as owned by them except as otherwise stated in the footnotes to the table.

SHAREHOLDINGS OF MANAGEMENT OF THE COMPANY

<CAPTION>

Title of Class	Name of Beneficial Owner	Amount and Nature Beneficial Ownership (1),(2)	Percent of Class (3)
<S>	<C>	<C>	<C>
Class A	William C. Behnke	235,274	1.2
Class B		-0-	---
Class A	Ronald A. Duncan	1,281,971 (4)	6.4
Class B		248,062 (4)	6.1
Class A	Donne F. Fisher	211,307 (5)	1.1
Class B		27,688 (5)	*
Class A	John W. Gerdelman	-0- (6)	---
Class B		-0- (6)	---
Class A	G. Wilson Hughes	545,726 (7)	2.7
Class B		2,642	*
Class A	John M. Lowber	413,488	2.1
Class B		6,140	*
Class A	Carter F. Page	207,327	1.0
Class B		25,246	*
Class A	Larry E. Romrell	-0- (5)	*
Class B		328 (5)	*
Class A	James M. Schneider	-0- (6)	---
Class B		-0- (6)	---
Class A	Dana L. Tindall	190,760	1.0
Class B		3,697	*
Class A	Robert M. Walp	572,845 (8)	2.9
Class B		303,457 (8)	7.4
Class A	All Directors and	4,113,175 (5),(6)	19.3
Class B	Executive Officers as a Group (13 Persons)	699,378 (5),(6)	17.1

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1 Includes interests of executive officers and directors in shares of common stock of the Company held as of December 31, 1995 by the trustees the Company's Stock Purchase Plan in that allocations under the plan are made quarterly on March 31, June 30, September 30, and December 31. These shares are not immediately accessible to participants in that plan. See, "MANAGEMENT OF THE COMPANY: Remuneration of Directors and Executive Officers -- Summary Compensation and Stock Purchase Plan."

2 Includes options and warrants granted to individual directors and executive officers as of the Record Date.

3 An asterisk (*) means the person is the beneficial owner of less than 1% of the corresponding class of common stock.

4 Includes 18,560 shares of Class A and 8,242 shares of Class B common stock gifted by Mr. Duncan to the Amanda Miller Trust, where Ms. Miller is the daughter of Mr. Duncan's spouse Dani Bowman, and Mr. Duncan has a reversionary interest in those shares. Includes 105,111 shares of Class A common stock of the Company held by the Company in its name but for the benefit of Mr. Duncan pursuant to the terms of the First Duncan Deferred Compensation Agreement and 90,220 shares of Class A common stock of the Company held by the Company in its name but for the benefit of Mr. Duncan pursuant to the terms of the Second Duncan Deferred Compensation Agreement. See, "MANAGEMENT OF THE COMPANY: Remuneration of Directors and Executive Officers -- Summary Compensation." Includes 776,305 shares of Class A and 233,708 shares of Class B common stock of the Company owned by Mr. Duncan but subject to a Voting Agreement. See, "OWNERSHIP OF THE COMPANY: Changes in Control -- Voting Agreement." Does not include 5,760 shares of Class A or 27,020 shares of Class B common stock held by Ms. Bowman, to which Mr. Duncan disavows any interest.

Mr. Duncan had as of the Record Date the following interest in the shares beneficially owned by him: (1) sole power to vote or to direct the vote - no shares of Class A or Class B common stock; (2) shared power to vote or to direct the vote -776,305 shares of Class A and 233,708 shares of Class B common stock; (3) sole power to dispose or to direct the disposition - 103,341 shares of Class A and no shares of Class B common stock; and (4) shared power to dispose or to direct the disposition - 764,739 shares of Class A and 239,780 shares of Class B common stock.

5 Does not include holdings of TCI GCI, Inc. in the Company, where TCI GCI, Inc. is a subsidiary of TCI and Mr. Fisher is a consultant for and Mr. Romrell is an officer of TCI.

6 Does not include holdings of MCI in the Company, where Messrs. Gerdelman and Schneider are officers of that corporation.

7 Includes 3,750 shares of Class A common stock of the Company held by the Company in its name but for the benefit of Mr. Hughes pursuant to the terms of the Hughes Deferred Compensation Agreement. See, "MANAGEMENT OF THE COMPANY: Remuneration of Directors and Executive Officers -- Summary Compensation."

8 Includes 534,616 shares of Class A and 301,049 shares of Class B common stock of the Company owned by Mr. Walp but subject to a Voting Agreement. See, "OWNERSHIP OF THE COMPANY: Changes in Control -- Voting Agreement."

Mr. Walp had as of the Record Date the following interests in the shares beneficially owned by him: (1) sole power to vote or to direct the vote - no shares of Class A or Class B common stock; (2) shared power to vote or to direct the vote - 534,616 shares of Class A and 301,049 shares of Class B common stock; (3) sole power to dispose or to direct the disposition - 534,616 shares of Class A and 301,049 shares of Class B common stock; and (4) shared power to dispose or to direct the disposition - 38,229 shares of Class A and 2,408 shares of Class B common stock.

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</FN>
</TABLE>

Changes in Control

Acquisition Plan. Under the Acquisition Plan, the Company will issue Company Stock to the Prime Sellers, Alaskan Cable, and MCI Company Stock to MCI. In addition, should Alaska Cablevision exercise its right to convert all of the Cablevision Company Notes to Class A common stock, a total of as much as 1,538,461 shares would be issued to it. Should the Acquisition Plan be consummated and all of those notes converted as of the Record Date, there would be a material change in control of the Company. The percentage shareholdings in the Company Class A and Class B common stock just before and just after the consummation of the Acquisition Plan, should it have occurred on the Record Date, would be as follows: (1) Prime Sellers (prior to any distributions to their securities holders, including other members of the Prime Group) - from 0% to 29%; (2) MCI -- from 31% to 23%; (3) the Company's employees and management combined -- from 17% to 10%; (4) Alaskan Cable -- from 0% to 7%; (5) others -- from 52% to 31%. The shareholdings of MCI, the Cable Companies, and certain other persons are subject to the Voting Agreement described elsewhere in this Proxy Statement. See, "OWNERSHIP OF THE COMPANY:
Changes in Control -- Voting Agreement."

Voting Agreement. As a part of the agreement for the issuance of 6,251,509 shares of Class A and 1,275,791 shares of Class B common stock of the Company to MCI in 1993 ("MCI Stock"), the Company agreed to assure the corporation that it may appoint a minimum of two members to the Company's expanded seven member Company Board. On May 28, 1993, three principal shareholders,

including two officers and directors of the Company (Messrs. Duncan and Walp and WSMC), entered into a voting agreement ("Voting Agreement") with MCI which provides in part, that the voting stock of these persons will be voted at shareholder meetings as a block in favor of no more than two nominees by the corporation for no more than two positions on the Company Board at any one time. The Voting Agreement similarly commits MCI and the other three parties to vote their shares for four board nominees proposed by and allocated between the other parties. Upon consummation of the Acquisition Plan, the Voting Agreement will be replaced by the New Voting Agreement described elsewhere in this Proxy Statement/Prospectus. See, "THE PROPOSED TRANSACTIONS: New Voting Agreement."

As of the Record Date, Mr. Gerdelman remained as one of the recommended MCI Telecommunications Corporation selections for the Company Board. It is anticipated that the parties to the Voting Agreement will cast all of their votes for Messrs. Gerdelman, Page, and Walp at the Annual Meeting. As of the Record Date, the voting stock of the parties to the Voting Agreement (in April, 1995 WSMC transferred its shareholdings in the Company to TCI GCI, Inc., and TCI GCI, Inc. became subject to the Voting Agreement) constituted in excess of a simple majority of the outstanding voting power of the Company.

Pledges of Stock of Subsidiaries. Should the Company default on its obligations under the Credit Agreement with its present Senior Lender, that lender may exercise the pledge of stock provisions of that agreement pertaining to the subsidiaries of the Company and thereby gain direct control of the essential operating assets through which the Company and its subsidiaries provide telecommunication services. See, "CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS: Certain Transactions with Management and Others -- Credit Agreement."

DISTRIBUTION OF COMPANY STOCK

Principal Security Holders

General. The Proposed Transactions provide for a distribution of the Company Stock to certain of the Cable Companies. Those companies will, in turn, pursuant to resolutions or other appropriate action distribute their pro rata portions of the Company Stock to their security holders according to their interests under the applicable limited partnership agreements or then ownership of shares of the applicable corporation, as the case may be. The table below set forth the names and addresses of certain parties who will receive shares of Company Stock, the nature of beneficial ownership, the number of shares of Company Stock to be received by each and the percent of Company Class A common stock outstanding, assuming the Company Stock and the MCI Company Stock were issued and outstanding on the Record Date. The definition of a beneficial owner is as defined elsewhere in this Proxy Statement/Prospectus. See, "OWNERSHIP OF THE COMPANY: Principal Shareholders." So far as is known to the Company, the persons named in the table are to have sole voting and investment power with respect to the securities indicated as owned by them except as otherwise stated in the footnotes to the table.

Prime. The allocation of the shares of Company Stock constituting the Prime Company Shares is based on the assumption that all such Prime Company Shares will be distributed to the partners and equity participation interest holders of Prime in liquidation of Prime pursuant to the allocation provisions of the Prime Partnership Agreement. Some of the Prime Company Shares will ultimately be distributed to the Prime Group. The allocation of the Prime Company Shares to be distributed to the Prime Group is also based on the assumption that all such Prime Company Shares were distributed to them by the Prime Sellers in accordance with the distribution provisions of the respective limited partnership agreements of the Prime Sellers. There was no need to separately value each Prime Sellers entity, since the Prime Company Shares will be distributed in accordance with the allocation provisions of the respective limited partnership agreements, and such separate values were not considered in connection with

determining the number of Prime Company Shares that would be issued and delivered pursuant to the Prime Proposed Transaction.

<TABLE>

DISTRIBUTION OF COMPANY STOCK
AMONG SECURITY HOLDERS OF
CERTAIN CABLE COMPANIES

<CAPTION>

Name of Cable Company	Name and Address of Recipient of Company Stock (Relation to Cable Company)	Amount and Nature of Beneficial Ownership of Company Stock to Be Received	Percent of Class (1),(2)
<S>	<C>	<C>	<C>
Prime: (7)			
	Shareholders of Alaska Cable, Inc. (3) (limited partner of Prime)	5,691,404 (3)	15.6%

	Prime Cable Limited Partnership (4) (sole shareholder of Prime General Partner) 3000 One American Center 600 Congress Avenue Austin, Texas 78701	2,227,071 (4)	6.1%
	Prime Cable Growth Partners, L.P. (5) (limited partner of Prime) 3000 One American Center 600 Congress Avenue Austin, Texas 78701	2,725,649 (5)	7.5%
	Prime Venture I Holdings, L.P. (6) (limited partner of Prime) 3000 One American Center 600 Congress Avenue Austin, Texas 78701	2,290,510 (6)	6.3%
	Banc Boston Capital, Inc. (equity participation interest holder of Prime) 100 Federal Street Boston, Massachusetts 02110	332,323	*
	First Chicago Investment Corporation (equity participation interest holder of Prime) Three First National Plaza, Suite 1330 Chicago, Illinois 60670	301,407	*
	Madison Dearborn Partners V (equity participation interest holder of Prime) Three First National Plaza, Suite 1330 Chicago, Illinois 60670	30,916	*
Alaskan Cable: (8)		2,923,077	8.0%
Alaskan Cable/Fairbanks	Alaskan Cable Network, Inc. Kent Farms Middleburg, Virginia 20117 (sole shareholder)	---	---

Alaskan Cable/Juneau	Alaskan Cable Network/Juneau Holdings, Inc. Kent Farms Middleburg, Virginia 20117 (sole shareholder)	---	---
Alaskan Cable/Ketchikan	Jack Kent Cooke Incorporated Kent Farms Middleburg, Virginia 20117 (sole shareholder)	---	---

<FN>

1 Asterisk (*) means less than 1% of class.

2 After giving effect to the issuance of all of the Company Stock and the MCI Company Stock.

3 To be distributed to seven shareholders of ACI as shown below, pursuant to the ACI Merger. These shareholders will either hold the Company Stock acquired by them in that merger or distribute such stock to their investors, consistent with the escrow holdback provisions of the Prime Proposed Transaction and with the restrictions on transfer in the Prime Proposed Transaction. See, "PROPOSED TRANSACTIONS: Cable Company Purchase Agreements--Escrow and Holdback Agreements-Prime." The seven shareholders of ACI, their addresses and the number of shares of Company Stock to be acquired by them in connection with the merger, are as follows: (1) PVII, 3000 One American Center, 600 Congress Avenue, Austin, Texas 78701 - 1,237,262 shares; (2) William Blair Venture Partners III Limited Partnership, 222 West Adams, Chicago, Illinois 60606 - 1,237,262 shares; (3) Austin Ventures, L.P., 114 West Seventh Street, #1300, Austin, Texas 78701 - 989,809 shares; (4) Prime Holdings, 3000 One American Center, 600 Congress Avenue, Austin, Texas 78701 - 742,357 shares; (5) Centennial Fund III, L.P., 1999 Broadway, #2100, Denver, Colorado 80202 - 742,357 shares; (6) Centennial Business Development Fund, Ltd., 1999 Broadway, #2100, Denver, Colorado 80202 - 494,905 shares; and (7) Centennial Fund II, L.P., 1999 Broadway, #2100, Denver, Colorado 80202 - 247,452 shares. Based on Company Class A common stock outstanding as of the Record Date, and assuming the Prime Company Shares, the Alaskan Cable Company Shares and the MCI Company Stock had been issued on that date, none of the ACI shareholders will acquire 5% or more of the Company Class A common stock.

4 To be distributed to the approximately 300 partners of PCLP, consistent with the escrow holdback provisions of the Prime Proposed Transaction and with the restrictions on transfer. See, "PROPOSED TRANSACTIONS: Cable Company Purchase Agreements--Escrow and Holdback Agreements-Prime." Based on Company Class A common stock outstanding as of the Record Date, and assuming the Prime Company Shares, the Alaskan Cable Company Shares and the MCI Company Stock had been issued on that date, none of the partners of PCLP will acquire 5% or more of the Company Class A common stock.

5 Includes 2,721,974 shares to be received by Prime Growth as a limited partner of Prime, to be distributed among the partners of Prime Growth, consistent with the escrow holdback provisions of the Prime Proposed Transaction with the restrictions on transfer. See, "PROPOSED TRANSACTIONS: Cable Company Purchase Agreements--Escrow and Holdback Agreements-Prime." Based on Class A common stock outstanding as of the Record Date, and assuming the Prime Company Shares, the Alaskan Cable Company Shares and the MCI Company Stock had been issued on that date, none of the partners of Prime Growth will acquire 5% or more of the Company Class A common stock. In addition to the 2,721,974 shares described above, Prime Growth will ultimately receive 3,675 shares as a limited partner of the general partner of PVII (also a shareholder of ACI). As a result, Prime Growth will acquire a total of 2,725,649 shares of Company Stock in the Prime Proposed Transaction.

6 Includes 494,905 shares to be received by Prime Holdings as a limited partner of Prime, to be distributed among the partners of Prime Holdings, consistent with the escrow holdback provisions of the Prime Proposed Transaction and with the restrictions on transfer. See, "PROPOSED TRANSACTIONS: Cable Company Purchase Agreements--Escrow and Holdback Agreements-Prime." Based on Company Class A common stock outstanding as of the Record Date, and assuming the Prime Company Shares, the Alaskan Cable Company Shares and the MCI Company Stock had been issued on that date, none of the partners of Prime Holdings will acquire 5% or more of the Company Class A common stock. In addition to the 494,905 shares of Company Stock shown above to be acquired by Prime Holdings as limited partner of Prime, Prime Holdings will also receive 742,357 shares of Prime Company Shares as a shareholder of ACI (see footnote 3 above) and will ultimately receive 3,675 shares as a limited partner of the general partner of PVII (also a shareholder of ACI) and approximately 1,049,573 shares of Company Stock as general partner of Prime Growth. As a result, Prime Holdings will acquire a total of approximately 2,290,510 shares of Company Stock in the Prime Proposed Transaction.

7 A total of 11,800,000 shares of Company Stock are being issued in the Prime Proposed Transaction. The total number of shares to be distributed to the various entities shown in this table with respect to Prime is greater than 11,800,000 shares for the reason that some of the shares to be received by the shareholders of ACI will be received by (and are included in the number of shares shown opposite) the following other entities shown in this table with respect to Prime: Prime Growth and Prime Holdings.

8 Includes all of the Alaskan Cable Company Shares to be issued in the Alaskan Cable Proposed Transaction. The three corporations comprising Alaskan Cable have been treated as a combined group for purposes of the sale of their assets to the Company under the Alaskan Cable Purchase Agreement. As of the Record Date, Alaskan Cable had not determined the allocation of the purchase price, including the Alaskan Cable Company Shares, among those three corporations. The allocation between the three corporations will be done in amounts acceptable to those corporations and to the Company. All three corporations comprising Alaskan Cable are ultimately controlled by Jack Kent Cooke Incorporated, of which Jack Kent Cooke is a controlling shareholder.

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</FN>
</TABLE>

Management
<TABLE>

Prime. The following table sets forth information with respect to the beneficial ownership of shares of the Prime Company Shares and Alaskan Cable Company Shares as of the Record Date (assuming the Prime Company Shares, the Alaskan Cable Company Shares, and the MCI Company Stock had been issued as of that date) by each director and by each of the four most highly compensated executive officers and by the chief executive officer of the general partner of PIIM (PMI) and by all directors and executive officers of that general partner as a group, assuming that all shares distributable to them upon liquidation of each corporation and partnership in which they have a direct or indirect interest, were so distributed. No shares of such stock were subject to options or warrants held by these individuals. So far as is known to the Company, the individuals identified in the table would as of the Record Date have sole voting and investment power with respect to the shares indicated owned by them except as otherwise stated in the footnotes to the table, assuming the distributions were made as described in the preceding sentence.

SHAREHOLDINGS OF MANAGEMENT
OF PMI TO BE HELD IN PRIME COMPANY SHARES AS A RESULT OF PRIME PROPOSED TRANSACTION

<CAPTION>

Name of Beneficial Owner and Office Held	Amount and Nature of Beneficial Ownership (1), (2)	Percent of Class (3)
<S>	<C>	<C>
Robert W. Hughes, Chairman of the Board and Director	203,362 (4)	*
William P. Glasgow, President	51,071	*
Paul-Henri Denuit, Director	-0- (5)	-0-
Brian Greenspun, Director	-0-	-0-
Gregory S. Marchbanks, Chief Executive Officer and Director	164,990	*
Michael Sherwin, Director	18,673 (6)	*
Jerry D. Lindauer, Senior Vice President	106,047 (7)	*
Allan Barnes, Senior Vice President and Chief Operating Officer	13,924 (8)	*
Daniel Pike, Senior Vice President-Science & Technology	59,083	*

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1 As of the Record Date, none of the individuals identified in the table owned any shares of Company Class B common stock, none had rights to acquire any shares of that class pursuant to the Prime Proposed Transaction, and, to the knowledge of the Company, none had other rights to acquire any shares of that class.

2 Assumes an ultimate distribution of the Prime Company Shares to be received by the Prime Sellers in the Prime Proposed Transaction by each Prime Seller to its partners and by such partners (and any other intervening entities) to the above-named individuals, and that any such shares held in escrow pursuant to the Prime Escrow Holdback as described elsewhere in this Proxy Statement/Prospectus will be released. Certain of the individuals named in the table are also directors, officers and owners of various entities related to Prime and its partners. See "ACQUISITION PLAN: Interests of Certain Persons in the Acquisition Plan--Prime Security Ownership and Officer/Director Relations" and "PROPOSED TRANSACTIONS: Cable Company Purchase Agreements--Escrow and Holdback Agreements-Prime."

3 An asterisk (*) means the person is the beneficial owner of less than 1% of the corresponding class of common stock.

4 Mr. Hughes may also be deemed to be the beneficial owner of an aggregate of 595,936 shares of Company Stock upon the acquisition of such shares by several family trusts that are direct or indirect investors in one or more of the Prime Seller entities. Mr. Hughes or his spouse is either trustee or co-trustee or income beneficiary, as the case may be, of such trusts. Mr. Hughes disclaims beneficial ownership of such 595,936 shares, and such shares are excluded from the number of shares of Company Stock shown in the above table as being beneficially owned by him.

5 Mr. Denuit is president of Coditel, US, Inc. and is director of Coditel Invest B.V. which will ultimately acquire 230,085 and 405,137 shares of Company Stock as direct or indirect investors in various of the Prime Sellers entities. Such shares are excluded from the number shown above as being beneficially owned by Mr. Denuit, and he disclaims beneficial ownership of such shares.

6 Mr. Sherwin is the general partner of Mid-West Holdings, L.P., which will ultimately acquire 14,159 shares of Company Stock as a direct or indirect investor in one or more of the Prime Sellers entities. Such shares are excluded in the number shown above as being beneficially owned by Mr. Sherwin. Mr. Sherwin disclaims beneficial ownership of such shares.

7 Mr. Lindauer is trustee of a trust which will ultimately acquire 40,553 shares of Company Stock as a direct or indirect investor in one or more of the Prime Sellers entities. Such shares are excluded in the number shown above as being beneficially owned by Mr. Lindauer. Mr. Lindauer disclaims beneficial ownership of such 40,553 shares.

8 Excludes 12,817 shares to be acquired by Mr. Barnes' spouse as a direct or indirect investor in one or more of the Prime Sellers entities, as to which shares Mr. Barnes disclaims beneficial ownership.

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</TABLE>

Alaskan Cable. Jack Kent Cooke, the president of each of the three corporations comprising Alaskan Cable, controls, directly or indirectly, all of the shareholders of these corporations. Under the terms of the Alaskan Cable Proposed Transaction, all of the Alaskan Cable Company Shares will be issued to the sole shareholder in the case of each of those three corporations and not to the officers or directors of them. The shares of the Alaskan Cable Company Shares allocated to Alaskan Cable/Fairbanks and Alaskan Cable/Juneau may be distributed to Jack Kent Cooke, Inc., the sole shareholder of Alaskan Cable/Ketchikan.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Certain Transactions with Management and Others

Acquisition Plan. The Acquisition Plan includes Proposed Transactions providing that the Prime Sellers will have the right to select individuals for nominees to two positions on the Company Board. The Acquisition Plan also provides registration rights to owners of certain of the Cable Companies who acquire the Company Stock. The Acquisition Plan requires the Company to enter into the Prime Management Agreement with an affiliate of the Prime Sellers. These transactions are further described elsewhere in this Proxy Statement. See, "OWNERSHIP OF THE COMPANY: Changes in Control -- Acquisition Plan; Changes in Control -- Voting Agreement"; "ACQUISITION PLAN"; and "PROPOSED TRANSACTIONS."

MCI Agreements. In December, 1992, MCI and the Company entered into a letter of intent outlining the general terms and conditions of several proposed arrangements between them to be subsequently reduced to separate agreements ("MCI Agreements"). Under the MCI Agreements, in addition to MCI acquiring a substantial portion of the outstanding common stock of the Company and entering into the Voting Agreement to ensure that it would be able to appoint or otherwise elect at least two members to the Company Board, MCI and the Company have established or will establish various business arrangements between them. These arrangements include the following: (1) providing telecommunications services by each party to the other; (2) licensing of certain MCI service marks to the Company for use in Alaska; (3) leasing by MCI from the Company and the subleasing back by the Company of one-ninth of the undersea fiber optic cable linking Seward, Alaska with Pacific City, Oregon; (4) purchasing by MCI of certain service marks of the Company; (5) other communication network sharing; and (6) sharing of various marketing, engineering, and operating resources. As of the Record Date, the Company had executed access service, carrier, 1-800 collect service mark and product, and undersea fiber optic cable agreements with MCI pertaining to items (1)-(3) and was in the process of negotiating agreements pertaining to items (4)-(6). These arrangements have during the year ended December 31, 1995 resulted in revenues to MCI and its subsidiaries of approximately $8.4 million and revenues to the Company of approximately $24 million.

In March, 1996, the Company and MCI amended the Contract for Alaska Access Services and the MCI Carrier Agreement, both of which agreements the parties had initially entered into effective January 1, 1993. The access agreement addresses transmission services provided by the Company to MCI for its traffic and the charges for such services. The carrier agreement addresses transmission services provided by MCI to the Company for its traffic and the charges for such services. The carrier agreement amendment is the fifth effective amendment to the agreement and extends the term of the agreement by

three years. The prior amendments provided for new, expanded, or revised services by MCI to the Company and adjustments of charges for those services. The access agreement amendment is the first effective amendment to the agreement. It extends the term of the agreement by three years and reduces the rate in dollars to be charged by the Company for certain MCI traffic for the time period April 1, 1996 through July 1, 1999 and thereafter. The rate reduction, if applied to the number of minutes to be carried by the Company in 1996 and 1997, based upon minutes carried by the Company during 1995, would reduce the Company's 1996 and 1997 revenue by approximately $322,000 and $399,000, respectively. Those recent amendments to the two agreements do not otherwise change the agreements. The Company considered the amendments of both agreements together as in its best interest. With these amendments, the Company is assured that MCI, the Company's largest customer, will continue to make use of the Company's services during the extended term.

As a part of the Acquisition Plan, MCI has agreed to purchase the MCI Company Stock, subject to the preparation of a formal Purchase Agreement for review and approval by the board of directors of MCI. See, "PROPOSED TRANSACTIONS: MCI Purchase Agreement" and "OWNERSHIP OF THE COMPANY: Changes in Control-- Acquisition Plan."

Credit Agreement. In April, 1996, the Company entered into a new $62.5 million senior credit facility ("Credit Agreement") with NationsBank of Texas, N.A. in Dallas, Texas, Toronto-Dominion Bank in New York, New York, National Bank of Alaska in Anchorage, Alaska, and Credit Lyonnais in New York, New York ("Senior Lenders") to replace the previous facility. The Credit Agreement continues a number of conditions imposed under previous credit agreements entered into by the Company. In compliance with one of those conditions, the Company previously formed GCC, i.e., GCI Communication Corp., an Alaska corporation and wholly owned subsidiary of the Company. On November 30, 1990 all of the Company's operating assets were transferred to GCC and the outstanding capital stock of GCC was pledged to the then senior lenders of the Company. This

reorganization proposal was approved by the shareholders of the Company at the June 7, 1990 annual shareholders meeting. That pledge is now made to the Senior Lenders and will remain in place for so long as the Credit Agreement remains in effect. As of the Record Date, the outstanding common stock of GCC remained pledged to the Senior Lenders. Throughout the year ended December 31, 1995 and from that date through the Record Date, the Company was in full compliance with all terms of the Credit Agreement and its precursor agreement, the terms of which are further described elsewhere in this Proxy Statement/Prospectus. See, "RISK FACTORS: Company Common Stock Inherent Factors--Pledge of Securities" and "ANNUAL REPORT."

WSMC Agreements. The Company purchased services and used certain facilities of WSMC to allow the Company to provide its telecommunication services in other states in the country. The total of such purchases from WSMC by the Company during the year ended December 31, 1995 was approximately $245,000.

Duncan Lease. The Company entered into a long-term capital lease agreement in 1991 with a partnership of which Mr. Duncan, the Company's president, was a 50% owner. Mr. Duncan sold his interest in the partnership in 1992 but remained a guarantor on the note used to finance acquisition of the property. During 1993, Mr. Duncan married Dani Bowman, the individual to whom he sold his interest in the partnership, and as of the Record Date, the property was owned in its entirety by the president's spouse. The property under lease consists of a building presently occupied 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. The first incremental increase occurred in 1993. 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 financial statements of the Company as reflected in the Annual Report. See, "ANNUAL REPORT."

Indebtedness of Management

On August 13, 1993 Mr. Duncan obtained a loan of $500,000 from the Company ("Duncan Loan") and executed a non-recourse promissory note to the Company which bears an interest rate equal to the variable rate paid by the Company on its Credit Agreement with its Senior Lender. Mr. Duncan is to pay off the Duncan Loan in one payment of principal and accrued interest 90 days after the termination of his employment with the Company or July 30, 1998, whichever is earlier. The money was used to pay down a portion of the indebtedness of Mr. Duncan on certain loans that he assumed and is obligated to pay to WSMC, allowing for the release to Mr. Duncan of 223,000 shares of Class A common stock used as collateral on that loan. Those shares were then pledged as collateral to secure the Duncan Loan. The largest outstanding balance of principal and interest on the Duncan Loan during the year ended December 31, 1995 was $585,966 on that date. As of the Record Date the outstanding balance of principal and interest on the Duncan Loan was $610,091.

During 1995, the Company made payments to others on behalf of Mr. Duncan in the amount of $592. These payments, when added to advances made to Mr. Duncan in prior years totalled $15,594. Mr. Duncan reimbursed the Company $14,144 during 1995, which left a total of $1,450 outstanding at December 31, 1995. During 1996 through the Record Date, the Company made payments to others on behalf of Mr. Duncan in the amount of $86. Mr. Duncan reimbursed the Company $1,511 during 1996, which left a total of $25 outstanding as of the Record Date.

In May, 1994, Mr. Duncan received additional loans totalling $55,000 from the Company and executed two promissory notes totalling that amount. The terms were for interest to accrue at 7% per annum with principal to be paid in August, 1994. The notes were extended, and the full principal and interest in the amount of $55,686 was paid on March 6, 1995.

In September, 1995, Mr. Duncan received an additional loan in the amount of $70,000. The terms were for interest to accrue at the variable rate paid by the Company on its Credit Agreement with its then senior lender. The full principal and interest owed in the amount of $71,486 were paid in full on December 29, 1995.

In June and July, 1996, Mr. Duncan received additional loans in the amount of $100,000, $60,000 and $50,000 from the Company. The terms were for interest to accrue at the variable interest rate paid by the Company on its Credit Agreement with its Senior Lender, and the loans were secured by Company Class A common stock. The notes and accrued interest were repaid on September 9, 1996. Accrued interest on the notes totaled $2,474 on the Record Date.

In April, 1993, Mr. Behnke obtained a loan from the Company in the amount of $48,000 and executed a promissory note. The note bears interest at 9% per annum, is secured by options to purchase 85,190 shares of Class A common stock of the Company, and was due on December 31, 1995. The Company extended the due date on the note to June 30, 1997. Accrued interest on the note totalled $11,540 at December 31, 1995 and $14,274 on the Record Date. In September, 1995, Mr. Behnke obtained another loan from the Company in the amount of $50,000 and executed a promissory note. The note bears interest at a rate equal to that paid

by the Company to its then Senior Lender pursuant to the Credit Agreement. The note is secured by the same options to purchase those 85,190 shares of Class A common stock and is due on June 30, 1997. Accrued interest on the note totalled $1,150 at December 31, 1995 and $3,563 on the Record Date.

In August, 1994 and April, 1995, Mr. Dowling received loans from the Company of $224,359 and $86,000 respectively, and executed promissory notes secured by 160,297 shares of Company Class A and 74,028 shares of Class B common stock. The notes bear interest at 10% per annum and are payable in ten equal installments of principal and interest. Payment has not been made on the notes. The Company has extended the term of the notes with ten equal installments of principal and interest payable over a period of ten years due in August of each year with the first payment on each note due in August, 1996. Accrued interest totalled $36,476 at December 31, 1995 and $56,119 on the Record Date.

In January, 1996, Ms. Tindall received a loan in the amount of $70,000 from the Company and executed a promissory note. The terms were for interest to accrue at the variable interest rate paid by the Company on its Credit Agreement with its Senior Lender and is secured by options to purchase 165,917 shares of Company Class A common stock and the deferred compensation agreement dated August 15, 1994 between the Company and Ms. Tindall. The note and accrued interest are due on or before January 16, 1999. Accrued interest on the note totaled $3,099 on the Record Date.

Except as disclosed in this Proxy Statement/Prospectus, neither as a group nor individually did any director, executive officer, nominee for election as a director, any member of the immediate family of these persons, or any corporation or organization of which such director, executive officer, or nominee is an executive officer or partner and is directly or indirectly the beneficial owner of 10% or more of any class of equity securities of that corporation, or any trust or other estate in which such director, executive officer, or nominee of the Company has a substantial beneficial interest or as to which such person serves as a trustee or in a similar capacity have during the year ended December 31, 1995 nor during the portion of calendar year 1996 ended on the Record Date, any indebtedness to the Company in an amount in excess of $60,000.

SECURITIES ACT INDEMNIFICATION

The Company Articles and Company Bylaws provide for the indemnification of a person, who is made or threatened to be made a party to an action or proceeding, whether criminal, civil, administrative, or investigative, by reason of the fact that he or she is or was a director, employee or agent at the request of the Company. The Company Bylaws further provide for indemnification of a person who was, is, or is threatened to be made a party to a completed, pending, or threatened action by or in the right of the Company to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee, or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee, or agent of another enterprise. These indemnifications, apply to liabilities arising under the Securities Act. However, no indemnification applies if the officer, director, employee, or agent is adjudged to be liable for negligence or misconduct in the performance of the person's duty to the Company unless the court in which the action or suit was brought determines upon application that, despite the adjudication of liability, in view of all circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses that the court considers proper.

The Company has been informed insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers, or persons controlling the Company pursuant to the aforementioned provisions, that in the opinion of the SEC such indemnification is against public policy as expressed in that act and is therefore unenforceable.

LITIGATION AND REGULATORY MATTERS

The Company was, as of the Record Date, involved in several administrative matters primarily related to its long distance markets in Alaska and the remaining 49 states and other regulatory matters. These actions are discussed in the Company's Annual Report. See, "ANNUAL REPORT."

RELATIONSHIP WITH INDEPENDENT PUBLIC ACCOUNTANTS

The Company Board retained KPMG Peat Marwick LLP as the independent certified public accountants for the Company during the fiscal year ended December 31, 1995. It is anticipated that the Board will appoint KPMG Peat Marwick LLP as the Company's independent, certified public accountants for the fiscal year ending December 31, 1996. A representative of KPMG Peat Marwick LLP is expected to be present at the Annual Meeting. The representative will have the opportunity to make a statement, if so desired, and will be able to respond to appropriate questions.

ANNUAL REPORT

The Annual Report to shareholders of the Company in the form of Form

10-K, as amended by Form 10-K/A, for the year ended December 31, 1995 is enclosed with this Proxy Statement/Prospectus. Also enclosed with this Proxy Statement/Prospectus is the Company's unaudited quarterly report on Form 10-Q for the quarter ended June 30, 1996.

SUBMISSION OF SHAREHOLDER PROPOSALS

Certain matters are required to be considered at an annual meeting of shareholders of the Company, e.g., the election of directors. From time to time, the board of directors of the Company may wish to submit to those shareholders other matters for consideration. Additionally, those shareholders may be asked to consider and take action on proposals submitted by shareholders who are not members of management that cover matters deemed proper under regulations of the Securities and Exchange Commission and applicable state laws.

Shareholder eligibility to submit proposals, proper subjects and the form of shareholder proposals are regulated by Rule 14a-8 under Section 14(a) of the Exchange Act. Each proposal submitted should be sent to the Secretary of the Company at the corporate offices of the Company. Such proposals should include the full and correct registered name and address of the shareholders making the proposal, the number of shares owned and their date of acquisition. If beneficial ownership is claimed, proof of it should be submitted with the proposal. Such shareholders or their representatives must appear in person at the annual meeting and must present the proposal, unless they can show good cause for not doing so.

Shareholder proposals must be received by the Secretary of the Company not later than December 27, 1996 for such proposals to be included in proxy materials for the 1997 annual meeting of shareholders of the Company.

Management carefully considers all proposals and suggestions from shareholders. When adoption of a suggestion or proposal is clearly in the best interest of the Company and the shareholders generally, and does not require shareholder approval, it is usually adopted by the Company Board, if appropriate, rather than being included in the proxy statement.

EXPERTS

The financial statements and schedules of the Company as of December 31, 1995 and 1994, and for each of the years in the three-year period ended December 31, 1995, have been incorporated by reference in this Registration Statement in reliance upon the reports of KPMG Peat Marwick LLP, independent certified public accountants, incorporated by reference in this Registration Statement, and upon the authority of that firm as experts in accounting and auditing.

The audited combined financial statements of Alaskan Cable at December 31, 1995 and 1994, and for each of the three years in the period ended December 31, 1995, appearing in this Proxy Statement/Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent auditors, as set forth in their report appearing elsewhere herein, and are included in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

The audited financial statements of Alaska Cablevision at December 31, 1995 and 1994, and for each of the three years in the period ended December 31, 1995, appearing in this Proxy Statement/Prospectus and Registration Statement have been audited by Carl & Carlsen, independent auditors, as set forth in their report appearing elsewhere herein, and are included in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

The financial statements of Prime at December 31, 1995 and 1994, and for each of the two years in the period ended December 31, 1995, appearing in this Proxy Statement/Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

The statements of operations, changes in partners' capital deficiency and cash flows of Prime for the year ended December 31, 1993, included in this Registration Statement and Proxy Statement/Prospectus have been audited by Coopers & Lybrand L.L.P., independent public accountants, as indicated in their report with respect thereto, and are included herein in reliance upon the authority of said firm as experts in accounting and auditing.

The audited combined financial statements of Alaskan Cable at December 31, 1995 and 1994, and for each of the three years in the period ended December 31, 1995, appearing in this Proxy Statement/Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent auditors, as set forth in their report appearing elsewhere herein, and are included in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

The audited financial statements of Alaska Cablevision at December 31, 1995 and 1994, and for each of the three years in the period ended December 31, 1995, appearing in this Proxy Statement/Prospectus and Registration Statement have been audited by Carl & Carlsen, independent auditors, as set forth in their

report appearing elsewhere herein, and are included in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

The financial statements of Prime at December 31, 1995 and 1994, and for each of the two years in the period ended December 31, 1995, appearing in this Proxy Statement/Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

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OTHER INFORMATION

The following information has been extracted from the Company's Forms 10-K, as amended, for the year ended December 31, 1995. See, "ANNUAL REPORT" and "AVAILABLE INFORMATION."

Business

Products. The Company offers a broad spectrum of telecommunication services to residential, commercial and government customers primarily throughout Alaska. The Company operates in two industry segments and offers five primary product lines. The message and data transmission services industry segment offers message toll, private line and private network services, and the system sales and service industry segment offers data communication equipment sales and technical services.

The Company's message and data transmission services industry segment is engaged in the transmission of interstate and intrastate switched message toll service ("MTS") and private line and private network communication service between the major communities in Alaska, and the remaining United States and foreign countries. The Company's message toll services include intrastate, interstate and international direct dial, 800, calling card, operator and enhanced conference calling, as well as termination of northbound toll service for MCI, U.S. Sprint ("Sprint") and several large resellers without facilities in Alaska. The Company also provides origination of southbound calling card and 800 toll services. Private line and private network services utilize voice and data transmission circuits, dedicated to particular subscribers, which link a device in one location to another in a different location. Regulated telephone relay services for the deaf, hard-of-hearing and speech impaired are provided through the Company's operator service center. The Company offers its message services to commercial and residential subscribers. Subscribers may cancel service at any time. Toll related services account for approximately 93%, 90% and 90% of the Company's 1995, 1994 and 1993 total revenues, respectively.

The Company has positioned itself as the price leader in the Alaska telecommunication market and, as such, rates charged for the Company's telecommunication services are designed to be equal to or below those for comparable services provided by the only other significant competitor in the Alaska telecommunications market, AT&T Alascom.

In addition to providing communication services, the Company sells, services and operates, on behalf of certain customers, dedicated communication and computer networking equipment and provides field/depot, third party, technical support, consulting and outsourcing services through its systems sales and service industry segment.

The Company also supplies integrated voice and data communication systems incorporating interstate and intrastate digital private lines, point-to-point and multipoint private network and small earth station services operating at data rates up to 1.544 mbs. In addition, the Company designs, installs and maintains data communication systems for commercial and government customers throughout Alaska. Presently, there are five companies in Alaska that actively sell and maintain data and voice communication systems. The Company's unique ability to integrate telecommunication networks and data communication equipment has allowed it to maintain its dominant market position on the basis of "value added" support rather than price competition.

The Company has expanded its technical services business to include outsourcing, onsite technical contract services and telecommunication consulting. The Company was awarded a five year contract, effective April 1, 1992, to assume management responsibility for all of BP Exploration (Alaska) ("BP") telecommunication and computer networking assets in Alaska. BP is the largest oil company presently operating in Alaska. The Company was awarded a five year contract, effective October 31, 1995, to

assume management responsibility for all of National Bank of Alaska telecommunication and computer networking assets in Alaska.

Expenditures of approximately $2.5 million were made in 1994 developing new demand assigned multiple access ("DAMA") satellite communication technology. A four-module demonstration system was constructed in 1994 and was integrated into the Company's telecommunication network in 1995. Existing satellite technology relies on fixed channel assignments to a central hub. DAMA technology assigns satellite capacity on an as needed basis. 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.

The Company obtained the necessary APUC and FCC approvals waiving current prohibitions against construction of competitive facilities in rural Alaska, allowing for deployment of DAMA technology in 56 sites in rural Alaska on a demonstration basis. Construction and deployment will occur in 1996, with services expected to be provided during the fourth quarter of 1996. Total construction and deployment costs are expected to total $18 to $20 million.

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 the Company to introduce new PCS services in Alaska. The Company began developing plans for PCS deployment in 1995 with technology service trials expected to take place in 1996 and service to be offered as early as 1997 or 1998.

Neither the Company or any of its subsidiaries has revenues that are materially affected by seasonality. The Company has not expended material amounts during the last three fiscal years on customer-sponsored research activities.

Markets. The dominant carrier and the Company 's primary competition in the Alaska market for interstate and intrastate MTS, private line and private network telecommunication services continues to be AT&T Alascom. Other carriers, such as MCI and Sprint can enter the market by constructing their own facilities in Alaska. At the present time, however, MCI, Sprint and several other carriers interconnect with the Company in Seattle and Dallas for delivery of their Alaska bound interstate traffic. Sprint and MCI also originate 800 services in Alaska on the Company 's facilities.

Five companies in Alaska actively sell and service data and voice communication systems. Other companies can enter the market at any time.

Foreign and Domestic Operations and Export Sales. Although the Company has several agreements to facilitate the origination and termination of international toll traffic, it has neither foreign operations nor export sales. The Company conducts operations throughout the western contiguous United States, Alaska and Hawaii and believes that any subdivision of its operations into distinct geographic areas would not be meaningful. Revenues associated with international toll traffic were $5,643,000, $4,427,000 and $3,734,000 for the years ended December 31, 1995, 1994 and 1993, respectively.

Financial Information About Industry Segments. The Company is engaged in the design, development, sale and service of telecommunication services and products in two principal industries: (1) message and data transmission services and (2) telecommunication systems sales and service.

<TABLE>
<CAPTION>

	1995	1994	1993
		(Amounts in thousands)	
<S>	<C>	<C>	<C>
Net sales			
Message and data transmission svcs.	$122,086	107,843	93,914
Systems sales and service	7,193	9,138	8,299
Total net sales	$129,279	116,981	102,213
Operating income			
Message and data transmission svcs.	$ 25,183	24,952	18,707
System sales and service	1,847	2,112	428
Corporate	(13,526)	(14,067)	(10,331)
Total operating income	$ 13,504	12,997	8,804
Identifiable assets			
Message and data transmission svcs.	$ 69,715	60,335	59,277
Systems sales and service	2,554	2,838	4,306
Corporate	12,496	11,076	8,027
Total identifiable assets	$ 84,765	74,249	71,610
Capital expenditures			
Message and data transmission svcs.	$ 5,946	10,003	4,457

Systems sales and service	---	---	369
Corporate	2,992	601	918
Total capital expenditures	$ 8,938	10,604	5,744
Depreciation and amortization expense			
Message and data transmission svcs.	$ 5,385	6,194	6,572
Systems sales and service	84	103	132
Corporate	754	442	274
Total depreciation and amortization expense	$ 6,223	6,739	6,978

</TABLE>

Intersegment sales approximate market and are not significant. Identifiable assets are assets associated with a specific industry segment. General corporate assets consist primarily of cash, temporary cash investments and other assets and investments which are not specific to an industry segment. Goodwill and the related amortization associated with the acquisition of GCI Network Systems, Inc. is allocated to the message and data telephone services segment. Goodwill and the related amortization related to the acquisition of the Transalaska Data Systems, Inc. assets is allocated to the systems sales and service segment. Revenues derived from leasing operations are allocated to the message and data transmission services segment.

The Company provides message telephone service to MCI and Sprint, major customers. Pursuant to the terms of a contract with MCI, the Company earned revenues of approximately $23,939,000, $19,512,000 and $16,068,000 for the years ended December 31, 1995, 1994 and 1993, respectively. Amounts receivable from MCI totaled $4,256,000 and $3,257,000 at December 31, 1995 and 1994, respectively. The Company earned revenues pursuant to a contract with Sprint totaling approximately $14,885,000, $12,412,000 and $10,123,000 for the years ended December 31, 1995, 1994 and 1993 respectively. Amounts receivable from Sprint totaled $2,362,000 and $981,000 at December 31, 1995 and 1994, respectively.

Market Price of and Dividends on the Company's Common Equity
and Related Stockholder Matters

Market Information for Common Stock. Shares of Company Class A common stock are traded on the Nasdaq national narket system of the Nasdaq Stock Market under the symbol GNCMA. Shares

of Company Class B common stock are traded on the over-the-counter market. Company Class B common stock is convertible into Company Class A common stock. The following table sets forth the high and low sales price for the above-mentioned common stock for the periods indicated. The prices, rounded up to the nearest eighth, represent prices between dealers, do not include retail markups, markdowns, or commissions, and do not necessarily represent actual transactions.
<TABLE>
<CAPTION>

	Class A		Class B	
	High	Low	High	Low
<S>	<C>	<C>	<C>	<C>
1994:				
First Quarter	5 7/8	4 1/8	5 7/8	4 1/8
Second Quarter	4 5/8	3 1/8	4 5/8	3 1/8
Third Quarter	5	3 1/2	5	3 1/2
Fourth Quarter	5	4 1/8	5	4 1/8
1995:				
First Quarter	4 5/8	3 3/4	4 5/8	3 3/4
Second Quarter	4 1/4	3 7/8	4 1/4	3 7/8
Third Quarter	4 1/8	3 1/4	4 1/8	3 1/4
Fourth Quarter	5 1/8	3 3/4	5 1/8	3 3/4

</TABLE>

Holders. As of March 5, 1996 there were approximately 1,830 holders of record of Company Class A common stock and approximately 750 holders of record of Company Class B common stock (amounts do not include the number of shareholders whose shares are held of record by brokers, but do include the brokerage house as one shareholder).

Dividends. The Company has never paid cash dividends on its Class A or Class B common stock and has no present intention of doing so. Payment of cash dividends in the future, if any, will be determined by the Company's Board of Directors in light of the Company's earnings, financial condition and other relevant considerations. The Company's existing bank loan agreements contain provisions that prohibit payment of dividends, other than stock dividends.

Selected Financial Data
<TABLE>
The following table presents selected historical information relating to financial condition and results of operations over the past five years.

<CAPTION>

	Years Ended December 31,				
	1995	1994	1993	1992	1991
	(Amounts in thousands except per share amounts)				
<S>	<C>	<C>	<C>	<C>	<C>
Revenues	$129,279	116,981	102,213	96,499	75,522
Net earnings (loss) before income taxes	$12,601	11,681	6,715	1,524	(1,422)
Net earnings (loss)	$7,502	7,134	3,951	890	(1,092)
Earnings (loss) per share	$0.31	0.30	0.17	0.02	(0.12)
Total assets	$84,765	74,249	71,610	72,351	70,167
Long-term debt, including current portion (1)	$9,980	12,554	20,823	37,235	24,850
Obligations under capital leases, including current portion (2)	$1,047	1,297	1,522	1,720	10,975
Preferred stock (3)	$0	0	0	3,282	3,282
Total stockholders' equity (4)	$43,016	35,093	27,210	14,870	13,554
Dividends declared per Common share (5)	$0.00	0.00	0.00	0.00	0.00
Dividends declared per Preferred share (6)	$0.00	0.00	0.44	1.78	1.69

<FN>
- ------------

1 The Company exercised the purchase option described in footnote (2) below in December 1992 to acquire capacity on a fiber optic undersea cable from Seward, Alaska to Pacific City, Oregon. Long-term debt associated with this purchase is recorded in long-term debt and current portion of long-term debt in the Consolidated Financial Statements. See Part II of the Company's Form 10-K for the year ended December 31, 1995.

2 The Company entered into a capital lease agreement in May 1991 for access to capacity on an undersea fiber optic cable from Seward, Alaska to Pacific City, Oregon. The lease term was ten years with monthly payments including maintenance of approximately $230,000 per month commencing August 22, 1991, the date the fiber optic cable become operational. The Company had an option expiring December 31, 1992 to purchase the leased capacity for $10.12 million, less the prior six months' lease payments, excluding maintenance. The lease was capitalized in 1991 at the underlying asset's fair market value and the related obligation was recorded in the Company's Consolidated Financial Statements.

3 In January, 1991, the Company sold 347,047 shares of non-voting Series A 15% Convertible Cumulative Preferred Stock to WestMarc Communications, Inc. for $9.5088 per share. The preferred stock accrued dividends on each share in cash or stock at the Company's discretion. The accrued dividends were payable semi-annually at the rate of 15% per annum if paid in cash or at the rate of 18.75% if paid in Class B Common Stock. Pursuant to an agreement with WestMarc Communications, Inc. the Company acquired and retired the preferred stock in 1993.

4 The 1993 increase in stockholders' equity is primarily attributed to the Company's issuance of common stock to MCI.

5 The Company has never paid a cash dividend on its common stock and does not anticipate paying any dividends in the foreseeable future. The Company intends to retain its earnings, if any, for the development of its business. Payment of cash dividends in the future, if any, will be determined by the board of directors of the Company in light of the Company's earnings, financial condition, credit agreements and other relevant considerations. The Company's existing bank loan agreements contain provisions that prohibit payment of dividends, other than stock dividends, as further described in Note (5)(a) to the financial statements included in Part II of the Company's Form 10-K for the year ended December 31, 1995.

6 The Company declared and issued stock dividends of approximately 304,000 and 286,000 shares of Class B common stock in 1992 and 1991, respectively, and paid dividends totaling $153,000 in 1993 on its non-voting Series A 15% Convertible Cumulative Preferred Stock.
</FN>
</TABLE>
<TABLE>
Supplementary Financial Data
<CAPTION>

	Three months ended			
	Dec. 31, 1995	Sept. 30, 1995	June 30, 1995	Mar. 31, 1995
	(Amounts in thousands, except per share amounts)			
<S>	<C>	<C>	<C>	<C>
Total revenues	$34,363	33,363	31,860	29,693
Contribution	$15,808	15,548	14,026	13,676
Net earnings	$1,807	2,252	1,836	1,607
Net earnings per share	$.07	.09	.08	.07

</TABLE>

	Three months ended			
	Dec. 31, 1994	Sept. 30, 1994	June 30, 1994	Mar. 31, 1994
	(Amounts in thousands, except per share amounts)			
Total revenues	$29,143	30,685	28,962	28,191
Contribution	$14,061	14,740	14,387	12,897
Net earnings	$1,320	1,994	2,122	1,698
Net earnings per share	$.06	.08	.09	.07

Management's Discussion and Analysis of Financial Condition and Result of Operations

Liquidity and Capital Resources. Year ended December 31, 1995 ("1995"), compared with year ended December 31, 1994 ("1994"), compared with year ended December 31, 1993 ("1993").

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 $2.4 million from 1994 to 1995. Sources of cash in 1995 included the Company's operating activities which generated positive cash flow of $14.3 million net of changes in the components of working capital, proceeds from the sale of investment securities held for sale totaling $832,000, repayments of notes receivable totaling $184,000, and proceeds from the issuance of common stock of $82,000. Uses of cash during 1995 included repayment of $2.8 million of long-term borrowings and capital lease obligations, investment of $8.9 million in distribution and support equipment, and payment of the final installment for a PCS spectrum license totaling approximately $521,000.

Net receivables increased $4.8 million from 1994 to 1995 resulting from increased sales and receipt of a payment from a major customer in January 1996, beyond the cutoff date for recording in the current year.

Payments of approximately $1.9 million of accrued payroll and payroll related obligations resulted in reduced balances at 1995 as compared to 1994.

Working capital totaled $5.1 million and $1.8 million at December 31, 1995 and 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 $3.3 million increase at December 31, 1995 as compared to 1994.

Cash flow from operating activities, as depicted in the Consolidated Statements of Cash Flows, decreased $4.2 million in 1995 as compared 1994. Cash flow generated from operating activities was reduced by payment of current obligations. Cash flow from operating activities increased $6.8 million during 1994 as compared to 1993 primarily as a result of revenue growth and decreased distribution costs as a percentage of revenues as further described below.

The Company's expenditures and other additions to property and equipment totaled $8.9 million, $10.6 million, and $5.7 million during 1995, 1994 and 1993, respectively. Management's capital expenditures plan for 1996 includes approximately $30 to $50 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 1995 as compared to 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 described below.

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 amended its existing senior credit facility to provide a letter of credit to accommodate the required down payment in 1996 and expects to further amend or refinance its 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 the Company to introduce new PCS services in Alaska. The Company began developing plans for PCS deployment in 1995 with limited technology service trials planned for 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 arrange additional debt financing capacity in 1996. 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 was integrated into the Company's telecommunication network in 1995. Existing satellite technology relies on fixed channel assignments to a central hub. DAMA technology assigns satellite capacity on an as needed basis. 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.

The Company obtained the necessary APUC and FCC approvals waiving current prohibitions against construction of competitive facilities in rural Alaska, allowing for deployment of DAMA technology in 56 sites in rural Alaska on a demonstration basis. Construction and deployment will occur in 1996, with services expected to be provided during the fourth quarter of 1996. Construction and deployment costs are expected to total $18 to $20 million, and are expected to be funded through a combination of cash generated from operations and bank financing.

The Company announced March 15, 1996 that it has signed letters of intent to acquire three Alaska cable companies that offer cable television service to more than 101,000 subscribers serving 74% of households throughout the state of Alaska. The Company intends to acquire Prime Cable of Alaska, Alaska Cablevision, Inc. of Kirkland, Washington and Alaskan Cable Network. Prime Cable operates the state's largest cable television system including stations in Anchorage, Bethel, Kenai and Soldotna, Alaska. Alaska Cablevision owns and operates cable stations in Petersburg, Wrangell, Cordova, Valdez, Kodiak, Homer, Seward, Nome and Kotzebue, Alaska. Alaskan Cable Network operates stations in Fairbanks,

Juneau, Ketchikan and Sitka, Alaska. This acquisition will allow the Company to integrate cable services to bring more information not only to more customers, but in a manner that is quicker, more efficient and more cost effective than ever before. The purchase will facilitate consolidation of the cable operations and will provide a platform for developing new customer products and services over the next several years.

The total purchase price is $280.7 million. According to terms of the agreements, the Company will issue 16.3 million shares of Class A Common stock to the owners of the three cable companies valued at $105.7 million. The balance of the purchase will be provided by approximately $175 million of bank financing. Additional capital will be provided from the sale of 2 million shares of the Company 's Class A Common Stock to MCI Telecommunications Corporation for $6.50 per share.

Definitive agreements are expected to be executed in April 1996 at which time the Company will apply to the APUC to transfer the licenses of the cable companies. Once all regulatory approvals are granted, the cable companies will be consolidated into a single organization owned by the Company.

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. Year ended December 31, 1995 ("1995"), compared with year ended December 31, 1994 ("1994"), compared with year ended December 31, 1993 ("1993").

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 during 1995, 1994, and 1993 was 19.1(cent), 18.6(cent), and 18.2(cent), respectively. Total revenues for 1995 were $129.3 million, an approximate 10.5% increase over 1994 revenues of $117.0 million, which revenues increased 14.4% over 1993 revenues of $102.2 million. Revenue growth is attributed to the increase in the average rate per minute and to four fundamental factors, as follows:

(1) Growth in interstate telecommunication services which resulted in billable minutes of traffic carried totaling 465, 415 and 365 million minutes in

1995, 1994 and 1993, respectively, or 83.2, 83.9 and 83.9% of total 1995, 1994 and 1993 minutes, respectively.

(2) Provision of intrastate telecommunication services which resulted in billable minutes of traffic carried totaling 93.4, 79.6 and 70.1 million minutes in 1995, 1994 and 1993, respectively, or 16.8, 16.1, and 16.1% of total 1995, 1994 and 1993 minutes, respectively.

(3) Increases in revenues derived from other common carriers ("OCC") including MCI and Sprint. OCC traffic accounted for $38.8 million or 30.0%, $31.9 million or 27.3%, $26.2 million or 25.6% of total revenues in 1995, 1994 and 1993, 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.

(4) Increased revenues associated with private line and private network transmission services, which increased 8% in 1995 as compared to 1994, increased 6% in 1994 as compared to 1993, and increased 8% in 1993 as compared to 1992.

System sales and service revenues totaled $7.2 million, $9.1 million and $8.3 million in 1995, 1994 and 1993, respectively. The decrease in system sales and service revenues is attributed to fewer larger dollar equipment sales orders received during 1995 as compared to 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 56.5%, 55.4%, 58.9% of transmission revenues during 1995, 1994 and 1993, respectively. The increase in distribution costs as a percentage of transmission revenues for 1995 as compared to 1994 results primarily from increases in costs associated with the Company's lease of transponder capacity as previously described. The decrease in distribution costs as a percentage of transmission revenues during 1994 as compared to 1993 results from proportionate increases in revenues as compared to costs and decreases in access tariff charges commencing July 1993, offset by increases in costs associated with the Company's lease of replacement 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.

Sales and service cost of sales as a percentage of sales and service revenues amounted to approximately 73.3%, 70.4% and 65.7% during 1995, 1994 and 1993, respectively. Increases in cost of sales as a percentage of sales and service revenues result from reduced margins associated with equipment sales and service contracts.

Contribution increased 5.3% during 1995 as compared to 1994, and increased 22.5% during 1994 as compared to 1993. Increases in distribution costs associated with the Company's lease of transponder capacity as previously described reduced the rate of growth in 1995 contribution as compared to 1994. Proportionate decreases in distribution costs during 1994 as compared to 1993 coupled with proportionate increases in revenues during the same period resulted in the 1994 increase.

Total operating costs and expenses increased 5.7% during 1995 as compared to the same period in 1994, and increased 16.5% during 1994 as compared to the same period in 1993. 1995 and 1994 increases in operating and engineering, service, sales and communications, and general and administrative costs were necessary to support the Company's expansion efforts and the increase in minutes of traffic carried. During 1995 the Company incurred approximately $450,000 for what is expected to be nonrecurring costs related to breaks in the undersea fiber optic cable and promotion of its new DAMA technology. Additional costs were incurred during the fourth quarter of 1995 attributed to the promotion of the Company's calling plans. Significant marketing, telemarketing, and promotional expenditures were incurred in 1994 to promote the Company's introduction of new services and programs resulting from its strategic alliance with MCI, including MCI's Friend's and Family calling plan, 1-800-COLLECT, PhoneCash prepaid calling cards, and an Amway distributor resale program. Additional general and administrative costs were incurred in 1994 resulting from the Company's performance based bonus and incentive compensation plans which are funded from incremental operating cash flow. Increases in 1994 expenses were offset in part by reductions in bad debt and depreciation and amortization costs. 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 25.5% during 1995 as compared to 1994 and decreased 31.7% during 1994 as compared to 1993. The decreases in interest expense result primarily from reduction in the Company's outstanding indebtedness.

Income tax expense totaled $5,099,000, $4,547,000 and $2,764,000 in 1995, 1994 and 1993, respectively, resulting from the application of statutory income tax rates to net earnings before income taxes

The Company has capital loss carryovers totaling approximately $56,000 which expire in 1997. Tax benefits associated with recorded deferred tax assets, net of valuation allowances, are considered to be more likely than not realizable through taxable income earned in carryback years, 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 Alaska economy is also supported by the United States armed services and the United States Coast Guard which maintain bases in Anchorage, Fairbanks, Adak, Kodiak, and other communities in Alaska. The military presence in the state of Alaska provides a significant source of revenues to the economy of the state. The Company provides message telephone services in a variety of ways to the United States government and its armed forces personnel. The Company provides private lines for secured point-to-point data and voice transmission services and long distance services individually to military personnel.

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.

On July 13, 1995, the president approved and Congress subsequently accepted the independent Defense Base Closure and Realignment Commission report to close 79 military bases and downsize 26 others. The commission estimates its list would save $19.3 billion over 20 years, at a cost nationwide of 43,742 military and civilian jobs and 49,823 indirect jobs. Since its first round of action in 1991, the Defense Base Closure and Realignment Commission has claimed more than $5 billion in savings by closing or realigning military bases.

The following military installations located in Alaska were recommended for closure or realignment in the 1995 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).

The loss of jobs and associated revenues attributed to oil and gas industry and military workforce reductions 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 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 its consolidated financial statements.

In March 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of" ("SFAS No. 121"). This statement sets forth new standards for determining when long-lived assets are impaired and requires such impaired assets to be written down to fair value. The Company anticipates that the adoption of SFAS No. 121 in 1996 will not have a material effect on its consolidated financial statements.

In October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123"). SFAS No. 123 establishes financial accounting and reporting standards for stock-based employee compensation plans. Those plans include all arrangements by which employees receive shares of stock or other equity instruments of the employer or the employer incurs liabilities to employees in amounts based on the price of the employer's stock. This statement also applies to transactions in which an entity issues its equity instruments to acquire goods or services from nonemployees. The Company anticipates that the adoption of SFAS No. 123 in 1996 will not have a material effect on its 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.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no changes in or disagreements between the Company and its accountants on accounting and financial disclosure during the year ended December 31, 1995 nor during the period 1996 up through the Record Date.

<TABLE>

INDEX TO FINANCIAL STATEMENTS

Historical Financial Statements
<CAPTION>

Prime	Page
<S>	<C>
Three and six months ended June 30, 1996:	
Balance Sheets, June 30, 1996 (unaudited) and December 31, 1995	F-5
Statements of Operations, Three and six months ended June 30, 1996 and 1995 (unaudited)	F-6
Statements of Changes in Partners' Capital Deficiency, Six months ended June 30, 1996 and 1995 (unaudited)	F-7
Statements of Cash Flows, Six months ended June 30, 1996 and 1995 (unaudited)	F-8
Notes to Financial Statements (unaudited)	F-9
Years ended December 31, 1995, 1994 and 1993:	
Report of Independent Auditors (1994 and 1995)	F-11
Report of Independent Accountants (1993)	F-12
Balance Sheets, December 31, 1995 and 1994	F-13
Statements of Operations, Years ended December 31, 1995, 1994, and 1993	F-14
Statements of Changes in Partners' Capital Deficiency, Years ended December 31, 1995, 1994, and 1993	F-15
Statements of Cash Flows, Years ended December 31, 1995, 1994, and 1993	F-16
Notes to Financial Statements	F-17
Alaskan Cable (Combined for Alaskan Cable/Fairbanks, Alaskan Cable/Juneau, and Alaskan Cable/Ketchikan)	
Three and six months ended June 30, 1996:	
Combined Balance Sheets, June 30, 1996 (unaudited) and December 31, 1995	F-26
Combined Statements of Income, Three and six months ended June 30, 1996 and 1995 (unaudited)	F-27
Combined Statements of Cash Flows, Six months ended June 30, 1996 and 1995 (unaudited)	F-28
Notes to Combined Financial Statements (unaudited)	F-29

Prime	Page
Years ended December 31, 1995, 1994 and 1993:	
Report of Independent Auditors	F-30
Combined Balance Sheets, December 31, 1995 and 1994	F-31
Combined Statements of Income, Years ended December 31, 1995, 1994 and 1993	F-32
Combined Statements of Shareholders' Equity, Years Ended December 31, 1995, 1994 and 1993	F-33
Combined Statements of Cash Flows, Years ended December 31, 1995, 1994, and 1993	F-34

Notes to Combined Financial Statements F-35

Alaska Cablevision

Three and six months ended June 30, 1996:
Balance Sheets, June 30, 1996 (unaudited) and December 31, 1995 .... F-42
Statements of Income, Three and six months ended June 30, 1996 and 1995 (unaudited) F-43
Statements of Stockholders' Equity, Six months ended June 30, 1996 and 1995 (unaudited) F-44
Statements of Cash Flows, Six months ended June 30, 1996 and 1995 (unaudited) F-45
Notes to Financial Statements (unaudited) F-46

Years ended December 31, 1995, 1994 and 1993:
Report of Independent Auditors F-47
Balance Sheets, December 31, 1995 and 1994 .... F-48
Statements of Income, Years ended December 31, 1995, 1994, and 1993 .... F-49
Statements of Stockholders' Equity, Years ended December 31, 1995, 1994, and 1993 .... F-50
Statements of Cash Flows, Years ended December 31, 1995, 1994, and 1993 .... F-51
Notes to Financial Statements F-52

Pro Forma Combined Condensed Financial Statements (Unaudited)

Company (Pursuant to the Proposed Transactions)

Pro Forma Combined Condensed Balance Sheet As of June 30, 1996 (unaudited) F-57

Pro Forma Combined Condensed Statement of Operations for the Six Months Ended June 30, 1996 (unaudited) F-59
Pro Forma Combined Condensed Statement of Operations, for the Year Ended December 31, 1995 (unaudited) F-61
Notes to Pro Forma Combined Financial Statements, June 30, 1996 and December 31, 1995 (unaudited) F-63

</TABLE>

REGISTRATION STATEMENT
F-3

HISTORICAL FINANCIAL INFORMATION

<TABLE>

PRIME CABLE OF ALASKA, L.P.
BALANCE SHEETS
June 30, 1996 and December 31, 1995
(thousands of dollars)

<CAPTION>

ASSETS	June 30, 1996 (Unaudited)	December 31, 1995
Cash and cash equivalents	$ 803	$ 9,477
Accounts receivable, net	956	1,221
Prepaid expenses	196	166
Inventories	854	833
Property, plant and equipment, at cost:		
Cable television distribution systems	69,695	68,090
Transportation equipment	910	848

Furniture and fixtures	2,306	1,864
Land and buildings	487	487
	73,398	71,289
Less accumulated depreciation	(45,770)	(42,114)
Net property, plant and equipment	27,628	29,175
Intangible assets, net	28,397	33,080
Deferred debt issuance costs, net	2,209	125
Other assets	181	64
Total assets	$ 61,224	$ 74,141
LIABILITIES AND PARTNERS' CAPITAL DEFICIENCY		
Accounts payable	$ 583	$ 773
Accounts payable, affiliates	907	186
Accrued interest	2,061	1,368
Other accrued expenses	2,086	1,639
Subscriber deposits and unearned income	2,060	2,043
Term debt	103,000	82,565
Subordinated debt	4,320	34,041
Total liabilities	115,017	122,615
Commitments and Contingencies		
Partners' capital deficiency:		
General partners	9,000	9,000
Limited partners	36,000	36,000
Accumulated deficit	(98,793)	(93,474)
Total partners' capital deficiency	(53,793)	(48,474)
Total liabilities and partners' capital deficiency	$ 61,224	$ 74,141

The accompanying notes are an integral part of the financial statements.

</TABLE>

<TABLE>

PRIME CABLE OF ALASKA, L.P.
STATEMENTS OF OPERATIONS
for the three and six months ended June 30, 1996 and 1995
(thousands of dollars)

<CAPTION>

<S>	For the Three Months Ended June 30, 1996 (Unaudited) <C>	1995 <C>	For the Six Months Ended June 30, 1996 (Unaudited) <C>	1995 <C>
Revenues	$ 8,525	$ 8,054	$ 17,276	$ 16,100
Operating expenses:				
Cable television system expenses	4,239	4,098	8,668	8,150
Management fees and expenses	460	410	924	817
Depreciation and amortization	4,298	4,066	8,410	8,208
Loss from operations	(472)	(520)	(726)	(1,075)
Interest income	1	99	131	207
Interest expense	(2,260)	(2,635)	(4,736)	(5,349)
Gain on disposal of assets	12	4	12	4
Net loss	$ (2,719)	$ (3,052)	$ (5,319)	$ (6,213)

The accompanying notes are an integral part of the financial statements.

</TABLE>

<TABLE>

PRIME CABLE OF ALASKA, L.P.
STATEMENTS OF CHANGES IN PARTNERS' CAPITAL DEFICIENCY
for the six months ended June 30, 1996 and 1995

(thousands of dollars)

<CAPTION>

<S>	General Partners <C>	Limited Partners <C>	Total <C>
Balances, December 31, 1994	$(32,147)	$ --	$(32,147)
Net loss for the six months ended June 30, 1995 (unaudited)	(6,213)	--	(6,213)
Balances, June 30, 1995 (unaudited)	$(38,360)	$ --	$(38,360)
Balances, December 31, 1995	(48,474)	--	(48,474)
Net loss for the six months ended June 30, 1996 (unaudited)	(5,319)	--	(5,319)
Balances, June 30, 1996 (unaudited)	$(53,793)	$ --	$(53,793)

The accompanying notes are an integral part of the financial statements.

</TABLE>

<TABLE>

PRIME CABLE OF ALASKA, L.P.
STATEMENTS OF CASH FLOWS
for the six months ended June 30, 1996 and 1995

<CAPTION>

<S>	Six Months Ended June 30, 1996 (Unaudited) <C>	1995 <C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (5,319)	$ (6,213)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	8,410	8,208
Amortization of deferred debt issuance costs	170	352
Deferred interest on subordinated debt	401	985
Gain on disposal of assets	(12)	(4)
	3,650	3,328
Net decrease in accounts receivable	265	262
Net (increase) decrease in prepaid expenses and other assets	(147)	76
Net increase (decrease) in accounts payable and accounts payable-affiliates	531	(298)
Net increase in accrued interest, other accrued expenses, unearned income and subscriber deposits	1,157	284
Net cash provided by operating activities	5,456	3,652
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment and inventories	(2,201)	(2,821)
Proceeds from sale of assets	12	54
Net cash used in investing activities	(2,189)	(2,767)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from bank debt borrowings	105,000	--
Repayment of term debt	(84,565)	--
Prepayment of subordinated debt	(30,122)	--
Increase in deferred debt issuance cost	(2,254)	--
Net cash used in financing activities	(11,941)	--
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:	(8,674)	885
Cash and cash equivalents, beginning of period	9,477	8,375

Cash and cash equivalents, end of period	$ 803	$ 9,260
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash interest paid	$ 3,472	$ 3,912

The accompanying notes are an integral part of the financial statements.

</TABLE>

PRIME CABLE OF ALASKA, L.P.
NOTES TO FINANCIAL STATEMENTS

1. General

Prime Cable of Alaska, L.P. (the "Partnership"), a Delaware limited partnership, was formed on January 30, 1989 to acquire and operate cable television systems serving the municipality of Anchorage and its environs, Fort Richardson, Elmendorf Air Force Base, the city of Bethel and its environs, and the city of Kenai and the Kenai Peninsula Borough, all in the state of Alaska (the "Alaska Systems"). The Partnership was capitalized with contributions totaling $9,000,000 from the general partners, Prime Cable Fund I, Inc., Prime Cable Fund II, Inc. and Prime Cable Fund III, Inc., and contributions from the limited partners, Alaska Cable Inc. ("Alaska Cable"), Prime Cable Growth Partners, L.P. and Prime Venture I Holdings, L.P. in the amounts of $23,000,000, $11,000,000 and $2,000,000, respectively.

The partnership agreement calls for losses to be allocated 97% to the general partners and 3% to the limited partners until the general partners' capital accounts have been reduced to zero. Thereafter, losses are allocated entirely to the limited partners until sufficient losses have been allocated to reduce limited partner capital accounts to zero. Finally, remaining losses are allocated to the general partners.

Profits will be allocated first to those partners with capital account deficits, in proportion to their respective deficit balances. Second, profits will be allocated to all partners based on respective capital contributions until the capital accounts have been restored to the amount of each partner's capital contribution less any distributions. Profits in excess of capital contributions less distributions remaining from the sale of all, or substantially all, of the assets of the Partnership will be allocated to the partners in proportion to their respective capital contributions after first being reduced by amounts paid to the corporate limited partner and to the subordinate debt holders.

As of June 30, 1995, certain shareholders of Alaska Cable had the right to require the sale of the Partnership for any reason.

The Partnership has a $10 investment, representing a 0.165% limited partnership capital interest in Prime Video, L.P. ("PVLP"). PVLP was organized to acquire, develop and operate Blockbuster Video Superstores, and has 21 stores in operation at June 30, 1996. The Partnership's investment is accounted for using the cost method, the results of which do not differ significantly from the equity method.

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 of the Partnership, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six month periods ended June 30, 1996 are not necessarily indicative of the results that may be expected for the year ended December 31, 1996. For further information, refer to the financial statements and footnotes thereto included in the Partnerships' audited financial statements for the year ended December 31, 1995.

PRIME CABLE OF ALASKA, L.P.
NOTES TO FINANCIAL STATEMENTS

2. Subsequent Event

On May 2, 1996, the non-corporate partners of the Partnership, the holders of profit participation rights and the shareholders of the corporate partners of the Partnership entered into a Securities Purchase

and Sale Agreement (the "Agreement") with General Communication, Inc. (GCI). GCI is a telecommunications company providing long distance services in Alaska. Under the Agreement, the non-corporate partners and the profits participation rights holders will sell their Partnership interests to GCI, the shareholders of the corporate partners will exchange their corporate shares for GCI shares, and the holders of the profit participation rights will receive GCI shares in settlement of the Profit Participation Amount, all for a total consideration of 11.8 million shares of GCI common stock. Upon closing of the transaction, the Partnership will be 100% owned by GCI and subsidiaries of GCI. It is anticipated the transaction will close in the last quarter of 1996.

Report of Independent Auditors

To the Partners
Prime Cable of Alaska, L.P.

We have audited the balance sheets of Prime Cable of Alaska, L.P. (the Partnership) as of December 31, 1995 and 1994, and the related statements of operations, changes in partners' capital deficiency, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the 1995 and 1994 financial statements referred to above present fairly, in all material respects, the financial position of Prime Cable of Alaska, L.P. as of December 31, 1995 and 1994, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

/s/ Ernst & Young LLP

Austin, Texas
March 18, 1996, except for the
last paragraph of Note 7, as to
which the date is September 9, 1996

REPORT OF INDEPENDENT ACCOUNTANTS

To the Partners
Prime Cable of Alaska, L.P.

We have audited the accompanying statements of operations, changes in partners' capital deficiency, and cash flows for the year ended December 31, 1993 of Prime Cable of Alaska, L.P. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of Prime Cable of Alaska, L.P. for the year then ended December 31, 1993, in conformity with generally accepted accounting principles.

/s/ Coopers & Lybrand L.L.P.

Austin, Texas
March 15, 1994

<TABLE>

PRIME CABLE OF ALASKA, L.P.
BALANCE SHEETS
December 31, 1995 and 1994
(thousands of dollars)

<CAPTION>

<S>	1995 <C>	1994 <C>
ASSETS (Note 6)		
Cash and cash equivalents	$ 9,477	$ 8,375
Accounts receivable, net (Note 4)	1,221	1,204
Prepaid expenses	166	227
Inventories	833	324
Property, plant and equipment, at cost:		
Cable television distribution systems	68,090	63,819
Transportation equipment	848	775
Furniture and fixtures	1,864	1,760
Land and buildings	487	487
	71,289	66,841
Less accumulated depreciation	(42,114)	(34,975)
Net property, plant and equipment	29,175	31,866
Intangible assets, net (Note 5)	33,080	42,447
Deferred debt issuance costs, net	125	832
Other assets	64	28
Total assets	$ 74,141	$ 85,303
LIABILITIES AND PARTNERS' CAPITAL DEFICIENCY		
Accounts payable	$ 773	$ 809
Accounts payable, affiliates	186	124
Accrued interest	1,368	1,311
Other accrued expenses	1,639	1,656
Subscriber deposits and unearned income	2,043	1,796
Term debt (Note 6)	82,565	84,065
Subordinated debt (Note 7)	34,041	27,689
Total liabilities	122,615	117,450
Commitments and Contingencies (Notes 7 and 9)		
Partners' capital deficiency (Note 7):		
General partners	9,000	9,000
Limited partners	36,000	36,000
Accumulated deficit	(93,474)	(77,147)
Total partners' capital deficiency	(48,474)	(32,147)
Total liabilities and partners' capital deficiency	$ 74,141	$ 85,303

The accompanying notes are an integral part of the financial statements.
</TABLE>

<TABLE>

PRIME CABLE OF ALASKA, L.P.
STATEMENTS OF OPERATIONS
for the years ended December 31, 1995, 1994 and 1993
(thousands of dollars)

<CAPTION>

<S>	1995 <C>	1994 <C>	1993 <C>
Revenues	$ 32,594	$ 30,599	$ 29,101
Operating expenses:			
Cable television system expenses	16,264	14,911	13,812
Management fees and expenses (Note 9)	1,674	1,671	1,542
Depreciation and amortization	16,487	16,944	17,261
Provision for inventory obsolescence		35	

Loss from operations	(1,831)	(2,962)	(3,514)
Interest income	460	285	249
Interest expense	(14,960)	(9,035)	(7,996)
Gain (loss) on disposal of assets	4	(15)	10
Net loss	$(16,327)	$(11,727)	$(11,251)

The accompanying notes are an integral part of the financial statements.
</TABLE>

<TABLE>

PRIME CABLE OF ALASKA, L.P.
STATEMENTS OF CHANGES IN PARTNERS' CAPITAL DEFICIENCY
for the years ended December 31, 1995, 1994 and 1993
(thousands of dollars)

<CAPTION>

<S>	General Partners <C>	Limited Partners <C>	Total <C>
Balances, January 1, 1993	$ (9,169)	$	$ (9,169)
Net loss for the year ended December 31, 1993	(11,251)		(11,251)
Balances, December 31, 1993	(20,420)		(20,420)
Net loss for the year ended December 31, 1994	(11,727)		(11,727)
Balances, December 31, 1994	(32,147)		(32,147)
Net loss for the year ended December 31, 1995	(16,327)		(16,327)
Balances, December 31, 1995	$(48,474)	$	$(48,474)

The accompanying notes are an integral part of the financial statements.
</TABLE>

<TABLE>

PRIME CABLE OF ALASKA L.P.
STATEMENTS OF CASH FLOWS
for the years ended December 31, 1995, 1994 and 1993
(thousands of dollars)

<CAPTION>

<S>	1995 <C>	1994 <C>	1993 <C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$(16,327)	(11,727)	$ (11,251)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	16,487	16,944	17,261
Amortization of deferred debt issuance costs	708	500	233
Deferred interest on subordinated debt	6,352	1,802	1,597
Provision for inventory obsolescence	35		
(Gain) loss on disposal of assets	(4)	15	(10)
	7,216	7,569	7,830
Net decrease (increase) in accounts receivable, prepaid expenses and other assets	8	(355)	(69)
Net increase in accounts payable, accounts payable-affiliates, accrued interest, other accrued expenses, and subscriber deposits and unearned income	313	1,236	294
Net cash provided by operating activities	7,537	8,450	8,055
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment and inventories	(4,988)	(4,021)	(2,814)
Proceeds from sale of assets	54	10	13
Net cash used in investing activities	(4,934)	(4,011)	(2,801)

CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of term debt	(1,500)	(4,330)	(3,405)
Increase in deferred debt issuance cost	(1)	(646)	(383)
Net cash used in financing activities	(1,501)	(4,976)	(3,788)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents,	1,102	(537)	1,466
beginning of year	8,375	8,912	7,446
Cash and cash equivalents, end of year	$ 9,477	8,375	$ 8,912
SUPPLEMENTAL CASH FLOW INFORMATION:			
Cash interest paid	$ 7,843	6,330	$ 6,163

The accompanying notes are an integral part of the financial statements.
</TABLE>

PRIME CABLE OF ALASKA, L.P.
NOTES TO FINANCIAL STATEMENTS

1. Organization

Prime Cable of Alaska, L.P. (the "Partnership"), a Delaware limited partnership, was formed on January 30, 1989 to acquire and operate cable television systems serving the municipality of Anchorage and its environs, Fort Richardson, Elmendorf Air Force Base, the city of Bethel and its environs, and the city of Kenai and the Kenai Peninsula Borough, all in the state of Alaska (the "Alaska Systems"). The Partnership was capitalized with contributions totaling $9,000,000 from the general partners, Prime Cable Fund I, Inc., Prime Cable Fund II, Inc. and Prime Cable Fund III, Inc., and contributions from the limited partners, Alaska Cable Inc. ("Alaska Cable"), Prime Cable Growth Partners, L.P. and Prime Venture I Holdings, L.P. in the amounts of $23,000,000, $11,000,000 and $2,000,000, respectively.

The partnership agreement calls for losses to be allocated 97% to the general partners and 3% to the limited partners until the general partners' capital accounts have been reduced to zero. Thereafter, losses are allocated entirely to the limited partners until sufficient losses have been allocated to reduce limited partner capital accounts to zero. Finally, remaining losses are allocated to the general partners.

Profits will be allocated first to those partners with capital account deficits, in proportion to their respective deficit balances. Second, profits will be allocated to all partners based on respective capital contributions until the capital accounts have been restored to the amount of each partner's capital contribution less any distributions. Profits in excess of capital contributions less distributions remaining from the sale of all, or substantially all, of the assets of the Partnership will be allocated to the partners in proportion to their respective capital contributions after first being reduced by amounts paid to the corporate limited partner and to the subordinate debt holders as described in Note 7.

As of June 30, 1995, certain shareholders of Alaska Cable can require the sale of the Partnership for any reason.

The Partnership has a $10 investment, representing a .165% limited partnership capital interest in Prime Video, L.P. ("PVLP"). PVLP was organized to acquire, develop and operate Blockbuster Video Superstores, and has 19 stores in operation at December 31, 1995. The Partnership's investment is accounted for using the cost method, the results of which do not differ significantly from the equity method. Through December 1995, the Partnership has received distributions totaling $7,000 from PVLP.

2. Summary of Significant Accounting Policies

Inventories

Inventories are carried at the lower of cost (weighted average unit cost) or market.

PRIME CABLE OF ALASKA, L.P.
NOTES TO FINANCIAL STATEMENTS (continued)

2. Summary of Significant Accounting Policies, continued

Property, Plant and Equipment

Depreciation is computed by the straight-line method over the estimated useful lives of the assets. The composite method and a ten year life are used for cable television distribution systems. Under the composite method, proceeds from the retirement of cable television distribution system assets are credited to the allowance for depreciation. Gains or losses on disposition of property, plant and equipment (other than cable television distribution systems) are credited or charged to income. Maintenance and repairs are charged to expense as incurred.
Expenditures for major renewals and betterments are capitalized.

Intangible Assets

Excess cost over net assets acquired arising from the acquisition of cable television systems is being amortized by the straight line method over ten years. Other intangible assets, including subscriber lists and a Certificate of Operating Rights, are being amortized by the straight line method over their useful lives ranging from ten to eleven years.

It is the Partnership's policy to value intangible assets at the lower of unamortized cost or fair value. Management reviews the valuation and amortization of intangible assets on a periodic basis, taking into consideration any events or circumstances which might result in diminished fair value.

Deferred Debt Issuance Costs

Debt issuance costs are deferred and amortized by the straight-line method, which approximates the interest method, over the term of the related debt.

Revenue Recognition

Revenues are generally billed in advance and are recognized as the cable service is provided.

Advertising Expense

The Partnership expenses advertising costs as incurred. Advertising expenses, net of reimbursements, were approximately $660,000 and $674,000 for 1995 and 1994, respectively.

Income Taxes

The Partnership as an entity pays no income taxes, although it is required to file federal and state income tax returns for informational purposes only. All income or loss "flows through" to the individual partners in the manner specified in the partnership agreement.

PRIME CABLE OF ALASKA, L.P.
NOTES TO FINANCIAL STATEMENTS (continued)

2. Summary of Significant Accounting Policies, continued

Concentrations of Credit Risk

Financial instruments which potentially subject the Partnership to concentrations of credit risk are primarily cash, temporary investments, and accounts receivable. Excess cash is invested in high quality short-term liquid money instruments issued by highly-rated financial institutions. At December 31, 1995, substantially all of the Partnership's cash balances were invested in short-term liquid money instruments. Though limited to one geographical area, the concentration of credit risk with respect to the Partnership's receivables is minimized due to the large number of customers, individually small balances, short payment terms and required deposits.

Statements of Cash Flows

For purposes of the Statements of Cash Flows, the Partnership considers all highly liquid investments with a maturity of three months or less, when acquired, to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Acquisition of Cable Television Systems

On June 30, 1989, the Partnership acquired the Alaska Systems for an aggregate purchase price including acquisition expenses of $143,843,000. For financial statement purposes, the acquisition was accounted for using the purchase method with the acquisition cost allocated to the tangible and identifiable intangible assets based upon current fair market values. The allocation resulted in an excess of cost over net assets acquired of $24,204,000.

On October 1, 1989, the cable television system in the Eaglewood subdivision of Anchorage was acquired by the Partnership for $541,000, including acquisition expenses. The acquisition was accounted for as a purchase transaction with the acquisition cost allocated to the tangible and identifiable intangible assets of the system based upon current fair market values. This allocation resulted in an excess of cost over net assets acquired of $217,000.

4. Accounts Receivable

Accounts receivable consisted of the following (thousands of dollars):

	December 31, 1995	December 31, 1994
Accounts receivable, trade	$ 1,333	$ 1,402
Accounts receivable, other	117	69
Less allowance for doubtful accounts	(229)	(267)
Accounts receivable, net of allowance	$ 1,221	$ 1,204

5. Intangible Assets

Intangible assets consisted of the following (thousands of dollars):

	December 31, 1995	December 31, 1994
Subscriber list	$ 34,821	$ 34,821
Certificate of Operating Rights	29,019	29,019
Excess of acquisition costs over net assets acquired	24,421	24,421
Other intangibles	5,775	5,775
	94,036	94,036
Less accumulated amortization	(60,956)	(51,589)
Intangible assets, net	$ 33,080	$ 42,447

6. Bank Debt

Bank debt consisted of the following (thousands of dollars):

	December 31, 1995	December 31, 1994
Bank credit agreement:		
Tranche A Note	$ 65,065	$ 66,565
Tranche B Note	17,500	17,500
	$ 82,565	$ 84,065

The rates of interest on amounts outstanding under the bank loan agreement at December 31, 1995 were fixed under three-month Eurodollar contracts at 7.2% and 7.9% for the Tranche A Note and the Tranche B Note, respectively.

6. Bank Debt, continued

On March 7, 1996, the Partnership consummated a new bank loan agreement using the proceeds to pay off all amounts outstanding under the previous bank credit agreement and subordinated notes (Note 7). The Partnership has $125,000,000 available under the new loan agreement, with borrowings bearing interest at the bank's prime rate plus 2%. At the Partnership's option, all or a specified portion of the indebtedness may be fixed for periods ranging from one month to one year based on Eurodollar rates plus 3%. The interest rates under the new agreement are subject to reductions of up to 1.75% per annum if certain financial tests are met. The Partnership is required to pay a commitment fee equal to .5% per annum on the unused portion of the commitment, and an agency fee of $50,000 per year. Interest and fees are payable quarterly.

Beginning June 30, 1998, the loan commitment is reduced at the end of each calendar quarter through March 31, 2005 as follows:

	Quarterly Reduction of Loan Commitment
1998	$ 4,166,667
1999	$ 3,125,000
2000	$ 3,125,000
2001	$ 3,125,000
2002	$ 4,687,500
2003	$ 4,687,500
2004	$ 6,250,000
2005	$12,500,000

While the Partnership may elect to reduce amounts due and available under the loan agreement through prepayments of not less than $1,000,000, a mandatory prepayment is required each May, beginning in May 1999, if, for the prior year ended December 31, the Partnership's Operating Cash Flow (defined as net income before extraordinary items and gains and losses on asset sales, plus interest expense, depreciation, amortization, bank fees, deferred management fees, expenses and other amounts deferred under the management agreement (Note 8), income tax expense, partnership expenses not to exceed $75,000 per annum, and other non-cash expenses) exceeds payments made for cash interest expense, permanent prepayments of principal amounts outstanding under the loan agreement, bank fees, cash income tax payments, capital expenditures, amounts previously deferred under the management agreement, and capital lease obligations. The Partnership is required to make a prepayment in the amount of 50% of such excess. Additionally, a mandatory prepayment may be required in the event of asset sales (other than dispositions of obsolete inventory and equipment in the ordinary course of business), the issuance of partnership interests or other debt or equity securities, or in the event of certain changes in ownership of the Partnership. All such mandatory prepayments permanently reduce the amounts due and available under the loan commitment.

6. Bank Debt, continued

The loan agreement is collateralized by essentially all of the Partnership's assets, the general partners' interests in the Partnership, and a pledge by PMLP of its rights under the management agreement. The loan agreement imposes numerous requirements and restrictions, including limitations on indebtedness, payments, purchases and capital expenditures. In addition, certain financial ratios must be maintained.

In connection with the initial funding under the March 7, 1996 loan agreement, the Partnership paid bank fees of approximately $2,144,000, which will be amortized to interest expense over the life of the agreement. Additional bank fees equal to .5% of the commitment are due upon the occurrence of certain changes in ownership of the Partnership, but in no event later than September 7, 1997.

7. Subordinated Debt

Subordinated debt consisted of the following (thousands of dollars):

	December 31, 1995	December 31, 1994
Subordinated notes:		

Original principal amount outstanding	$ 20,000	$ 20,000
Deferred interest	14,041	7,689
	$ 34,041	$ 27,689

On June 30, 1989, the Partnership entered into an investment agreement to issue subordinated notes with an original principal amount of $20,000,000. The notes bear interest at 12.25%, with 7.25% payable quarterly and the remainder deferred. Interest deferred each quarter bears interest at 12.25% and is payable at maturity.

On March 7, 1996, the Partnership used $30,387,000 in proceeds from the bank loan agreement (Note 6) to prepay in full the amounts outstanding under the subordinated notes. The investment agreement remained in force.

Under the investment agreement, the subordinated debt holders also were issued profit participation rights entitling them to receive the Profit Participation Amount (defined as 13.6284% multiplied by the excess of the fair market value of the Partnership over the sum of (1) the $45,000,000 original equity contributed to the Partnership, reduced by distributions, plus (2) the amount of the tax allocation to the corporate limited partner which provides the corporate limited partner an after-tax return equivalent to the other limited partners). The holders of profit participation rights have right of first refusal on a portion of the issuance of additional partnership interests by the Partnership.

7. Subordinated Debt, continued

The holders of the profit participation rights may elect at any time to put all or any portion of their rights to the Partnership. In the event that the Partnership is unable to purchase their rights, the holders can require the liquidation of the Partnership. At any time after June 30, 1996, but prior to June 30, 1998, the Partnership may, by notice to the holders, require them to sell all or any portion of their profit participation rights to the Partnership. Under the put and call agreements, the purchase price of the rights shall be based on the Profit Participation Amount multiplied by the percentage of rights sold. Any payments to the holders of the profit participation rights are subordinate to payment of amounts due under the new March 7, 1996 bank loan agreement (Note 6).

At each balance sheet date, management of the Partnership estimates fair market value of the Partnership to determine the Profit Participation Amount. Based upon such estimates, the Partnership recorded a liability of $4,320,000 to the holders of the profit participation rights in 1995. This amount was charged to interest expense and recorded as additional deferred interest on the subordinated debt in the financial statements for 1995, which have been restated to include this expense and liability. Such amount will be paid upon the sale of the partnership interests (see Note 9).

8. Commitments and Contingencies

Lease Arrangements

The Partnership, as an integral part of its operations, has entered into operating lease contracts for microwave service, pole use and office space. The approximate minimum aggregate rentals under such leases (exclusive of minimum pole rentals of approximately $142,000 per year) at December 31, 1995, are as follows: 1996, $462,000; 1997, $454,000; 1998, $451,000; 1999, $471,000; 2000, $486,000 and $332,000 thereafter. Rent expense was $571,000, $556,000, and $460,000, for the years ended December 31, 1995, 1994 and 1993, respectively.

Management Agreement

The Partnership is a party to a management agreement with PMLP, an affiliate of the general partners. Under the terms of the management agreement, PMLP manages all aspects of the daily operations of the cable television systems. In consideration for its services to the Partnership, PMLP receives annual fees equal to 5% of the gross revenues of the Partnership and is reimbursed for certain expenses incurred in connection with the services provided. Under the terms of the March 7, 1996 bank loan agreement (Note 6), the Partnership will defer payment of the 5% fees until October 1, 1996. The deferred fees bear interest at a rate of 17.5% per annum, and may be paid to PMLP upon the achievement of certain financial ratios. In addition, the terms of the bank loan agreement restrict payments to PMLP in the event of a default under the credit agreement.

In connection with the agreement, the Partnership incurred $1,674,000, $1,671,000, and $1,542,000, in management fees and reimbursable expenses

for the years ended December 31, 1995, 1994 and 1993, respectively.

PRIME CABLE OF ALASKA, L.P.
NOTES TO FINANCIAL STATEMENTS (continued)

8. Commitments and Contingencies, continued

Employee Benefit Plan

The Partnership participates with other affiliated entities in a defined contribution pension plan covering substantially all full-time employees who have completed one year of service. The plan is subject to the provisions of Internal Revenue Code Sec. 401(k). Contributions by the Partnership are determined as a percent of each participating employee's contributions and are at the discretion of the plan's sponsor, PMLP. Partnership contributions totaled $33,000, $29,000, and $21,000, for fiscal years 1995, 1994 and 1993, respectively.

Litigation

The Partnership is involved in various lawsuits and legal proceedings which have arisen in the normal course of business, including the following: Two former employees filed separate lawsuits related to the Partnership's employment practices, with claims for damages aggregating approximately $650,000, with one action including an unspecified claim for punitive damages. Two suits have been filed against the Partnership related to automobile accidents, one making damage claims aggregating approximately $550,000, the other claiming damages in an unspecified amount. However, any damages ultimately assessed or settlements negotiated under these two automobile accident claims will be paid by the Partnership's insurance carrier. While the ultimate results of these matters cannot be predicted with certainty, management does not expect them to have a material adverse effect on the financial position or results of operations of the Partnership, and therefore no provision for liability has been made in the financial statements.

Cable Service Rate Reregulation

On April 1, 1993, the Federal Communications Commission ("FCC") adopted rules governing rates charged by cable operators for the basic service tier of channels, the installation, lease and maintenance of equipment (such as converter boxes and remote control units) used by subscribers to receive this tier, and for cable programming services other than programming offered on a per-channel or per-program basis (the "regulated services"). To comply with the regulations, the Partnership implemented various subscriber service and rate changes effective September 1, 1993. These changes resulted in a reduction of total monthly revenue of approximately 6%.

On March 30, 1994, the FCC released revisions to its April 1, 1993 rate regulations. The revisions required cable operators to implement additional rate rollbacks using complex benchmark calculations, or alternatively, to justify higher rates based on a cost-of-service showing. The Partnership elected to file cost-of-service showings with the FCC where required. Management of the Partnership believes that rates in effect at March 1994 were supportable under the cost-of-service rules, and therefore, no rate rollbacks were implemented in connection with the 1994 FCC revisions. Subsequent rate adjustments have been made utilizing cost-of-service methodology with adjustments as provided by FCC rules.

PRIME CABLE OF ALASKA, L.P.
NOTES TO FINANCIAL STATEMENTS (continued)

8. Commitments and Contingencies, continued

Cable Service Rate Reregulation, continued

The regulated services rates charged by the Partnership may be reviewed by the State of Alaska under certain conditions (for basic service) or the FCC (for cable programming service). Refund liability for basic service rates is limited to a one-year period. In order for the State of Alaska to exercise rate regulation authority over the Partnership's basic service rates, 25% of the Alaska Systems' subscribers must request such regulation by filing a petition with the State of Alaska. At December 31, 1995, the State of Alaska does not have rate regulation authority over the Partnership's basic service rates, and therefore there is no refund liability for basic service at this time. Refund liability for cable programming service rates may be calculated from the date a complaint alleging an unreasonable rate for cable programming service is filed with the FCC until the rate reduction is implemented. Complaints by subscribers have been filed with, and accepted by, the FCC for certain

franchise areas. However, the Partnership's filings made in response to those complaints related to the period prior to July 15, 1994 have been approved by the FCC; therefore, the potential liability for cable programming service refunds would be limited to the period subsequent to July 15, 1994 for these areas. Management of the Partnership believes that the potential for any refund liability for cable programming service is remote, and therefore no provision has been made in the financial statements for such refunds.

Management of the Partnership believes that it has complied in all material respects with the provisions of the FCC rules and regulations and that the Partnership is, therefore, not liable for any refunds. Accordingly, no provision has been made in the financial statements for any potential refunds. The FCC rules and regulations are, however, subject to judgmental interpretations, and the impact of potential rate changes or refunds ordered by the FCC could cause the Partnership to make refunds and/or to be in default on certain debt covenants.

In February 1996, a telecommunications bill was signed into federal law which significantly impacts the cable industry. Most notably, the bill allows cable system operators to provide telephony services, allows telephone companies to offer video services, and provides for deregulation of cable programming service rates by 1999. The impact of the new bill cannot be determined at this time, but it is not expected to have a significant adverse impact on the financial position or results of operations of the Partnership.

9. Subsequent Event

The Partners of the Partnership have signed a letter of intent to sell the Partnership to General Communication, Inc. (GCI). GCI is a telecommunications company providing long distance services in Alaska. A definitive agreement is expected to be signed in the second quarter of 1996. Under the terms of the letter of intent, the non-corporate partners would sell their partnership interests, the shareholders of the corporate partners would exchange their corporate shares, and the holders of the profit participation rights (see Note 7) would receive settlement of the Profit Participation Amount, all for a total consideration of 11.8 million shares of GCI common stock.

<TABLE>

Alaskan Cable Network

Combined Balance Sheets

<CAPTION>

	(Unaudited) June 30, 1996	December 31, 1995
	(In thousands)	
<S>	<C>	<C>
Assets		
Cash and cash equivalents	$ 1,015	$ 3,905
Trade accounts receivable, less allowance for doubtful accounts of $102 in 1996, $95 in 1995	1,402	1,537
Property, plant and equipment, net	10,909	12,144
Intangible assets, net	5,244	6,908
Due from affiliates	639	--
Total Assets	$ 19,209	$ 24,494
Liabilities and shareholder's equity		
Line of credit	$ 3,000	$ 8,000
Accounts payable	305	615
Accrued compensation and benefits	425	331
Other accrued liabilities	885	775
Deferred revenue	1,152	1,211
Due to affiliates	--	64
Total liabilities	5,767	10,996
Commitments and contingencies		
Shareholder's equity:		
Common Stock	3	3
Additional paid-in-capital	14,458	14,478
Accumulated deficit	(1,019)	(983)
Total shareholder's equity	13,442	13,498
Total liabilities and shareholder's equity	$ 19,209	$ 24,494

See accompanying notes.

</TABLE>

<TABLE>

Alaskan Cable Network

Combined Statements of Income

<CAPTION>

<S>	(Unaudited) Three Months Ended June 30, 1996 <C>	1995 <C>	(Unaudited) Six Months Ended June 30, 1996 <C>	1995 <C>
	(In thousands)		(In thousands)	
Cable television service revenue	$ 3,650	$ 3,647	$ 7,442	$ 7,224
Operating expenses:				
Cost of revenues	1,233	1,208	2,485	2,374
Selling, general and administrative	752	728	1,515	1,450
Depreciation and amortization	1,556	1,517	3,113	3,034
Income from operations	109	194	329	366
Other income (expense):				
Loss on disposal of assets	--	(2)	(6)	(2)
Interest income (expense), net	(242)	23	(374)	55
Income (loss) before income taxes	(133)	215	(51)	419
Benefit for income taxes	--	16	15	16
Net income (loss)	$ (133)	$ 231	$ (36)	$ 435

See accompanying notes.
</TABLE>

<TABLE>

Alaskan Cable Network

Combined Statements of Cash Flows

<CAPTION>

<S>	(Unaudited) Six Months Ended June 30, 1996 <C>	1995 <C>
	(In thousands)	
Operating activities		
Net income (loss)	$ (36)	$ 435
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Provision for uncollectible accounts receivable	7	14
Loss on disposal of assets	6	2
Depreciation and amortization	3,113	3,034
Changes in operating assets and liabilities:		
Trade accounts receivable	128	13
Intangible and other assets	(4)	155
Accounts payable	(310)	(86)
Accrued compensation and benefits and other accrued liabilities	204	61
Deferred revenue	(59)	15
Net cash provided by operating activities	3,049	3,643
Investing activities		
Additions to property, plant and equipment	(216)	(275)
Net cash used in investing activities	(216)	(275)
Financing activities		

Borrowings on line of credit	6,000	--
Repayment of line of credit	(11,000)	--
Change in due from affiliates	(703)	1,628
Decrease in paid-in-capital	(20)	--
Dividends paid to Jack Kent Cooke Incorporated	--	(9,700)
Net cash used in financing activities	(5,723)	(8,072)
Net decrease in cash and cash equivalents	(2,890)	(4,704)
Cash and cash equivalents at beginning of period	3,905	6,153
Cash and cash equivalents at end of period	$ 1,015	$ 1,449

See accompanying notes.
</TABLE>

Alaskan Cable Network
Notes to Unaudited Combined Financial Statements

1. General

The unaudited combined financial statements of the Alaskan Cable Network (ACN or the Company) include the operations of cable television systems of Alaskan Cable Network/Fairbanks, Inc., Alaskan Cable Network/Juneau, Inc. and Alaskan Cable Network/Ketchikan, Sitka, Inc. for the three and six-month periods ended June 30, 1996 and 1995. Each of the entities comprising ACN is wholly-owned by Jack Kent Cooke Incorporated (JKCI). Prior to April 30, 1992, these companies were wholly-owned subsidiaries of Cooke Media Group Inc. (CMG), a wholly owned subsidiary of JKCI. In connection with an agreement with an unrelated party for the sale of CMG and certain other JKCI operations, the cable television systems comprising ACN were sold to JKCI. This transaction was accounted for as a transfer among companies under common control, and therefore, was recorded at CMG's historical cost basis.

Cable television operations generate revenue through the use of property and equipment and, therefore, have few current assets, as the expression is defined in terms of a one-year operating cycle. Accordingly, the Company does not identify current assets and current liabilities separately in the accompanying combined balance sheets.

The Company's operations are regulated by the Federal Communications Commission and certain other state and local authorities.

The accompanying unaudited combined 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 of the Company, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six-month periods ended June 30, 1996 are not necessarily indicative of the results that may be expected for the year ended December 31, 1996. For further information, refer to the financial statements and footnotes thereto included in Alaskan Cable Network's audited financial statements for the year ended December 31, 1995. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. Sale of the Company

On April 15, 1996, the Company entered into an Asset Purchase Agreement (the "Agreement") with General Communication, Inc. (GCI). GCI is a telecommunications company providing long distance services in Alaska. Under the Agreement, the Company will sell substantially all of its assets to GCI for total consideration of $70 million, consisting of 2,923,077 shares of GCI class A common stock and $51 million cash. It is anticipated that the transaction will close in the fourth quarter of 1996.

Alaskan Cable Network
Notes to Unaudited Combined Financial Statements (continued)

3. Ligitgation

The Company is subject to legal proceedings and claims which arise in the ordinary course of its business. In the opinion of management, based in part on the opinion of the Company's legal counsel, the amount of ultimate liability with respect to these actions will not materially affect the financial position, results of operations, or cash flows of the Company.

Report of Independent Auditors

The Board of Directors
Alaskan Cable Network

We have audited the accompanying combined balance sheets of the Alaskan Cable Network (see Note 1) as of December 31, 1995 and 1994, and the related combined statements of income, shareholder's equity and cash flows for each of the three years in the period ended December 31, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of the Alaskan Cable Network at December 31, 1995 and 1994, and the combined results of its operations, and its cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles.

/s/
ERNST & YOUNG LLP

Woodland Hills, California
February 9, 1996 except for
Note 13, as to which the date is
March 14, 1996

<TABLE>

Alaskan Cable Network

Combined Balance Sheets

<CAPTION>

	December 31, 1995	December 31, 1994
	(In thousands)	
<S>	<C>	<C>
Assets		
Cash and cash equivalents	$ 3,905	$ 6,153
Trade accounts receivable, less allowance for doubtful accounts of $95 in 1995, $82 in 1994	1,537	1,366
Property, plant and equipment, net	12,144	14,161
Intangible assets, net	6,908	10,027
Due from affiliates	--	1,673
Total assets	$ 24,494	$ 33,380
Liabilities and shareholder's equity		
Line of credit	$ 8,000	$ --
Accounts payable	615	390
Accrued compensation and benefits	331	381
Other accrued liabilities	775	1,445
Deferred revenue	1,211	1,128
Due to affiliates	64	--
Total liabilities	10,996	3,344
Commitments and contingencies		

Shareholder's equity:		
Common Stock	3	3
Additional paid-in-capital	14,478	31,936
Accumulated deficit	(983)	(1,903)
Total shareholder's equity	13,498	30,036
Total liabilities and shareholder's equity	$ 24,494	$ 33,380

See accompanying notes.
</TABLE>

<TABLE>

Alaskan Cable Network

Combined Statements of Income

<CAPTION>

	December 31,		
	1995	1994	1993
	(In thousands)		
<S>	<C>	<C>	<C>
Cable television service revenue	$ 14,515	$ 13,883	$ 14,142
Operating expenses:			
Cost of revenues	4,702	4,467	4,350
Selling, general and administrative	3,005	2,808	3,063
Depreciation and amortization	6,176	6,092	6,362
Income from operations	632	516	367
Other income (expense):			
Loss on disposal of assets	--	--	(2,687)
Interest income, net	80	235	46
Income (loss) before income taxes and cumulative effect of change in accounting principle	712	751	(2,274)
Benefit (provision) for income taxes	208	(9)	622
Income (loss) before cumulative effect of change in accounting principle	920	742	(1,652)
Cumulative effect of change in accounting principle	--	--	(622)
Net income (loss)	$ 920	$ 742	($ 2,274)

See accompanying notes.
</TABLE>

<TABLE>

Alaskan Cable Network

Combined Statements of Shareholder's Equity

<CAPTION>

	Common Stock	Additional Paid-In-Capital	Accumulated Deficit	Total
		(In thousands)		
<S>	<C>	<C>	<C>	<C>
Balance at December 31, 1992	$ 3	$ 32,161	$ (371)	$ 31,793
Dividends paid	--	(112)	--	(112)
Net income	--	--	(2,274)	(2,274)
Balance at December 31, 1993	3	32,049	(2,645)	29,407
Decrease in paid-in-capital	--	(113)	--	(113)
Net income	--	--	742	742
Balance at December 31, 1994	3	31,936	(1,903)	30,036

Capital Contribution by JKCI	--	737	--	737
Dividend to JKCI	--	(18,195)	--	(18,195)
Net income	--	--	920	920
Balance at December 31, 1995	$ 3	$ 14,478	$ (983)	$ 13,498

See accompanying notes.
</TABLE>

<TABLE>

Alaskan Cable Network

Combined Statements of Cash Flows

<CAPTION>

	December 31, 1995	1994	1993
	(In thousands)		
<S>	<C>	<C>	<C>
Operating activities			
Net income (loss)	$ 920	$ 742	$ (2,274)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Provision (credit) for uncollectible accounts receivable	13	(13)	55
Loss on disposal of assets	20	39	2,687
Depreciation and amortization	6,176	6,092	6,362
Changes in operating assets and liabilities:			
Trade accounts receivable	(184)	(11)	160
Intangible and other assets	(146)	(206)	3
Accounts payable	225	(219)	(44)
Accrued compensation and benefits and other accrued liabilities	17	(156)	414
Deferred revenue	83	11	(36)
Net cash provided by operating activities	7,124	6,279	7,327
Investing activities			
Additions to property, plant and equipment	(914)	(1,170)	(6,005)
Net cash used in investing activities	(914)	(1,170)	(6,005)
Financing activities			
Borrowings on line of credit	8,000	--	--
Change in due from affiliates	1,737	(1,673)	--
Decrease in paid-in-capital	--	(113)	--
Dividends paid to Jack Kent Cooke Incorporated	(18,195)	--	(112)
Net cash used in financing activities	(8,458)	(1,786)	(112)
Net increase (decrease) in cash and cash equivalents	(2,248)	3,323	1,210
Cash and cash equivalents at beginning of year	6,153	2,830	1,620
Cash and cash equivalents at end of year	$ 3,905	$ 6,153	$ 2,830
Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Interest	$ --	$ --	$ --
Income taxes	3	45	--

Supplemental disclosure of noncash financing activities:
In 1995, JKCI forgave $737 of liabilities owed by the Company

See accompanying notes.
</TABLE>

Alaskan Cable Network

Notes to Combined Financial Statements

December 31, 1995

1. Organization and Basis of Presentation

The combined financial statements of the Alaskan Cable Network (ACN or the Company) include the operations of cable television systems of Alaskan Cable Network/Fairbanks, Inc., Alaskan Cable Network/Juneau, Inc. and Alaskan Cable Network/Ketchikan, Sitka, Inc. for the years ended December 31, 1995, 1994 and 1993. Each of the entities comprising ACN is wholly-owned by Jack Kent Cooke Incorporated (JKCI). Prior to April 30, 1992, these companies were wholly-owned subsidiaries of Cooke Media Group Inc. (CMG), a wholly owned subsidiary of JKCI. In connection with an agreement with an unrelated party for the sale of CMG and certain other JKCI operations, the cable television systems comprising ACN were transferred to JKCI. This transaction was accounted for as a transfer among companies under common control, and therefore, was recorded at CMG's historical cost basis.

Cable television operations generate revenue through the use of property and equipment and, therefore, have few current assets, as the expression is defined in terms of a one-year operating cycle. Accordingly, the Company does not identify current assets and current liabilities separately in the accompanying combined balance sheets.

The Company's operations are regulated by the Federal Communications Commission and certain other state and local authorities.

Cumulative Effect of Change in Accounting Principle

In February 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) 109, "Accounting for Income Taxes". The Company adopted the provisions of the new standard in its financial statements on January 1, 1993. The cumulative effect as of January 1, 1993, due to the adoption of SFAS No. 109, was an expense for income taxes of $622,000 for the year ended December 31, 1993.

Under SFAS 109, the liability method is used in accounting for income taxes. Under this method, deferred income taxes are recognized for the tax consequences of "temporary differences" by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts, and the tax bases of existing assets and liabilities. Under SFAS No. 109, the effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. Prior to the adoption of SFAS No. 109, income tax expense was determined using the deferred method. Under the deferred method, deferred taxes were recognized using the tax rate applicable to the year of calculation and were not adjusted for subsequent changes in tax rates.

2. Summary of Significant Accounting Policies

Cash Equivalents

The Company considers all highly liquid investments with initial maturities of three months or less when acquired as cash equivalents.

2. Summary of Significant Accounting Policies (continued)

Concentration of Credit Risk

The Company derives its revenues from thousands of customers located principally in four cities in Alaska. None of the individual customer accounts receivable balances are material. Customers are billed monthly, 15 days in advance of the beginning of the service period. Invoices are generally due at the beginning of the service period. The Company generally does not require collateral and losses on uncollectible receivables have been within management's expectations.

Property, Plant and Equipment

Property, plant and equipment is recorded at cost. Depreciation and amortization is provided on the straight-line method over the estimated useful lives, which are generally as follows:

Buildings and improvements	19 to 40 years
Cable television systems	8 to 10 years
Machinery and equipment	8 to 10 years

Intangible and Other Assets

Intangible assets are recorded at cost and are amortized using the straight-line method over their estimated useful lives, principally 7 to 12 years. The cost in excess of fair value of net assets of purchased businesses is amortized using the straight-line method over forty years. The carrying value of the cost in excess of fair value of net assets of purchased businesses is reviewed if the facts and circumstances suggest that it may be impaired. If this review indicates the cost in excess of fair value of the net assets of purchased businesses will not be recoverable, as determined based on the undiscounted cash flows of the entity acquired over the remaining amortization period, the Company's carrying value of this asset is reduced by the estimated shortfalls of cash flows.

Revenue Recognition

Revenues are generally billed in advance and are deferred until cable service is provided.

Estimates Used in the Preparation of the Combined Financial Statements

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results inevitably will differ from those estimates and such differences may be material to the financial statements.

Reclassifications

Certain reclassifications have been made to the 1994 and 1993 financial statements to conform to the 1995 presentation.

3. Property, Plant and Equipment

Property, plant and equipment consists of the following (in thousands):

	December 31	
	1995	1994
Land	$ 20	$ 20
Buildings and improvements	294	270
Cable television systems	27,354	26,743
Machinery and equipment	1,399	1,399
Construction in progress	637	441
	29,704	28,873
Less accumulated depreciation	(17,560)	(14,712)
	$ 12,144	$ 14,161

The Company recorded depreciation expense of $2,911,000, $2,871,000 and $3,040,000 in 1995, 1994 and 1993, respectively.

4. Intangible and Other Assets

Intangible and other assets consist of the following (in thousands):

	December 31	
	1995	1994
Subscriber lists	$ 26,666	$ 26,666
Franchise rights	5,609	5,609
Cost in excess of fair value of purchased businesses (goodwill)	2,209	2,209
Other assets	1,334	1,188
	35,818	35,672
Less accumulated amortization	(28,910)	(25,645)
	$ 6,908	$ 10,027

5. Line of Credit

On June 27, 1995, the Company entered into a $30 million line of credit agreement with a bank. Borrowings under the line of credit are collateralized by all of the Company's common stock and bear interest, at the Company's option, at the prime rate or the interbank offered rate plus 1% (7.5% at December 31, 1995). If the aggregated borrowings exceed $25

million, the interest rate, at the Company's option, on the amount in excess of $25 million is based on the prime rate plus .75% or the interbank offered rate plus 2%. The line of credit agreement expires on June 30, 1997. There were $8 million in borrowings outstanding under this agreement at December 31, 1995.

The line of credit agreement places certain restrictions on the Company, including limitations on liens, disposition of assets, loans, investments, capital expenditures, and requires compliance with certain financial covenants.

6. Income Taxes

The Company utilizes the liability method to account for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Temporary differences arise primarily from differences in depreciation and amortization for financial statement and income tax purposes, and unused net operating loss carryforwards.

<TABLE>

Significant components of the Company's deferred tax liabilities and assets are as follows (in thousands):

<CAPTION>

	December 31 1995	1994
<S>	<C>	<C>
Deferred tax liabilities:		
Depreciation and amortization	$ --	$ 377
Deferred tax assets:		
Net operating loss carryforwards	2,085	2,679
Depreciation and amortization	434	--
Accrued sick leave pay	49	48
Accrued vacation pay	39	37
Allowance for loss on receivables	35	35
Tax credit carryforward	19	19
Total deferred tax assets	2,661	2,818
Valuation allowance for deferred tax assets	(2,661)	(2,441)
Net deferred tax assets	--	377
Net deferred taxes	$ --	$ --

</TABLE>

Management has determined, based on the Company's historical operating results, the potential impact of deregulation in the cable television industry, and the ability of other JKCI entities to utilize the Company's net operating loss carryforwards, that it is more likely than not that the deferred tax asset will not be realized prior to expiration. The Company will continue to assess the need for a valuation allowance based on future operating results and facts and circumstances at the time.

6. Income Taxes (continued)

<TABLE>

The reconciliation of income tax computed at the U.S. federal statutory tax rate to the provision (benefit) for income taxes for the years ended December 31 is as follows:

<CAPTION>

	1995	1994	1993
<S>	<C>	<C>	<C>
U.S. federal income tax rate	34.0%	34.0%	(34.0%)
State income tax refunds, net of federal tax benefit	(29.0)	--	--
Benefit of alternative minimum tax loss carryforwards	--	(36.0)	--
Benefit of net operating loss carryforwards	(72.0)	--	--
Forgiveness of debt income	35.0	--	--
Amortization of cost in excess of fair value of net assets of purchased businesses	3.0	3.0	1.0
Alternative minimum tax	--	(1.0)	--

Reduction of taxes provided in prior years	--	(1.0)	--
Net operating losses not providing current tax benefit	--	--	6.0
Other -- net	--	2.0	--
	(29.0%)	1.0%	(27.0%)

</TABLE>

At December 31, 1995, the company has unused net operating loss carryforwards for federal and state income tax purposes of approximately $4.5 million and $5.9 million, respectively. The federal and state net operating loss carryforwards expire in years 2006 through 2009.

A consolidated federal tax return is filed by JKCI. The Company has a tax sharing arrangement with JKCI requiring that the Company provide for income taxes as if it were a separate taxable entity. Under the arrangement, the Company will receive benefit for its operating losses only in years when it has taxable income. Such benefit will be reduced to the extent that the Company's operating losses have been utilized by affiliated companies in the consolidated tax return. Management believes the recorded provision (benefit) for income taxes is not materially different than the amounts that would be recorded if the Company were a stand-alone entity.

7. Retirement Plans

An affiliate of the Company sponsors a 401(k) savings plan (the Plan) which covers most non-union full-time employees of the Company, who may elect to contribute from 2% to 16% of their compensation to the Plan. The Company recognized expenses for matching contributions in the amount of $24,000, $16,000 and $18,000 in 1995, 1994 and 1993, respectively.

The company contributes to a union-sponsored defined benefit pension plan. Such contribution expense totaled $130,000, $123,000 and $135,000 for the years ended December 31, 1995, 1994 and 1993, respectively.

8. Shareholder's Equity

Common Stock consists of the following:

$1.00 par value, shares authorized, issued and outstanding:

Alaskan Cable Network, Inc.	200 shares
Alaskan Cable Network/Fairbanks, Inc.	1,000 shares
Alaskan Cable Network/Juneau Holdings, Inc.	200 shares
Alaskan Cable Network/Ketchikan-Sitka, Inc.	1,000 shares
Alaskan Cable Network/Juneau, Inc.	540.5 shares

The accumulated deficit reflects the Company's operating results subsequent to the sale of the cable television systems to JKCI discussed in Note 1.

9. Advertising Costs

The Company expenses all advertising costs as incurred. Advertising costs were $113,000, $98,000 and $131,000 for the years ended December 31, 1995, 1994 and 1993, respectively, and were recorded as part of selling, general and administrative expenses.

10. Commitments and Contingencies

Leases

The Company leases certain facilities and equipment primarily under operating leases which expire on various dates through 2001. Future minimum rental payments as of December 31, 1995 under noncancellable operating leases are as follows (in thousands):

1996	$ 127
1997	99
1998	71
1999	64
2000	21
Thereafter	9
	$ 391

Rent expense was $433,000, $391,000 and $373,000 for the years ended December 31, 1995, 1994 and 1993, respectively.

10. Commitments and Contingencies (continued)

Cable Service Rate Reregulation

On April 1, 1993 the Federal Communications Commission ("FCC") adopted rules governing rates charged by cable operators for the basic service tier of channels, the installation, lease and maintenance of equipment (such as converter boxes and remote control units) used by subscribers to receive this tier, and for cable programming services other than programming offered on a per-channel or per-program basis (the "regulated services"). To comply with the regulations, the Company implemented various subscriber service and rate changes effective September 1, 1993. These changes resulted in a reduction of total monthly revenue of approximately 10.5%

On March 30, 1994, the FCC released revisions to its April 1, 1993 rate regulations. The revisions required cable operators to implement additional rate rollbacks using complex benchmark calculations, or alternatively, to justify higher rates based on a cost-of-service showing. The Company elected to file cost-of-service showings with the FCC where required. Management of the Company believes that rates in effect at March 1994 were supportable under the cost-of-service rules, and therefore, no rate rollbacks were implemented in connection with the 1994 FCC revisions. Subsequent rate adjustments have been made utilizing cost-of-service methodology with adjustments as provided by FCC rules.

The regulated service rates charged by the Company may be reviewed by the State of Alaska under certain conditions (for basic service) or the FCC (for cable programming service). Refund liability for basic service rates is limited to a one-year period. In order for the State of Alaska to exercise rate regulation authority over the Company's basic service rates, 25% of each systems' subscribers must request such regulation by filing a petition with the State of Alaska. In July 1990, the Alaskan Public Utilities Commission instituted rate regulation over the Juneau operations for their basic cable service and installation. At December 31, 1995, the State of Alaska does not have rate regulation authority over the other three locations comprising the Alaskan Cable Network over their basic service rates, and therefore there is no refund liability for basic service at this time. Furthermore, since the rate regulation at the Juneau facility began in 1990, no refund liability exists for this location as of December 31, 1995. Refund liability for cable programming service rates may be calculated from the date a complaint alleging an unreasonable rate for cable programming service is filed with the FCC until the rate reduction is implemented. There have been no complaints filed with the FCC for these certain franchise areas.

Management of the Company believes that it has complied in all material respects with the provisions of the FCC rules and regulations and that the Company is, therefore, not liable for any refunds. Accordingly, no provision has been made in the financial statements for any potential refunds. The FCC rules and regulations are, however, subject to judgmental interpretations, and the impact of potential rate changes or refunds ordered by the FCC could cause the Company to make refunds.

In February 1996, a telecommunications bill was signed into federal law which significantly impacts the cable industry. Most notably, the bill allows cable system operators to provide telephony services, allows telephone companies to offer video services, and provides for deregulation of cable programming service rates by 1999. The impact of the new bill cannot be determined at this time, but it is not expected to have a significant adverse impact on the financial position or results of operations of the Company.

10. Commitments and Contingencies (continued)

Litigation

The Company is subject to legal proceedings and claims which arise in the ordinary course of its business. In the opinion of management, based in part on the opinion of the Company's legal counsel, the amount of ultimate liability with respect to these actions will not materially affect the financial position, results of operations, or cash flows of the Company.

11. Related Party Transaction

The Company makes advances to/borrows from an affiliate at interest rates of 6.97% per annum during 1995, ranging from 3.91% to 5.49% per annum during 1994, and ranging from 3.88% to 4.28% per annum during 1993. Net interest income related to these advances was $7,000, $127,000 and $16,000 for the years ended December 31, 1995, 1994 and 1993, respectively. Such advances/borrowings are payable on demand.

Certain executive officers of JKCI and Tower Media Inc., an affiliate of the Company, perform services for the Company. No allocations to the Company were made for such services performed by JKCI, as the amounts were

immaterial, during 1995, 1994 and 1993. Management fees of $225,000, $233,000 and $202,000 for 1995, 1994 and 1993, respectively, were paid to Tower Media Inc. for accounting and administrative services rendered on behalf of the Company. The Company believes the management fees paid to Tower Media Inc. are at least as favorable as the cost of similar services from unrelated third parties. JKCI administers a health insurance plan for the Company's employees at JKCI's cost. The Company then reimburses JKCI for the cost of the service provided.

12. Fair Values of Financial Instruments

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Cash and Cash Equivalents: The carrying amount reported in the balance sheet for cash and cash equivalents approximates its fair value.

Line of Credit; The carrying amounts of the Company's borrowings under its line of credit agreement approximate their fair value as a result of the variable interest rate that is adjusted monthly.

Due from Affiliates: The carrying amount of the due from (to) affiliates approximates its fair value as a result of being payable on demand and the immateriality of the outstanding borrowings.

13. Subsequent Event

On March 14, 1996, the Company signed a letter of intent to sell all of its assets to General Communication, Inc. The selling price is in excess of the net book value of the Company's assets at December 31, 1995. The closing of the sale is subject to the execution of a definitive Asset Purchase Agreement and may be subject to regulatory approval.

<TABLE>

ALASKA CABLEVISION, INC.
BALANCE SHEETS

<CAPTION>

<S>	<C> (Unaudited) June 30, 1996	<C> December 31, 1995
ASSETS		
Cash	$ 614,411	$ 525,734
Subscriber receivables	100,157	113,651
Advances to affiliates	70,650	5,846
Other receivables	3,443	8,406
Prepaid assets	49,984	34,196
Property, plant and equipment, less accumulated depreciation of $8,635,146 and $8,464,628	2,496,739	2,493,956
Excess of cost over fair value of net tangible assets of systems purchased, less amortization of $401,602 and $388,785	111,110	123,927
	$ 3,446,494	$ 3,305,716
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Accounts payable	205,737	99,458
Accrued interest	57,810	53,659
Accrued taxes and expenses	191,404	320,755
Deferred revenues	23,882	27,193
Loans payable to bank	3,695,079	3,695,079
Note payable to stockholder	300,000	300,000
Notes payable to former stockholders	1,563,887	1,673,155
Total liabilities	6,037,799	6,169,299
Stockholders' Deficit		
Common stock ($1.00 par value), including consideration paid in excess of stated value. Authorized 20,000 shares; issued and outstanding 10,000 at June 30, 1996 and December 31, 1995	12,624	12,624
Treasury stock, 3,400 and 3,000 shares at June 30, 1996 and December 31, 1995, respectively	(4,500,000)	(4,500,000)
Retained earnings	1,896,071	1,623,793
Total stockholders' deficit	(2,591,305)	(2,863,583)
Commitments and contingencies		
	$ 3,446,494	$ 3,305,716

=========== ===========

See accompanying notes.

</TABLE>

<TABLE>

ALASKA CABLEVISION, INC.
STATEMENTS OF INCOME
(UNAUDITED)

<CAPTION>

<S>	3 MONTHS ENDED JUNE 30, 1996 <C>	3 MONTHS ENDED JUNE 30, 1995 <C>	6 MONTHS ENDED JUNE 30, 1996 <C>	6 MONTHS ENDED JUNE 30, 1995 <C>
Revenues				
Cable television fees	$ 1,497,930	$ 1,502,972	$ 3,006,745	$ 2,969,030
Operating Expenses				
Salaries and wages	225,000	210,982	451,898	392,373
Payroll taxes and employee benefits	48,540	52,949	102,658	97,656
Program fees	241,108	238,728	491,789	475,923
Copyright fees	7,127	11,451	20,818	22,845
Maintenance, parts and supplies ...	19,769	27,797	44,768	50,236
Bad debts	14,311	4,018	23,115	12,461
Insurance	9,252	9,468	18,320	16,589
Business and property taxes	8,166	14,254	15,876	24,479
Rentals	41,193	35,881	84,921	72,126
Travel	3,214	11,667	8,026	23,433
Telephone and utilities	31,615	30,546	65,494	61,468
Vehicle expense	9,094	10,451	22,002	18,915
Computer services	11,257	11,883	23,556	23,189
Postage and freight	10,728	12,109	21,701	22,055
Office expense	12,952	13,217	28,480	27,463
Advertising and sales expense	17,700	12,685	34,679	21,948
Other operating expenses (net)	393	279	770	664
Depreciation and amortization	105,612	106,069	236,907	209,998
Corporate administration	117,222	131,625	239,413	246,295
	934,253	946,059	1,935,191	1,820,116
Operating income	563,677	556,913	1,071,554	1,148,914
Other Income (Expense)				
Interest expense	(100,495)	(132,761)	(202,998)	(269,923)
Management fees	(91,645)	(90,448)	(183,944)	(217,227)
Interest income	3,345	18	3,372	22
Other (net)	(39,550)	--	(42,118)	--
	(228,345)	(223,191)	(425,688)	(487,128)
Net income	$ 335,332	$ 333,722	$ 645,866	$ 661,786
Net income per common share	$ 50.81	$ 47.67	$ 97.86	$ 94.54

See accompanying notes.

</TABLE>

<TABLE>

ALASKA CABLEVISION, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

<CAPTION>

<S>	COMMON STOCK <C>	TREASURY STOCK <C>	RETAINED EARNINGS <C>
Balance, December 31, 1994 ..	$ 12,624	$(4,500,000)	$ 1,112,191
Net income	--	--	661,788

Distributions to stockholders	--	--	(348,027)
Balance, June 30, 1995	$ 12,624	$(4,500,000)	$ 1,425,952
Balance, December 31, 1995 ..	$ 12,624	$(4,500,000)	$ 1,623,793
Net income	--	--	645,866
Distributions to stockholders	--	--	(373,588)
Balance, June 30, 1996	$ 12,624	$(4,500,000)	$ 1,896,071

See accompanying notes.

</TABLE>

<TABLE>

ALASKA CABLEVISION, INC.
STATEMENTS OF CASH FLOWS
(UNAUDITED)

<CAPTION>

	6 MONTHS ENDED JUNE 30, 1996	1995
<S>	<C>	<C>
Net income	$ 645,866	$ 661,786
Noncash items included in net income		
Depreciation and amortization	236,907	209,998
Net increase in advances to affiliates .	(64,804)	(49,851)
Net decrease in subscriber receivables, other receivables and prepaid assets .	2,669	105,827
Net increase (decrease) in payables, accrued expenses and deferred revenues	(18,921)	36,452
Net cash provided by operating activities	801,717	964,212
Cash Flows From Investing Activities		
Additions to property, plant and equipment	(226,872)	(441,255)
Net cash used by investing activities	(226,872)	(441,255)
Cash Flows From Financing Activities		
Proceeds from senior debt borrowings	--	3,695,079
Decrease in loans due to affiliate	--	(3,421,629)
Repayment on notes due to former stockholders	(109,269)	(101,446)
Decrease in deferred revenues	(3,311)	(1,447)
Distributions to stockholders	(373,588)	(348,027)
Net cash used by financing activities	(486,168)	(177,470)
Net increase in cash	88,677	345,487
Cash Balance		
Beginning of period	525,734	118,856
End of period	$ 614,411	$ 464,343
Supplemental Information		
Interest paid	$ 248,700	$ 288,544

See accompanying notes.

</TABLE>

ALASKA CABLEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996

NOTE 1 - GENERAL

Alaska Cablevision, Inc. (Company) is engaged in providing cable

television to various communities located in the State of Alaska. The Company is affiliated with Rock Associates, Inc. through common ownership and management.

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 of the Company, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six month periods ended June 30, 1996 are not necessarily indicative of the results that may be expected for the year ended December 31, 1996. For further information, refer to the financial statements and footnotes thereto included in Alaska Cablevision Inc.'s audited financial statements for the year ended December 31, 1995.

NOTE 2 - COMMITMENTS AND CONTINGENCIES

On May 10, 1996, the Company entered into a Asset Purchase Agreement (the "Agreement") with General Communication, Inc. (GCI). GCI is a telecommunications company providing long distance services in Alaska. Under the Agreement, the Company will sell substantially all of its assets to GCI for a total consideration of $26,650,000, consisting of a $10 million note payable convertible to shares of GCI class A common stock and $16,650,000 cash. It is anticipated that the transaction will close in the fourth quarter of 1996.

Report of Independent Auditors

To The Stockholders
Alaska Cablevision, Inc.
Kirkland, Washington

We have audited the accompanying balance sheets of Alaska Cablevision, Inc. as of December 31, 1995 and 1994, and the related statements of income, stockholder's equity and cash flows for each of the years in the three-year period ended December 31, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alaska Cablevision, Inc. at December 31, 1995 and 1994, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 1995 in conformity with generally accepted accounting principles.

/s/ Carl & Carlsen

February 27, 1996
Seattle, Washington

<TABLE>

ALASKA CABLEVISION, INC.
BALANCE SHEETS

<CAPTION>

	DECEMBER 31,	
	1995	1994
<S>	<C>	<C>
ASSETS		
Cash	$ 525,734	$ 118,856
Subscriber receivables	113,651	102,740
Advances to affiliates	5,846	1,475

Other receivables	8,406	127,381
Prepaid assets	34,196	24,510
Property, plant and equipment, less accumulated depreciation of $8,464,628 and $8,296,807 (Notes 1 and 2)	2,493,956	2,138,843
Excess of cost over fair value of net tangible assets of systems purchased, less amortization of $388,785 and $363,150 (Note 1)	123,927	149,562
	$ 3,305,716	$ 2,663,367

LIABILITIES AND STOCKHOLDERS' DEFICIT

Accounts payable	99,458	125,801
Accrued interest	53,659	37,718
Accrued taxes and expenses	320,755	246,517
Deferred revenues	27,193	26,999
Loans payable to bank (Note 3)	3,695,079	--
Loans payable to affiliate (Note 3)	--	3,421,629
Note payable to stockholder (Note 5)	300,000	300,000
Notes payable to former stockholders	1,673,155	1,879,888
Total liabilities	6,169,299	6,038,552
Stockholders' Deficit		
Common stock ($1.00 par value), including consideration paid in excess of stated value. Authorized 20,000 shares; issued and outstanding 10,000 at December 31, 1995 and 1994	12,624	12,624
Treasury stock, 3,000 shares at December 31, 1995 and 1994	(4,500,000)	(4,500,000)
Retained earnings	1,623,793	1,112,191
Total stockholders' deficit	(2,863,583)	(3,375,185)
Commitments and contingencies (Note 8)		
	$ 3,305,716	$ 2,663,367

See accompanying notes.

</TABLE>

<TABLE>

ALASKA CABLEVISION, INC.
STATEMENTS OF INCOME

<CAPTION>

	YEARS ENDED DECEMBER 31,		
	1995	1994	1993
<S>	<C>	<C>	<C>
Revenues			
Cable television fees	$ 5,920,057	$ 5,708,842	$ 5,660,189
Operating Expenses			
Salaries and wages	840,031	917,223	786,391
Payroll taxes and employee benefits	216,597	210,962	181,521
Program fees	950,778	908,770	821,037
Copyright fees	40,345	38,874	28,515
Maintenance, parts and supplies	114,318	134,893	116,740
Bad debts	45,201	33,376	32,320
Insurance	34,175	27,258	29,867
Business and property taxes	25,481	24,511	8,567
Rentals	144,292	135,674	129,521
Travel	54,505	82,790	42,161
Telephone and utilities	127,535	109,123	112,939
Vehicle expense	44,322	40,433	40,858
Computer services	46,298	41,358	45,110
Postage and freight	47,543	42,259	46,551
Office expense	58,200	56,611	49,013
Advertising and sales expense	66,262	63,306	56,276
Other operating expenses (net)	(2,906)	35,570	24,162
Depreciation and amortization	420,001	313,615	435,113
Corporate administration (net) (Note 6)	483,801	276,190	291,454
	3,756,779	3,492,796	3,278,116
Operating income	2,163,278	2,216,046	2,382,073

Other Income (Expense)			
Interest expense	(485,508)	(418,301)	(468,240)
Management fees (Note 6)	(400,075)	(571,357)	(567,017)
Interest income	--	13,446	6,105
Income (loss) from disposition of assets	7,431	(47,532)	(33,135)
Other (net)	(79,475)	--	(1,739)
	(957,627)	(1,023,744)	(1,064,026)
Net income	$ 1,205,651	$ 1,192,302	$ 1,318,047
Net income per common share	$ 172.24	$ 170.33	$ 188.29

See accompanying notes.

</TABLE>

<TABLE>

ALASKA CABLEVISION, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY

<S>	COMMON STOCK <C>	TREASURY STOCK <C>	RETAINED EARNINGS/ ACCUMULATED DEFICIT <C>
Balance, December 31, 1992 ..	$ 12,624	$(4,500,000)	$ (11,169)
Net income	--	--	1,318,047
Distributions to stockholders	--	--	(736,100)
Balance, December 31, 1993 ..	12,624	(4,500,000)	570,778
Net income	--	--	1,192,302
Distributions to stockholders	--	--	(650,889)
Balance, December 31, 1994 ..	12,624	(4,500,000)	1,112,191
Net income	--	--	1,205,651
Distributions to stockholders	--	--	(694,049)
Balance, December 31, 1995 ..	$ 12,624	$(4,500,000)	$ 1,623,793

See accompanying notes.

</TABLE>

<TABLE>

ALASKA CABLEVISION, INC.
STATEMENTS OF CASH FLOWS

<CAPTION>

	YEARS ENDED DECEMBER 31,		
<S>	1995 <C>	1994 <C>	1993 <C>
Cash Flows From Operating Activities			
Net income	$ 1,205,651	$ 1,192,302	$ 1,318,047
Noncash items included in net income			
Depreciation and amortization	420,001	313,615	435,113
(Gain) loss from disposition of assets	(7,431)	47,532	33,135
Net (increase) decrease in advances to affiliates	(4,371)	382,241	(267,771)
Net (increase) decrease in other receivables and prepaid assets .	98,378	(16,093)	(13,965)
Net increase (decrease) in payables, accrued expenses and deferred revenues	64,030	56,365	(9,390)
Net cash provided by operating activities	1,776,258	1,975,962	1,495,169

Cash Flows From Investing Activities			
Additions to property, plant and equipment	(757,062)	(1,118,183)	(337,164)
Proceeds from sale of assets	15,014	9,038	2,795
Net cash used by investing activities	(742,048)	(1,109,145)	(334,369)
Cash Flows From Financing Activities			
Proceeds from senior debt borrowings	3,695,079	--	--
Increase (decrease) in loans due to affiliate	(3,421,629)	46,102	(256,923)
Repayment on notes due to former stockholders	(206,733)	(191,928)	(178,184)
Repayment on other borrowings	--	--	(1,932)
Distributions to stockholders	(694,049)	(650,889)	(736,100)
Net cash used by financing activities	(627,332)	(796,715)	(1,173,139)
Net increase in cash	406,878	70,102	(12,339)
Cash Balance			
Beginning of year	118,856	48,754	61,093
End of year	$ 525,734	$ 118,856	$ 48,754
Supplemental Information			
Interest paid	$ 469,567	$ 421,793	$ 471,541

See accompanying notes.

</TABLE>

ALASKA CABLEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995, 1994 AND 1993

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Affiliation - The Company is affiliated with Rock Associates, Inc. through common ownership and management.

(b) Financial Statement Presentation - The accompanying balance sheet is presented in an unclassified format as allowed in the Statement of Position on Accounting by Cable Television Companies issued by the American Institute of Certified Public Accountants. Revenues of cable television systems are derived through use of plant and equipment and have few assets that can be defined in terms of a one-year operating cycle. Management believes this format is the most meaningful presentation of its financial position.

(c) Operations - The Company is engaged in providing cable television to various communities located in the State of Alaska.

(d) Revenue Recognition - Revenues billed in advance for cable services are deferred and recorded as income in the month in which the services are rendered.

(e) Income Taxes - The Company, with the consent of its shareholders, has elected to have its income reported directly by the shareholders under provisions of Sub-chapter S of the Internal Revenue Code.

(f) Plant and Equipment - Depreciation is computed substantially on the straight-line basis for financial statement purposes over the estimated useful lives of the assets:

Cable distribution systems	7 - 10 years
Headend and satellite receiving equipment	7 - 10 years
Buildings	10 - 31 years
Transportation equipment	3 - 7 years
Other equipment and fixtures	5 - 10 years

Maintenance and repairs are charged to expense as incurred.

(g) Intangible Assets - The excess cost over fair value of net tangible assets of systems acquired is primarily assignable as cost of franchise rights, and is being amortized on a straight-line method over their respective expected useful lives, but none in excess of twenty years. The carrying value of the cost in excess of fair value of net assets of purchased business is reviewed if the facts and circumstances suggest that it may be impaired. If this review indicates the cost in excess of fair value of the net assets of purchased businesses will not be recoverable, as determined based on the undiscounted cash

flows of the entity acquired over the remaining amortization period, the Company's carrying value of this asset is reduced by the estimated shortfalls of cash flows.

(h) Employee Benefits Plan - The Company has adopted a profit sharing and employee savings plan under Section 401(K) of the Internal Revenue Code. This plan allows eligible employees to defer up to 15% of their compensation on a pre-tax basis through contributions to the

savings plan. The Company contributed $.50 in 1995, 1994 and 1993 for every dollar the employees contributed up to 5% of compensation, which amounted to $14,117, $10,253 and $11,848 respectively.

(i) Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost, and categorized as follows:

	DECEMBER 31,	
	1995	1994
Buildings, including leasehold improvements	$ 194,578	$ 157,778
Cable distribution systems, including connect drops and converters	7,188,764	6,900,036
Headend and satellite equipment	2,734,119	2,649,779
Transportation equipment	346,507	322,047
Other equipment and fixtures	494,616	406,010
	$10,958,584	$10,435,650

NOTE 3 - LOANS PAYABLE TO BANK

Rock Associates, Inc. owed Provident National Bank and The Bank of California, N.A. the combined amount of $36,260,000 as of December 31, 1994. These combined borrowings, covered by a Term Loan Agreement, were collateralized principally by the capital stock and assets of Rock Associates, Inc. and its affiliates (see Note 1). Rock Associates, Inc. in turn loaned the Company portions of the bank borrowings. Note payable to stockholder was also subordinated in favor of Rock Associates, Inc.'s liability to the banks. This debt was paid in full on February 28, 1995.

At December 31, 1995, loans payable to bank were covered by a Senior Reducing Revolving Credit Loan Agreement between Rock Associates, Inc. and Alaska Cablevision, Inc., co-borrowers, and PNC Bank, National Association. Proceeds of the new loan agreement dated February 28, 1995, were used primarily to refinance existing senior debt and to provide funds for cable plant expansion.

Subject to various terms and conditions, including minimum required quarterly annualized cash flow ratios to aggregate bank debt, the bank will lend up to $6,400,000 on a revolving loan

basis until December 31, 1997. Interest is payable quarterly at either of two floating rates of interest. The first rate will be the higher of the bank's prime rate or the Federal Funds rate plus 1/2%. The second rate will be LIBOR rate plus 1-1/2%. The balance of loans payable to bank is due at maturity, which is December 31, 1997.

Borrowings under the loan agreement are collateralized principally by the capital stock and assets of the co-borrowers. Note payable to stockholder is subordinated in favor of the Company's liability to the bank.

NOTE 4 - NOTES PAYABLE TO FORMER STOCKHOLDERS

The notes due to former shareholders of Alaska Cablevision, Inc. originally totaling $1,650,000 call for quarterly installments of $73,625 including interest at 7-1/2% per annum. These notes are due in full on January 1, 1997. Notes totaling $600,000 are due August 30, 1996, repayable in quarterly installments of interest only at 9% per annum. All notes are subordinated to senior bank debt.

NOTE 5 - NOTE PAYABLE TO STOCKHOLDER

The note due to stockholder is a demand note with interest payable quarterly at a rate equal to the weighted average rate paid by Alaska Cablevision, Inc. on its senior bank debt. The note is subordinated to senior bank debt.

NOTE 6 - RELATED PARTY TRANSACTION

As described in Note 1, Rock Associates, Inc. provides significant services to the Company. By agreement, the charge for overall management services is presently based on a percentage of the Company's operating revenues. The management fee percentage was 6%-10%, 10% and 10% for the year ended December 31, 1995, 1994 and 1993, respectively. In 1994 and 1993 Rock Associates, Inc. also provided administration support to the Company. Corporate administration charges are actual costs incurred. In 1995 all administration was performed by the Company.

NOTE 7 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Statement of Financial Accounting Standards No. 107, Disclosures About Fair Value of Financial Instruments, requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate that value. The fair value of the Company's assets, which are primarily cash and accounts receivable, and the Company's liabilities approximate their carrying value. The fair value of any off-balance sheet commitments is immaterial.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Minimum annual rental commitments at December 31, 1995 under operating leases are approximately as follows:

Year Ended December 31:	
1996	$ 99,000
1997	$ 73,000
1998	$ 45,000
1999	$ 42,000
2000	$ 43,000
Thereafter	$ 160,000

NOTE 9 - SUBSEQUENT EVENT

On March 14, 1996, the Company entered into a letter of intent to sell its operating assets to General Communication, Inc. The total sales price is $26,650,000, of which $16,650,000 is payable in cash at closing and $10,000,000 is payable in convertible subordinated debt. The sale is expected to close by the end of 1996.

Pro Forma Combined Condensed Financial Statements (Unaudited)

General. The following unaudited pro forma combined condensed financial statements have been prepared to reflect the Acquisition Plan through which the Company will acquire assets or securities of Prime, the three corporations comprising Alaskan Cable and Alaska Cablevision. The financial position and results of operations for McCaw/Rock Homer and McCaw/Rock Seward have not been included as they are not significant in the Acquisition Plan. The Acquisition Plan is to be implemented through a series of securities or asset Purchase Agreements with each of the Cable Companies and a separate securities Purchase Agreement between the Company and MCI. The Proposed Transactions are expected to be accounted for using the purchase method of accounting.

The unaudited pro forma combined condensed balance sheet as of June 30, 1996 gives effect to the Proposed Transactions as if they occurred on such date and combines the following: (1) the Company's historical unaudited consolidated balance sheet as of June 30, 1996; (2) Prime's historical unaudited balance sheet as of June 30, 1996; (3) Alaska Cablevision's historical unaudited balance sheet as of June 30, 1996; and (4) Alaskan Cable's historical unaudited combined balance sheet as of June 30, 1996.

The unaudited pro forma combined condensed statement of operations for the six-month period ended June 30, 1996 gives effect to the Proposed

Transactions as if they occurred as of the beginning of the period presented and combines (1) the Company's historical unaudited consolidated statement of operations for the six-month period ended June 30, 1996, (2) Prime's historical unaudited statement of operations for the six-month period ended June 30, 1996, (3) Alaska Cablevision's historical unaudited statement of income for the six-month period ended June 30, 1996, and (4) Alaska Cable's historical unaudited combined statement of income for the six-month period ended June 30, 1996.

The unaudited pro forma combined condensed statement of operations for the year ended December 31, 1995 gives effect to the Proposed Transactions as if they occurred as of the beginning of the period presented and combines (1) the Company's historical consolidated statement of operations for the year ended December 31, 1995, (2) Prime's historical statement of operations for the year ended December 31, 1995, (3) Alaska Cablevision's historical statement of income for the year ended December 31, 1995, and (4) Alaska Cable's historical combined statement of income for the year ended December 31, 1995.

The unaudited pro forma combined condensed financial statements do not purport to represent what the Company's results of operations or financial position would actually have been had the Proposed Transactions occurred at the beginning of each period presented or on the date indicated, or to project any future results of operations or financial position of the Company. The pro forma adjustments are based on available information and upon assumptions that the Company's management believes are reasonable under the circumstances. These adjustments are directly attributable to the Proposed Transactions indicated and are expected to have a continuing impact on the financial position and results of operations of the Company.

These pro forma combined condensed financial statements should be read in conjunction with the historical financial statements and notes thereto of the Company, Prime, Alaska Cablevision, and Alaskan Cable, which are incorporated by reference in or included elsewhere in this Proxy Statement/Prospectus.

Pro Forma Statements.

<TABLE>

UNAUDITED PRO FORMA COMBINED CONDENSED
BALANCE SHEET AS OF JUNE 30, 1996*
($ in thousands, except per share data)

<CAPTION>

	HISTORICAL			
	Company	Prime	Alaska Cablevision	Alaskan Cable
Cash and other current assets (1)	$ 5,879	1,853	664	1,015
Net receivables	26,481	956	174	2,041
Net property and equipment (2)	63,661	27,628	2,497	10,909
Other assets	12,387	2,390	---	---
Excess of cost over net assets of acquired businesses and other intangible assets (net) (3)	1,235	28,397	111	5,244
Total assets	$ 109,643	61,224	3,446	19,209
Accounts payable	16,314	1,490	206	305
Other current liabilities, excluding current portion of long-term debt and leases	5,062	6,207	272	2,462
Debt and obligations under capital leases (4)	31,143	107,320	5,559	3,000
Deferred income taxes, net (5)	7,824	---	---	---
Other liabilities	1,807	---	---	---
Convertible notes payable (6)	---	---	---	---
Shareholders'/partners' equity (deficit) (7)	47,493	(53,793)	(2,591)	13,442
Total liabilities and stockholders' equity	$ 109,643	61,224	3,446	19,209

Book value per common or equivalent common share (8)	$	2.00	(4.56)	(392.58)	4,571.33
Pro forma book value per equivalent common share (9)	$	n/a	n/a	n/a	n/a

<FN>
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*See within this section "-Adjustments" for the substance of the footnotes to this table.
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</TABLE>

<TABLE>

UNAUDITED PRO FORMA COMBINED CONDENSED
BALANCE SHEET AS OF JUNE 30, 1996*
($ in thousands, except per share data)

<CAPTION>

		PRO FORMA ADJUSTMENTS					
		Prime	Alaska Cable-vision	Alaskan Cable	MCI Stock Issuance	Total	Pro Forma
<S>	<C>		<C>	<C>	<C>	<C>	<C>
Cash and other current assets (1)	$	---	(360)	(289)	---	(649)	8,762
Net receivables		---	---	---	---	---	29,652
Net property and equipment (2)		5,525	499	2,316	---	8,340	113,035
Other assets		---	---	---	---	---	14,777
Excess of cost over net assets of acquired businesses and other intangible assets (net) (3)		113,441	23,543	49,746	---	186,730	221,717
Total assets	$	118,966	23,682	51,773	---	194,421	387,943
Accounts payable		---	---	---	---	---	18,315
Other current liabilities, excluding current portion of long-term debt and leases		---	---	---	---	---	14,003
Debt and obligations under capital leases (4)		(4,320)	11,091	48,000	(13,000)	41,771	188,793
Deferred income taxes, net (5)		---	---	---	---	---	7,824
Other liabilities		---	---	---	---	---	1,807
Convertible notes payable (6)		---	10,000	---	---	10,000	10,000
Shareholders/partners' equity (deficit) (7)		123,286	2,591	3,773	13,000	142,650	147,201
Total liabilities and stockholders' equity	$	118,966	23,682	51,773	---	194,421	387,943
Book value per common or equivalent common share (8)	$	n/a	n/a	n/a	n/a	n/a	n/a
Pro forma book value per equivalent common share (9)	$	5.89	---	5.89	6.50	n/a	3.63

<FN>
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*See within this section "-Adjustments" for the substance of the footnotes to this table.
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</TABLE>

<TABLE>

UNAUDITED PRO FORMA COMBINED CONDENSED STATEMENT OF
OPERATIONS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 1996*

($ in thousands, except per share data)

<CAPTION>

	HISTORICAL			
	Company	Prime	Alaska Cablevision	Alaskan Cable
Transmission services	$ 70,540	---	---	---
Cable television services	---	17,276	3,007	7,442
System sales and service	5,356	---	---	---
Other	1,273	---	---	---
Total revenues	77,169	17,276	3,007	7,442
Cost of sales (18)	43,776	4,116	579	2,485
Contribution	33,393	13,160	2,428	4,957
Operating costs and expenses (10)	21,670	5,476	1,303	1,515
Depreciation and amortization (11)	3,805	8,410	237	3,113
Operating income (loss)	7,918	(726)	888	329
Interest expense (12)	(804)	(4,736)	(203)	(374)
Other income (expense) (13)	176	143	(39)	(6)
Earnings (loss) before income tax expense	7,290	(5,319)	646	(51)
Income tax expense (benefit) (14)	3,002	---	---	(15)
Net earnings (loss)	$ 4,288	(5,319)	646	(36)
Earnings (loss) attributed to common shareholders	$ 4,288	(5,319)	646	(36)
Primary and fully diluted earnings (loss) per common or equivalent common share attributable to common shareholders (15)	$ 0.17	(0.45)	97.88	(12.24)
Primary and fully diluted pro forma earnings (loss) per equivalent common share attributable to common shareholders (16)	$ n/a	n/a	n/a	n/a
Weighted average number of common (or equivalent common) and common equivalent shares outstanding (17)	25,025	11,800	7	3

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*See within this section "-Adjustments" for the substance of the footnotes to this table. In this table, "n/a" means not applicable.

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</TABLE>

<TABLE>

UNAUDITED PRO FORMA COMBINED CONDENSED STATEMENT OF
OPERATIONS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 1996*
($ in thousands, except per share data)

<CAPTION>

PRO FORMA ADJUSTMENTS

Alaska Alaskan MCI Stock

	Prime	Cablevision	Cable	Issuance	Total	Pro Forma
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Transmission services	$ ---	---	---	---	---	70,540
Cable television services	---	---	---	---	---	27,725
System sales and service	---	---	---	---	---	5,356
Other	---	---	---	---	---	1,273
Total revenues	---	---	---	---	---	104,894
Cost of sales	---	---	---	---	---	50,956
Contribution	---	---	---	---	---	53,938
Operating costs and expenses (10)	(424)	(184)	---	---	(608)	29,356
Depreciation and amortization (11)	(4,482)	254	(1,651)	---	(5,879)	9,686
Operating income (loss)	4,906	(70)	1,651	---	6,487	14,896
Interest expense (12)	648	(808)	(1,650)	516	(1,294)	(7,411)
Other income (expense) (13)	---	40	---	---	40	314
Earnings (loss) before income tax expense	5,554	(838)	1	516	5,233	7,799
Income tax expense (benefit) (14)	827	(79)	(6)	212	955	3,942
Net earnings (loss)	$ 4,727	(759)	7	304	4,278	3,857
Earnings (loss) attributed to common shareholders	$ 4,727	(759)	7	304	4,278	3,857
Primary and fully diluted earnings (loss) per common or equivalent common share attributable to common shareholders (15)	$ n/a	n/a	n/a	n/a	n/a	n/a
Primary and fully diluted pro forma earnings (loss) per equivalent common share attributable to common shareholders (16)	$ (0.05)	---	(0.01)	0.15	n/a	0.09
Weighted average number of common (or equivalent common) and common equivalent shares outstanding (17)	11,800	---	2,923	2,000	16,723	41,748

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*See within this section "-Adjustments" for the substance of the footnotes to this table. In this table, "n/a" means not applicable.

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</TABLE>

<TABLE>

UNAUDITED PRO FORMA COMBINED CONDENSED STATEMENT OF
OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1995*
($ in thousands, except per share data)

<CAPTION>

	HISTORICAL			
	Company	Prime	Alaska Cablevision	Alaskan Cable
<S>	<C>	<C>	<C>	<C>
Transmission services	$ 120,005	---	---	---

Cable television services	---	32,594	5,920	14,515
System sales and service	7,193	---	---	---
Other	2,081	---	---	---
Total revenues	129,279	32,594	5,920	14,515
Cost of sales (18)	70,221	7,320	1,126	4,702
Contribution	59,058	25,274	4,794	9,813
Operating costs and expenses (10)	39,331	10,618	2,611	3,005
Depreciation and amortization (11)	6,223	16,487	420	6,176
Operating income (loss)	13,504	(1,831)	1,763	632
Interest expense (12)	(1,146)	(14,960)	(486)	(16)
Other income (expense) (13)	243	464	(71)	96
Earnings (loss) before income tax expense	12,601	(16,327)	1,206	712
Income tax expense (benefit) (14)	5,099	--	---	(208)
Net earnings (loss)	$ 7,502	(16,327)	1,206	920
Earnings (loss) attributed to common shareholders	$ 7,502	(16,327)	1,206	920
Primary and fully diluted earnings (loss) per common or equivalent common share attributable to common shareholders (15)	$ 0.31	(1.38)	172.29	312.87
Primary and fully diluted pro forma earnings (loss) per equivalent common share attributable to common shareholders (16)	$ n/a	n/a	n/a	n/a
Weighted average number of common (or equivalent common) and common equivalent shares outstanding (17)	24,426	11,800	7	3

<FN>
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*See within this section "-Adjustments" for the substance of the footnotes to this table. In this table, "n/a" means not applicable.
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</FN>
</TABLE>

<TABLE>

UNAUDITED PRO FORMA COMBINED CONDENSED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1995*
($ in thousands, except per share data)

	PRO FORMA ADJUSTMENTS					
	Prime	Alaska Cablevision	Alaskan Cable	MCI Stock Issuance	Total	Pro Forma
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Transmission services	$ ---	---	---	---	---	120,005
Cable television services	---	---	---	---	---	53,029
System sales and service	---	---	---	---	---	7,193
Other	---	---	---	---	---	2,081
Total revenues	---	---	---	---	---	182,308
Cost of sales (18)	---	---	---	--	---	83,369

Contribution		---	---	---	---	---	98,939
Operating costs and expenses (10)		(674)	(400)	---	---	(1,074)	54,491
Depreciation and amortization (11)		(8,632)	557	(3,251)	--	(11,326)	17,980
Operating income (loss)		9,306	(157)	3,251	---	12,400	26,468
Interest expense (12)		6,784	(1,536)	(4,032)	1,032	2,248	(14,360)
Other income (expense) (13)		---	79	(96)	--	(17)	715
Earnings (loss) before income tax expense		16,090	(1,614)	(877)	1,032	14,631	12,823
Income tax expense (benefit) (14)		1,339	(165)	141	418	1,733	6,624
Net earnings (loss)	$	14,751	(1,449)	(1,018)	614	12,898	6,199
Earnings (loss) attributed to common shareholders	$	14,751	(1,449)	(1,018)	614	12,898	6,199
Primary and fully diluted earnings (loss) per common or equivalent common share attributable to common shareholders (15)	$	n/a	n/a	n/a	n/a	n/a	n/a
Primary and fully diluted pro forma earnings (loss) per equivalent common share attributable to common shareholders (16)	$	(0.13)	---	(0.03)	0.31	n/a	0.15
Weighted average number of common (or equivalent common) and common equivalent shares outstanding (17)		11,800	---	2,923	2,000	16,723	41,149

<FN>
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*See within this section "-Adjustments" for the substance of the footnotes to this table. In this table, "n/a" means not applicable.
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</FN>
</TABLE>

Adjustments. The pro forma adjustments to the unaudited pro forma condensed balance sheet as of June 30, 1996 and the unaudited pro forma condensed statements of operations for the six months ended June 30, 1996 and the year ended December 31, 1995 are as follows:

1. Elimination of cash and other current assets held by Alaska Cablevision and Alaskan Cable not included in the asset sale.

2. Represents the difference between historical book value and Company management's estimate of market value of property, plant and equipment acquired. Company management consulted with asset appraisal experts regarding a factor that can be applied to the acquired assets net book value to approximate market value. The experts have had significant experience in valuing cable television assets and have a general understanding of the assets to be acquired by the Company. Based on such discussions, management has used a factor of 120% of June 30, 1996 net book value to approximate market value at that date. The actual market values will be adjusted following appraisal of the assets prior to closing and will likely differ from the values estimated herein. However, management does not expect that the differences will have a material impact on the Company's pro forma financial statements.

3. Represents the excess of cost over net assets acquired.

4. Elimination of debt owed by Alaska Cablevision and Alaskan Cable and the addition of new debt expected to be incurred by the Company to close the Proposed Transactions.

5. Excess acquired net deferred tax assets over deferred tax liabilities recorded as a result of the non-taxable component of the merger has been fully reserved through valuation allowance.

6. Addition of Cablevision Company Notes payable to Alaska Cablevision pursuant to the Alaskan Cable Proposed Transaction.

7. Represents (a) an increase in shareholders' equity due to the issuance of the Prime Company Shares and Alaskan Cable Company Shares; (b) the elimination of Alaska Cablevision's and Alaskan Cable's shareholders' equity; and (c) the increase in shareholders' due to the Prime Company Shares, Alaskan Cable Company Shares, and the MCI Company Stock issuance. For purposes of calculation of the excess of cost over net assets acquired, shares to be issued pursuant to the Prime and Alaskan Cable Proposed Transactions are valued at the volume weighted average price for several trading days before and after the public announcement of the Proposed Transactions (approximately $5.89 per share). The MCI Company Stock issuance is valued at $6.50 per share.

8. Represents shareholders'/partners' equity (deficit) divided by the common shares outstanding at the end of the period reported. Since Prime is organized as a partnership, the number of shares to be issued pursuant to the Prime Proposed Transaction (11,800,000 shares) are used for purposes of calculating Prime's book value per common share.

9. For the Cable Companies, shareholders' or partners' combined historical and pro forma equity (deficiency) is divided by the number of shares to be issued pursuant to the corresponding Proposed Transaction (11,800,000 shares for Prime, 2,923,077 shares for Alaskan Cable and 2,000,000 shares for MCI) for purposes of calculating pro forma book value per equivalent common share. For the Company, total combined shareholders' and partners' historical and pro forma equity (deficiency) is divided by the number of Company shares outstanding at June 30, 1996 plus all shares to be issued pursuant to the Proposed Transactions.

10. Pursuant to the Prime Management Agreement (see, EXHIBIT INDEX), Prime has agreed to oversee, manage and supervise the development and operation of the Company Cable Systems, i.e., all cable systems acquired by the Company pursuant to the Proposed Transactions. The Company has agreed to pay PIIM $1 million for these services in year 1 of the agreement. Accordingly, Prime management fees are included and historical management fees are eliminated from pro forma operating costs and expenses.

11. Represents adjustments to depreciation and amortization expense resulting from the adjusted carrying values, and lives for property, plant and equipment and intangible assets.

Property, plant and equipment is depreciated using the straight-line method over the following lives:

Cable distribution systems	8 years
Building	20 years
Transportation equipment	4 years
Furniture and fixtures	4 years

Excess of cost over net assets acquired is being amortized by the straight-line method over 40 years.

12. Elimination of interest expense incurred by Prime, Alaska Cablevision and Alaskan Cable and the addition of the following: (1) estimated interest expense incurred on new convertible notes at the fixed interest rate of 7.00%; and (2) additional variable estimated interest on all other debt at 7.9375%. Pursuant to the Alaska Cablevision Purchase Agreement, interest is based on the lowest allowable IRS rate under imputed interest rules, determined for this analysis using the Applicable Federal Rate for July, 1996. The expected variable rate to be paid for all other debt is based on the Libor rate of 7.9375%, determined for this analysis as of June 30, 1996.

<TABLE>

A 1/8% increase in the variable interest rate would have the following effect (amounts in thousands):

<CAPTION>

<S>	Twelve months ended December 31, 1995 (unaudited) <C>	Six months ended June 30, 1996 (unaudited) <C>
Total pro forma interest expense based on June 30, 1996 rates	$ 14,360	7,411
Total pro forma interest expense based on June 30, 1996 rates increased by 1/8%	14,556	7,509
Increase in total pro forma interest expense	$ 196	98

A 1/8 % decrease in the variable interest rate would have the following effect:

Total pro forma interest expense based on June

30, 1996 rates	$ 14,360	7,411
Total pro forma interest expense based on June 30, 1996 rates decreased by 1/8%	14,162	7,311
Reduction in total pro forma interest expense	$ (198)	(100)

</TABLE>

13. Elimination of interest income earned by Alaskan Cable and costs incurred by Alaska Cablevision associated with the Alaska Cablevision Purchase Agreement.

14. The income tax effect of pro forma adjustments for Alaskan Cable and MCI are computed using the Company's effective income tax rate of 41% for the six-month period ended June 30, 1996 and 40% for the year ended December 31, 1995. Since Prime is organized as a partnership and Alaska Cablevision's shareholders have elected S-corporation income tax status under the Code, pro forma adjustments for these companies include taxes computed on historical earnings (loss) in addition to pro forma earnings (loss). The income tax pro forma adjustments for Prime include the income tax effect of nondeductible goodwill.

15. Primary and fully diluted earnings (loss) per common and equivalent common share is based upon the weighted average number of outstanding shares of each Cable Company before the Proposed Transactions close. The number of shares to be issued pursuant to the Prime Proposed Transaction (11,800,000 shares) are used for purposes of calculating Prime's primary and fully diluted earnings per common share.

16. Primary and fully diluted pro forma earnings (loss) per common share is based upon the weighted average number of outstanding shares of each Cable Company after the corresponding Proposed Transactions close.

17. Represents the weighted average of common shares outstanding and common equivalent shares outstanding for each Company at June 30, 1996. The number of shares to be issued pursuant to the Prime Proposed Transaction (11,800,000 shares) and the MCI Proposed Transaction (2,000,000 shares) are used for purposes of computing Prime's and MCI's weighted average of common shares outstanding.

18. Historical cost of sales for the Cable Companies are derived as follows:

(1) Alaska Cablevision --

	December 31, 1995	June 30, 1996
	(unaudited) (in thousands)	
Programming fees	$ 951	491
Copyright fees	40	20
Direct labor and benefits	125	63
Other costs	10	5
Total cost of sales	$ 1,126	579

(2) Prime --

	Twelve months Ended December 31, 1995	Six months Ended June 30, 1996
		(unaudited)
	(in thousands)	
Basic programming fees	$ 6,808	3,804
Copyright fees	319	161
FCC fees and other costs	193	151
Total cost of sales	$ 7,320	4,116

(3) Alaskan Cable -- Equivalent to "Cost of Revenues" as reported in Alaskan Cable's June 30, 1996 unaudited financial statements and December 31, 1995 audited financial statements. See "INDEX TO FINANCIAL STATEMENTS."

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. Indemnification of Directors and Officers

In accordance with the provisions of the Alaska Corporations Code (specifically AS 10.06.490) the Company's Restated Articles of Incorporation provide for indemnification of directors and officers of the Company, who are made or threatened to be made a party to an action or proceeding, whether criminal, civil, administrative or investigative, by reason of the fact that he or she is or was a director or officer of the Company or served any other enterprise as a director or officer at the request of the Company. The right of indemnification is also applicable to the executors, administrators and other similar legal representative of any such director or officer.

The indemnification covers expenses, including attorney's fees, actually and reasonably incurred in connection with the defense or settlement of an action or suit if the director or officer acted in good faith and in a manner reasonably believed to be in the best interests of the corporation. No indemnification will be made in respect of any claim, issue or matter as to which the director or officer is adjudged to be liable for negligence or misconduct unless the court in which the action or suit was brought determines that the director or officer is fairly and reasonably entitled to indemnity for such expenses.

The text of AS 10.06.490 is as follows:

> "Indemnification of officers, directors, employees, and agents: insurance. (a) A corporation may indemnify a person who was, is, or is threatened to be made a party to a completed, pending, or threatened action or proceeding, whether civil, criminal, administrative, or investigative, other than an action by or in the right of the corporation, by reason of the fact that the person is or was a director, officer, employee, or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise. Indemnification may include reimbursement of expenses, attorney fees, judgments, fines, and amounts paid in settlement actually and reasonably incurred by the person in connection with the action or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to a criminal action or proceeding, the person had no reasonable cause to believe the conduct was unlawful. The termination of an action or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, does not create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to a criminal action or proceeding, the person had reasonable cause to believe that the conduct was unlawful.
> (b) A corporation may indemnify a person who was, is, or is threatened to be made a party to a completed, pending, or threatened action by or in the right of the corporation to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee, or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise. Indemnification may

> include reimbursement for expenses and attorney fees actually and reasonably incurred by the person in connection with the defense or settlement of the action if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation. Indemnification may not be made in respect of any claim, issue, or matter as to which the person has been adjudged to be liable for negligence or misconduct in the performance of the person's duty to the corporation except to the extent that the court in which the action was brought determines upon application that, despite the adjudication of liability, in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for expenses that the court considers proper. (c) To the extent that a director, officer, employee, or agent of a corporation has been successful on the merits or otherwise in defense of an action or proceeding referred to in (a) or (b) of this section, or in defense of a claim, issue, or matter in the action or proceeding, the director, officer, employee, or agent shall be indemnified against expenses and attorney fees actually and reasonably incurred in connection with the defense. (d) Unless otherwise ordered by a court, indemnification under (a) or (b) of this section may only be made by a corporation upon a determination that indemnification of the director, officer, employee, or agent is proper in the circumstances because the director, officer, employee, or agent has met the applicable standard of conduct set out in (a) and (b) of this section.

The determination shall be made by
(1) the board by a majority vote of a quorum consisting of directors who were not parties to the action or proceeding; or
(2) independent legal counsel in a written opinion if a quorum under (1) of this subsection is
(A) not obtainable; or
(B) obtainable but a majority of disinterested directors so directs; or
(3) approval of the outstanding shares.
(e) The corporation may pay or reimburse the reasonable expenses incurred in defending a civil or criminal action or proceeding in advance of the final disposition in the manner provided in (d) of this section if
(1) in the case of a director or officer, the director or officer furnishes the corporation with a written affirmation of a good faith belief that the standard of conduct described in AS 10.06.450(b) or 10.06.483(e) has been met;
(2) the director, officer, employee, or agent furnishes the corporation a written unlimited general undertaking, executed personally or on behalf of the individual, to repay the advance if it is ultimately determined that an applicable standard of conduct was not met; and
(3) a determination is made that the facts then known to those making the determination would not preclude indemnification under this chapter.
(f) The indemnification provided by this section is not exclusive of any other rights to which a person seeking indemnification may be entitled under a bylaw, agreement, vote of shareholders or disinterested directors, or otherwise, both as to action in the official capacity of the person and as to action in another capacity while holding the office. The right to indemnification continues as to a person who has ceased to be a director,

officer, employee, or agent, and inures to the benefit of the heirs, executors, and administrators of the person.
(g) A corporation may purchase and maintain insurance on behalf of a person who is or was a director, officer, employee, or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against any liability asserted against the person and incurred by the person in that capacity, or arising out of that status, whether or not the corporation has the power to indemnify the person against the liability under the provisions of this section.

Article VIII of the Restated Articles of Incorporation for General Communication, Inc. reads as follows:

"The Corporation shall indemnify, to the full extent permitted by, and in the manner permissible under, the laws of the State of Alaska and any other applicable laws, any person made or threatened to be made a party to an action or proceeding, whether criminal, civil, administrative or investigative, other than an action by or in the right of the Corporation, by reason of the fact that the person is or was a director, officer, employee or agent of this Corporation or is or was serving at the request of the Corporation as a director or officer, employee or agent of another corporation, partnership, joint venture, trust, or other enterprise. The foregoing provisions of this Article VIII will be deemed to be a contract between this Corporation and each director and officer who serves in such capacity at any time while this Article VIII is in effect, and any repeal or modification of this Article VIII shall not affect any rights or obligations then existing with respect to any statement of facts then or theretofore existing or any action, suit or proceeding theretofore or thereafter brought based in whole or in part upon any such statement of facts. The foregoing rights of indemnification shall not be deemed exclusive of any other rights to which any director or officer or his legal representative may be entitled apart from the provisions of this Article VIII."

As of the Record Date, the Company had not been asked or put on notice to provide indemnification to any officer, director, or employee of the Company.

Item 21. Exhibits and Financial Schedules.

<TABLE>
(a) Exhibits.
<CAPTION>

Exhibit Number	Description
<S>	<C>
1.	--
2.1	Prime Purchase Agreement

2.2.1	Agreement and Plan of Merger of ACI with and into GCI Cable
2.2.2	Certificate of Merger Merging ACI into GCI Cable (for filing in Delaware)
2.2.3	Articles of Merger between GCI Cable and ACI (for filing in Alaska)
2.3.1	Agreement and Plan of Merger of PCFI with and into GCI Cable
2.3.2	Certificate of Merger Merging PCFI into GCI Cable (for filing in Delaware)

2.3.3	Articles of Merger between GCI Cable and PCFI (for filing in Alaska)
2.4	Alaskan Cable Purchase Agreement
2.5	Alaska Cablevision Purchase Agreement
2.6	McCaw/Rock Homer Purchase Agreement
2.7	McCaw/Rock Seward Purchase Agreement
2.8	MCI Purchase Agreement
3.1	Restated Articles of Incorporation of Registrant (1)
3.2	Bylaws of Registrant, as revised (1)
4.1	Specimen Stock Certificate for the Class A common stock of Registrant
5.1	Opinion of Wohlforth, Argetsinger, Johnson & Brecht, A Professional Corporation regarding legality of securities being registered
8.1.1	Form of tax opinion of Jenkens & Gilchrist regarding certain federal income tax matters on merger of PCFI with GCI Cable in the Prime Proposed Transaction
8.1.2	Form of tax opinion of Jenkens & Gilchrist regarding certain federal income tax matters on merger of ACI with GCI Cable in the Prime Proposed Transaction
9.1	New Voting Agreement among certain shareholders of Registrant (2)
10.1	Prime Management Agreement (2)
10.2	Prime Registration Rights Agreement (2)
10.3	Alaskan Cable Registration Rights Agreement (3)
11.	--
12.	--
13.1	Form 10-K for the Registrant for the year ended December 31, 1995 (1)
13.2	Form 10-K/A for the Registrant (dated April 25, 1996) for the year ended December 31, 1995 (1)
14.	--
15.	--
16.	--
21.1	Subsidiaries of Registrant
23.1	Consent of KPMG Peat Marwick LLP (Registrant accountant)
23.2	Consent of Ernst & Young LLP (Prime accountant 1994, 1995, and 1996)
23.3	Consent of Coopers & Lybrand L.L.P. (Prime accountant 1993)
23.4	Consent of Ernst & Young LLP (Alaskan Cable accountant for Alaskan Cable/Fairbanks, Alaskan Cable/Juneau, and Alaskan Cable/Ketchikan)
23.5	Consent of Carl & Carlsen (Alaska Cablevision accountant)
23.6	Consent of Wohlforth, Argetsinger, Johnson & Brecht, A Professional Corporation (law firm furnishing opinion on legality of shares being registered)
23.7	Consent of Jenkens & Gilchrist, A Professional Corporation (law firm furnishing opinion with respect to federal income tax consequences of ACI merger and PCFI merger)
24.1	Power of Attorney
99.1	Form 8-K for the Registrant, dated March 14, 1996 (1)
99.2	Form 8-K/A for the Registrant, dated May 20, 1996 (1)
99.3	Form of Proxy for Registrant's Annual Meeting of Shareholders
99.4	Letter to Prime Group from Prime
99.5	Letter to Shareholders from Alaskan Cable
99.6	Consent of the Partners of Prime
99.7	Consent of the Partners of Prime Growth
99.8	Consent of the Partners of Prime Holdings
99.9	Consent of Shareholders of Alaska Cable, Inc.
99.10	Consent of the Partners of Prime Venture II, L.P.
99.11	Consent of the Partners of Prime Cable Limited Partnership

99.12	Consent of PCLP (Sole Shareholder of PCFI)
99.13	Form of Consent Solicited by the Boards of Directors in Lieu of Special Meeting of Shareholders (for Alaskan Cable/Fairbanks)
99.14	Form of Consent Solicited by the Boards of Directors in Lieu of Special Meeting of Shareholders (for Alaskan Cable/Juneau)
99.15	Form of Consent Solicited by the Boards of Directors in Lieu of Special Meeting of Shareholders (for Alaskan Cable/Ketchikan)
99.16	Performance Graph Data for Five-Year Period January 1, 1991 - December 31, 1995 (1)
99.17	Acceleration Request

<FN>
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1 Previously filed with the Commission.

2 Included as an exhibit to Prime Purchase Agreement, i.e., Exhibit 2.1 to this Form S-4 Registration Statement.

3 Included as an exhibit to Alaskan Cable Purchase Agreement, i.e., Exhibit 2.4 to this Registration Statement.
- ----------------
</FN>
</TABLE>

(b) Financial Statement Schedules.

None.

Schedules not listed above have been omitted because the information required to be set forth therein is not applicable, is not material, or is shown in the Financial Statements or notes thereto.

(c) Reports, Opinions or Appraisals.

None.

Item 22. Undertakings

The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933:

(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

Provided, however, that paragraphs (1)(i) and (1)(ii) above do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the Registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(5) That prior to any public reoffering of the securities registered hereunder through use of a prospectus which is a part of this Registration Statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), such reoffering prospectus will contain the information called for by the applicable registration form with respect to reofferings by person who may be deemed underwriters, in addition to the information called for by the other items of the applicable form.

(6) That every prospectus (i) that is filed pursuant to paragraph (5) immediately preceding, or (ii) that purports to meet the requirements of section 10(a)(3) of the Securities Act and is used in connection with an offering of securities subject to Rule 415 under that act, will be filed as a part of an amendment to the Registration Statement and will not be used until such amendment is effective, and that, for purposes of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(7) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or

proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(8) To respond to requests for information that is incorporated by reference into the Proxy Statement/Prospectus pursuant to Item 4, 10(b), 11 or 13 of this Form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the Registration Statement through the date of responding to the request.

(9) To supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the Registration Statement when it became effective, provided, in the case of a transaction that (but for the possibility of integration with other transaction) would itself qualify for an exemption from registration, that

(i) such transactions by itself or when aggregated with other such transactions made since the filing of the most recently audited financial statements of the Registrant would have a material financial effect upon the Registrant and (ii) the information required to be supplied in a post-effective amendment by this paragraph (9) is not contained in periodic reports filed by the Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the Registration Statement.

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Municipality of Anchorage, State of Alaska on September 30, 1996.

GENERAL COMMUNICATION, INC.
(Registrant)

By: /s/
Ronald A. Duncan
President and Chief Executive Officer
(Principal Executive Officer)

By: /s/
John M. Lowber
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

By: /s/
Alfred J. Walker
Vice President and Chief Accounting Officer
(Principal Accounting Officer)

<TABLE>
Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.
<CAPTION>

Signature	Title	Date
<S>	<C>	<C>
/s/ Carter F. Page	Chairman of the Board and Director	September 11, 1996
/s/ Robert M. Walp	Vice Chairman of the Board and Director	September , 1996
/s/ Ronald A. Duncan	President and Director, (Chief Executive Officer)	September , 1996
/s/ Donne F. Fisher	Director	September 10, 1996
	Director	September , 1996

John W. Gerdelman		
/s/ Larry E. Romrell	Director	September , 1996
/s/ James M. Schneider	Director	September 10, 1996

</TABLE>

EXHIBIT 2.8

STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement ("Agreement"), dated as of September 13, 1996, is between General Communication, Inc., an Alaska corporation ("GCI"), and MCI Telecommunications Corporation, a Delaware corporation ("MCI").

1. Agreement to Purchase and Sell Shares. On the terms and subject to the conditions contained in this Agreement, on the Final Closing Date, as defined below, GCI agrees to sell to MCI, and MCI agrees to purchase from GCI, two million (2,000,000) shares of GCI's Class A Common Stock ("Shares"). On the Final Closing Date, GCI shall deliver to MCI certificates representing the Shares. The Final Closing Date ("Final Closing Date") shall occur on the fifth (5th) business day after which all franchise transfer and other regulatory consents have been obtained which are required for the full performance of the Securities Purchase and Sale Agreement dated effective as of May 2, 1996 for the purchase and sale of Prime Cable of Alaska, L.P., Alaska Cable, Inc. and Prime Cable Fund I, Inc. (the "Prime SPA").

2. Purchase Price. The purchase price payable for the Shares shall be Thirteen Million Dollars $13,000,000.00 ("Purchase Price"). On the Final Closing Date MCI shall pay to GCI the Purchase Price by wire transfer of immediately available funds to a GCI designated account.

3. Closing. Unless this Agreement and the transactions contemplated hereby shall have been terminated, the closing ("Closing") of this Agreement shall take place at the offices of Hartig, Rhodes, Norman, Mahoney & Edwards, P.C., 717 K Street, Anchorage, Alaska 99501 on or before the fifth (5th) business day following the latest of (i) the full consummation and performance of the Prime SPA, or (ii) the last condition precedent set forth in Section 8 shall have been satisfied or waived, or at such other time or place as MCI and GCI shall mutually agree in writing.

4. Representations and Warranties of GCI. GCI represents and warrants to MCI as follows:

a) Due Organization and Qualification. GCI and each of its subsidiaries are corporations duly organized, validly existing and in good standing under the laws of their respective jurisdictions of incorporation, with corporate power and authority to own, lease and operate their respective properties and to conduct their respective businesses as they are now owned, leased and operated, and conducted. Each of GCI and its subsidiaries is duly qualified as a foreign corporation to do business, and is in good standing, in each jurisdiction where the character of its properties owned or held under lease or the nature of its activities makes such qualification necessary,

except where the failure so to qualify would not have a material adverse effect on GCI and its subsidiaries taken as a whole.

b) Authorization. GCI has the requisite corporate power to enter into this Agreement and to perform its obligations hereunder. The execution and delivery by GCI of, and the performance by GCI of its obligations under this Agreement have been duly authorized by all requisite corporate action of GCI, and this Agreement is a valid and binding agreement of GCI, enforceable against GCI in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally, or by the principles governing the availability of equitable remedies. None of the execution and delivery by GCI of this Agreement, the issuance and sale by GCI of the Shares, the consummation of the transactions contemplated hereby, or the compliance by GCI with the terms, conditions and provisions hereof, will conflict with or result in a breach or violation of any of the terms, conditions, or provisions of GCI's articles of incorporation or by-laws or of any material agreement or instrument to which GCI is a party or by which GCI or any of its material properties may be bound, or constitute, with or without the provision of notice or the passage of time, or both, a default or create a right of termination, cancellation or acceleration thereunder, or result in the creation or imposition of any security interest, mortgage, lien, charge or encumbrance of any nature whatsoever upon GCI or any of its material properties or assets.

c) Capital Stock. As of the date hereof and after the issuance of the Shares as contemplated by this Agreement, the authorized and issued and outstanding capital stock of GCI will be as set forth on the attached Exhibit A, except for such changes (i) resulting from the exercise of stock options, (ii) the purchase of shares contemplated herein, and (iii) the purchase and sale of securities in connection with the Cable Acquisitions (as defined below)..

All of the outstanding shares of Class A Common Stock and Class B Common Stock

listed on the Exhibit A have been or when issued, will be validly issued and outstanding, fully paid, nonassessable and not entitled to any preemptive rights. Except as set forth on Schedule 4(c)(i), there are currently outstanding no options, warrants, rights or convertible securities or other agreements or commitments of any character providing for the issuance of capital stock of GCI or any of its subsidiaries. Except as set forth on the attached Schedule 4(c)(ii), there are no voting trusts and other agreements or understandings to which GCI or any subsidiary is a party, and to GCI's knowledge, no other voting trusts exist with respect to the voting of the capital stock of GCI or any of its subsidiaries.

Except as set forth on the attached Schedule 4(c)(iii), GCI owns the entire equity interest in each of its subsidiaries, and all the outstanding capital stock of each subsidiary of GCI are validly issued, fully paid and nonassessable and are owned by GCI free and clear of all liens, charges, preemptive rights, claims or encumbrances.

d) Issuance of Shares. The Shares, when sold and delivered by GCI to MCI pursuant to this Agreement, will have been duly authorized and validly issued, and will be fully paid and non-assessable, not subject to any preemptive rights and free and clear of any security interest, lien, charge or encumbrance of any nature whatsoever.

e) SEC Reports. GCI has timely filed all forms, reports, statements and schedules with the Commission required to be filed by it pursuant to the Securities Exchange Act of 1934, as amended ("Exchange Act") or other federal securities laws since June 30, 1993, and has heretofore delivered to MCI (in the form filed with the Commission), together with any amendments or supplements thereto, including superseding amendments, its (i) Annual Reports on Form 10-K for the fiscal years ended December 31, 1994 and December 31, 1995, (ii) all definitive proxy statements relating to GCI's meetings of stockholders (whether annual or special) held since March 31, 1993 as filed with the Securities and Exchange Commission ("Commission"), and (iii) all other reports or registration statements filed by GCI pursuant to the Exchange Act and the Securities Act of 1933, as amended ("Securities Act") since March 31, 1993 (collectively, "SEC Reports"). The SEC Reports (i) were prepared in compliance with the applicable requirements of the Securities Act or the Exchange Act, as the case may be, and (ii) did not as of their respective dates contain any untrue statement of material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading. None of the subsidiaries of GCI is required to file any reports, statements, forms or other documents with the Commission.

f) Financial Statements. The audited financial statements of GCI included or incorporated by reference in the SEC Reports and the unaudited interim monthly financial statements for periods subsequent to such audited financial statements (collectively, including the footnotes thereto, "Financial Statements") are correct and complete, were prepared in accordance with generally accepted accounting principles applied on a consistent basis ("GAAP") (except as otherwise stated in the Financial Statements or in the related reports of GCI's independent accountants) and present fairly the consolidated financial position of GCI and its subsidiaries as of the dates thereof, and the results of operations, changes in financial position and the statements of stockholders' equity of GCI and its subsidiaries on a consolidated basis for the periods indicated. No event has occurred since the preparation of the Financial Statements that would require a restatement of the Financial Statements under GAAP. GCI has received no notice of any fact which may form a basis for any claim by a third party which, if asserted, could result in liability affecting GCI not disclosed by or reserved against in GCI's most recent balance sheet. The Financial Statements reflect and at the Closing Date will reflect, the interest of GCI in the assets, liabilities and operations of all subsidiaries of GCI.

Neither GCI nor any of its subsidiaries has any material liability, obligation or commitment of any nature whatsoever (whether known or unknown, due or to become due, accrued, fixed, contingent, liquidated, unliquidated, or otherwise) other than liabilities, obligations or commitments (i) which are accrued or reserved against in the consolidated balance sheet of GCI and its consolidated subsidiaries ("Balance Sheet") as of December 31, 1995 or reflected in the notes thereto, (ii) which (x) arose in the ordinary course of business since such date and (y) do not or would not individually or in the aggregate have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole, or (iii) which are the type that would not be required to be reflected on a consolidated balance sheet of GCI and its subsidiaries or in the notes thereto if such balance sheet were prepared in accordance with GAAP as of the date hereof or as at the Closing Date, as the case may be. From the date of the most recent balance sheet included in the Financial Statements to and including the date hereof, (i) GCI's business has

been operated only in the ordinary course, (ii) GCI has not sold or disposed of any assets other than in the ordinary course of business, (iii) there has not occurred any material adverse change or event in GCI's business, operations, assets, liabilities, financial condition or results of operations compared to the business, operations, assets, liabilities, financial condition or results of operations reflected in the Financial Statements, and (iv) there has not occurred any theft, damage, destruction or loss which has had a material adverse effect on GCI.

g) Related Transactions. Since the date of GCI's 1995 Proxy Statement to the date hereof, GCI has not entered into or otherwise become obligated with respect to any transactions which would require a disclosure pursuant to Item 404 of Regulation S-K in accordance with Items 7(b) or (c) of Schedule 14A under the Exchange Act were GCI to distribute a proxy statement as of the date hereof and the Closing Date.

h) Litigation. Except as set forth on Schedule 4(h), there is no claim, suit, action, governmental investigation or proceeding pending or, to the knowledge of GCI, threatened against or affecting GCI or any of its subsidiaries which (i) seek to restrain or enjoin the consummation of the transactions contemplated by this Agreement, or (ii) if decided adversely to GCI or such subsidiary would have, or would be likely to have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. There is no outstanding order, writ, injunction or decree or, to the knowledge of GCI, any claim or investigation of any court, governmental agency or arbitration tribunal materially and adversely affecting or which can reasonably be expected to materially and adversely affect GCI, any of its subsidiaries, or their respective properties, assets or businesses, franchises, licenses or permits under which they operate, or their ability to operate their respective businesses in the ordinary course.

i) Governmental. No governmental consent, approval, hearing, filing, registration or other action, including the passage of time, is necessary for the

execution and delivery of this Agreement, the issuance and sale of the Shares, or the consummation of the transactions contemplated by this Agreement, other than (i) any applicable consents and/or approvals of the Federal Communications Commission ("FCC"), and (ii) any applicable filings with and consents and/or approvals of state public service commissions, public utility commissions or similar state regulatory bodies ("Public Utility Commissions") under state public utility statutes and similar laws.

j) Absence of Certain Changes. Since December 31, 1995, (i) there has not occurred or arisen any event having, and neither GCI nor any of its subsidiaries has suffered, a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole, (ii) GCI and its subsidiaries have conducted their businesses only in the ordinary course, consistent with past practices, and (iii) neither GCI nor any of its subsidiaries has taken any actions described in Sections 7 a) through e).

k) Fees. Neither GCI nor any of its subsidiaries has paid or become obligated to pay any fee, commission to any broker, finder or intermediary in connection with the transactions contemplated by this Agreement.

l) Certain Agreements. Except as set forth on the attached Schedule 4(l), there are no contracts, agreements, arrangements or understandings to which GCI or any of its subsidiaries, officers, agents or representatives is a party, that create, govern or purport to govern the right of another party to acquire GCI or an equity interest in GCI, or any subsidiary of GCI, or to increase any such equity interest.

m) Labor Relations. Neither GCI nor any of its subsidiaries is a party to any collective bargaining agreement. Since March 31, 1993, neither GCI nor any of its subsidiaries has (i) had any employee strikes, work stoppages, slowdowns or lockouts, or (ii) except as set forth on the attached Schedule 4(m)(ii), received any request for certification of bargaining units or any other requests for collective bargaining.

n) Licenses. GCI and its subsidiaries have all permits, licenses, waivers, authorizations, approvals and certificates of public convenience and necessity ("Licenses") (including, without limitation, Licenses by the FCC and Public Utility Commissions) which are necessary for GCI and its subsidiaries to conduct their operations in the manner heretofore conducted, except for Licenses, the failure of which to obtain would not have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. No event has occurred, been initiated or threatened with respect to the Licenses which permits, or after notice or lapse of time or both would permit, revocation or termination thereof or would result in any material impairment of the rights of the holder of any of the Licenses except for revocations, terminations or impairments that would not, in the aggregate, have a material adverse effect on the business, properties or

financial condition of GCI and its subsidiaries taken as a whole.

o) Employee Benefit Plans. Each employee benefit plan, as such term is defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), of GCI or any subsidiary of GCI ("Pension Plan") and each other employee benefit plan within the meaning of ERISA (collectively with the Pension Plans, ("Plans") complies in all material respects with all applicable requirements of ERISA and the Internal Revenue Code of 1986, as amended ("Code"), and other applicable laws. None of the Plans is a multi-employer plan, as such term is defined in Section 3(37) of ERISA. Each Pension Plan which is intended to be qualified under Section 401(a) of the Code has been determined by the Internal Revenue Service to be qualified and nothing has occurred since the date of any such determination or application which would adversely affect such qualification. Neither GCI nor any subsidiary of GCI, nor any Plan nor any of their respective directors, officers, employees or agents has, with respect to any Plan, engaged in any "prohibited transaction," as such term is defined in Section 4975 of the Code or Section 406 of ERISA, which could result in any taxes or penalties or other liabilities under Section 4975 of the Code or Section 502(i) of ERISA, except taxes, penalties or liabilities which in the aggregate would not have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. No liability to the Pension Benefit Guaranty Corporation has been incurred with respect to any Pension Plan that has not been satisfied in full. No Pension Plan has incurred an "accumulated funding deficiency" within the meaning of the Code. There has been no "reportable event" within the meaning of Section 4043 of ERISA with respect to any Pension Plan. All amounts required by the provisions of any Pension Plan to be contributed have been so contributed.

p) Property and Leases. Except as set forth on the attached Schedule 4(p), GCI and its subsidiaries have good title to all material assets reflected on the Balance Sheet except for (i) liens for current taxes and assessments not yet past due, (ii) inchoate mechanics' and materialmens' liens for construction in progress, (iii) workers', repairmens', warehousemens' and carriers' liens arising out of the ordinary course of business, and (iv) all matters of record, liens and imperfections of title and encumbrances which matters, liens and imperfections would not, in the aggregate, have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole.

q) Material Agreements. Schedule 4(q) attached hereto sets forth a complete listing of all contracts and agreements existing on the date hereof to which GCI or any of its subsidiaries is a party or by which any of their respective properties or assets is bound other than contracts for services purchased under tariffs, which (i) are with any customer which accounted for more than two percent of GCI or any of its subsidiary's revenues for the year ended December 31, 1995, (ii) involve contracts that call for annual aggregate expenditures by GCI in excess of $5,000,000, or (iii) involve contracts that call for aggregate expenditures by GCI during the remainder of their respective term in excess of $10,000,000. All such contracts and agreements

are valid and binding, in full force and effect and enforceable against the parties thereto in accordance with their respective terms. Except as set forth on the attached Schedule 4(q)(i), to GCI's knowledge, there is not under any such contract or agreement any existing default, or event which, after notice of lapse of time, or both, would constitute a default, by GCI or any of its subsidiaries or any other party.

r) Compliance with Laws.

(i) GCI is in material compliance with all applicable laws, rules, regulations, orders, ordinances, and codes of the United States of America, its territories and possessions, and of any state, county, municipality, or other political subdivision or any agency of any of the foregoing having jurisdiction over GCI's business and affairs.

In General.

GCI has constructed, maintained and operated, and is constructing, maintaining and operating, its business (including, without limitation, the real property owned or leased by GCI ("GCI's Real Property")) in material compliance with all applicable laws including the Communications Act, the rules and regulations of the FCC, the APUC (in each case as the same are currently in effect);

(i) All reports, notices, forms and filings, and all fees and payments, required to be given to, filed with, or paid to, any governmental authority by GCI under all applicable laws have been timely and properly given and made by GCI, and are complete and accurate in all material

respects, in each case as required by applicable law;

(ii) GCI has not received any notice (written or oral) from any governmental authority or any other Person that it, or its ownership and operation of its business is in material violation of any applicable law, and GCI knows of no basis for the allegation of any such violations; and

(iii) GCI has complied in all material respects with all applicable legal requirements relating to the employment of labor, including ERISA, continuation coverage requirements with respect to group health plans, and those relating to wages, hours, unemployment compensation, worker's compensation, equal employment opportunity, age and disability discrimination, immigration control and the payment and withholding of taxes, and no reportable event, within the meaning of Title IV of ERISA, has occurred and is continuing with respect to any "employee benefit plan" or "multiemployer plan" (as those terms are defined in ERISA) maintained by GCI or its affiliates (as defined in Section 407(d)(7) of ERISA). No prohibited transaction, within the meaning of Title I of ERISA, has occurred with respect to any such employee benefit plan or multiemployer plan, and no material accumulated funding deficiency (as defined

in Title I of ERISA) or withdrawal liability (as defined in Title IV of ERISA) exists with respect to any such employee benefit plan or multiemployer plan.

(iv) To GCI's knowledge, except as set forth in Schedule 4(r)(v): (i) GCI has not received any notice (written or oral) from any governmental authority or other Person that the Person giving such notice is investigating whether, or has determined that there are, any violations of Environmental Laws by GCI, or violations of Environmental Law due to activities on, or affecting, or related to GCI's Real Property, (ii) none of GCI's Real Property has previously been used by any Person for the generation, production, emission, manufacture, handling, processing, treatment, storage, transportation, disposal or discharge of any Hazardous Substances, (iii) GCI has not used, generated, produced, emitted, manufactured, handled, possessed, treated, stored, transported, disposed or discharged, and does not presently use, generate, produce, emit, manufacture, handle, possess, treat, store, transport, dispose or discharge, any Hazardous Substances on, into or from GCI's Real Property, (iv) GCI is in compliance in all material respects with all laws applicable to its own (as distinguished from other Persons') use, generation, production, emission, manufacturing, treatment, storage, transportation, disposal, and discharge of any Hazardous Substances on, into or from GCI's Real Property, (v) there are no above ground or underground storage tanks, or any Equipment containing polychlorinated biphenyls, on GCI's Real Property, (vi) no release of Hazardous Substances outside GCI's Real Property has entered or threatens to enter any of GCI's Real Property, nor is there any pending or threatened claim based on Environmental Laws which arises from any condition of the land surrounding any of GCI's Real Property, (vii) no Real Property has been used at any time as a gasoline service station or any other facility for storing, pumping, dispensing or producing gasoline or any other petroleum products or wastes, (viii) no building or other structure on any of GCI's Real Property contains asbestos, and (ix) there are no incinerators, septic tanks or cesspools on GCI's Real Property and all waste is discharged into a public sanitary sewer system. GCI has provided MCI with complete and correct copies of (A) all studies, reports, surveys or other materials in GCI's possession or of which GCI has knowledge and to which GCI has access relating to the presence or alleged presence of Hazardous Substances at, on or affecting GCI's Real Property, (B) all notices or other materials in GCI's possession or of which GCI has knowledge and to which GCI has access that were received from any governmental authority having the power to administer or enforce any Environmental Laws relating to current or past ownership, use or operation of the real property or activities at or affecting GCI's Real Property and (C) all materials in GCI's possession or to which GCI has access relating to any claim, allegation or action by any private third party under any Environmental Law. The representations and warranties in this Section 4(r) are the only representations and warranties given by GCI with respect to the Environmental Law compliance of GCI and its business.

s) Tax Returns and Other Reports. GCI has duly and timely filed in proper form all federal, state, local, and foreign, income, franchise, sales, use,

property, excise, payroll, and other tax returns and other reports (whether or not relating to taxes) required to be filed by law with the appropriate governmental authority, and, to the extent applicable, has paid or made provision for payment of all taxes, fees, and assessments of whatever nature including penalties and interest, if any, which are due with respect to any aspect of its business or any of its properties. Except as set forth on Schedule 4(s), there are no tax audits pending and no outstanding agreements or waivers

extending the statutory period of limitations applicable to any relevant tax return.

t) Transfer Taxes. There are no sales, use, transfer, excise, or license taxes, fees, or charges applicable with respect to the transactions contemplated by this Agreement.

u) Disclosure. No written statement in this Agreement or in any agreement or other document delivered pursuant to this Agreement by or on behalf of GCI contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading. None of the periodic filings made by GCI with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, since January 1, 1995, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

v) Investment Company. GCI is not an "investment company" or a company "controlled" by an investment company within the meaning of the Investment Company Act of 1940, as amended (the "Act"), and GCI has not relied on rule 3a-2 under the Act as a means of excluding it from the definition of an "investment company" under the Act at any time within the three (3) year period preceding the Closing Date.

w) No Insolvency. As of even date and as of the Closing Date, GCI is not and shall not be insolvent.

5. Representations and Warranties of MCI. MCI represents and warrants to GCI as follows:

a) Due Organization. MCI is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, with corporate power to own its properties and to conduct its business as now owned and conducted.

b) Authorization. MCI has the requisite corporate power to enter into this Agreement and to perform its obligations hereunder. The execution and delivery by MCI of, and the performance by MCI of its obligations under this Agreement have been duly authorized by all requisite corporate action of MCI and this Agreement

is a valid and binding agreement of MCI, enforceable against MCI in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally or by the principles governing the availability of equitable remedies.

c) Purchase for Investment; Existing Shareholder. MCI is purchasing the Shares for investment for its own account and not with a view to or for sale in connection with any distribution thereof within the meaning of the Securities Act. MCI is an existing security holder of shares of issued and outstanding common stock of GCI and no commission or other remuneration shall be paid by MCI, directly or indirectly, in connection with MCI's purchase of Shares.

d) No Registration of Shares. MCI understands that (i) the Shares have not been registered under the Securities Act or under any state securities laws and are being issued in reliance on the exemptions from the registration and prospectus delivery requirements of the Securities Act which are set forth in Sections 4(2) and 4(6) of the Securities Act and the regulations promulgated thereunder and in reliance on exemptions from the registration requirements of applicable state securities laws; and (ii) the Shares cannot be transferred without compliance with the registration requirements of the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available, and (iii) the reliance of GCI upon the aforesaid exemptions is predicated in part upon MCI's representations and warranties.

e) Residence. The jurisdiction in which MCI's principal executive offices are located is in the District of Columbia.

f) Accredited Investor. MCI is an "accredited investor" as defined in Rule 501 promulgated under the Securities Act.

g) Availability of Information. GCI has made available to MCI the opportunity to ask questions of, and to receive answers from, GCI's officers and directors, and any other person acting on their behalf, concerning the terms and conditions of this Agreement and the transactions contemplated herein and to obtain any other information requested by MCI to the extent GCI possesses such information or can acquire it without unreasonable effort or expense. MCI has been afforded the opportunity to inspect, and to have its auditors or other agents inspect, the books and records of GCI. The

furnishing of such information, the opportunity to inspect and any inspection so undertaken by MCI shall not affect MCI's right to rely on the representations and warranties of GCI set forth in this Agreement.

h) Disclosure. No written statement in this Agreement or in any agreement or other document delivered pursuant to this Agreement by or on behalf of MCI contains any untrue statement of a material fact or omits to state a material fact

necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading.

i) Investment Company. MCI is not an "investment company" or a company "controlled" by an investment company within the meaning of the Investment Company Act of 1940, as amended (the "Act"), and MCI has not relied on rule 3a-2 under the Act as a means of excluding it from the definition of an "investment company" under the Act at any time within the three (3) year period preceding the Closing Date.

j) No Insolvency. As of even date and as of the Closing Date, MCI is not and shall not be insolvent.

6. Restrictive Legend. The certificates representing the Shares shall bear a legend substantially to the effect of the following:

> "The securities represented by this certificate have been issued without registration under the Securities Act of 1933, as amended, or any state securities laws and may not be offered, sold or otherwise disposed of, unless the securities are registered under such act and applicable state securities laws or exemptions from the registration requirements thereof are available for the transaction."

7. Additional Agreements. During the period from the date of this Agreement to the Final Closing Date:

a) Interim Operations. GCI shall, and shall cause its subsidiaries to, conduct their respective business only in the ordinary course, and maintain, keep and preserve their respective assets and properties in good condition and repair, ordinary wear and tear excepted.

b) Certificate and By-laws. GCI shall not, and shall not permit any of its subsidiaries to, make or propose any change or amendment in their respective Certificates of Incorporation or By-laws.

c) Capital Stock. Except in connection with the Cable Acquisitions (as defined below), GCI shall not, and shall not permit any of its subsidiaries to, issue, pledge or sell any shares of capital stock or any other securities of any of them or issue any securities convertible into, or exchangeable for or representing the right to purchase or receive, or enter into any contract with respect to the issuance of, any shares of capital stock or any other securities of any of them (other than pursuant to this Agreement or the exercise of stock options outstanding on the date hereof), or enter into any contract with respect to the purchase or voting of shares of their capital stock or

adjust, split, combine, reclassify any of their securities, or make any other material changes in their capital structures.

d) Dividends. GCI shall not declare, set aside, pay or make any dividend or other distribution or payment (whether in cash, stock or property) with respect to, or purchase or redeem, any shares of capital stock.

e) Assets; Mergers; Etc. GCI shall not, and shall not permit any of its subsidiaries to, encumber, sell, lease or otherwise dispose of or acquire any material assets, or encumber, sell, lease or otherwise dispose of assets having a value in excess of $3,000,000 in the aggregate, or enter into any merger or other agreement providing for the acquisition of any material assets of GCI or any of its subsidiaries by any third party or acquire (by merger, consolidation, or acquisition of stock or assets) any corporation, partnership or other business organization or division thereof or enter any contract, agreement, commitment or arrangement to do any of the foregoing, except under: (i) the Prime SPA, (ii) the Alaskan Cable Network Asset Purchase Agreement, dated April 15, 1996, and (iii) the Alaska Cablevision, Inc. and McCaw/Rock Associates Asset Purchase Agreements, dated May 10, 1996 ((i), (ii) and (iii) above collectively, "Cable Acquisitions").

f) Access to Information. GCI shall, and shall cause its subsidiaries, officers, directors, employees and agents-to, afford MCI

access at all reasonable times to their officers, employees, agents, properties, books, records and contracts, and shall furnish MCI all financial, operating and other data and information as MCI may reasonably request.

g) Certain Filings, Consents and Arrangements. MCI and GCI shall (i) cooperate with one another in promptly (x) determining whether any filings are required to be made or consents, approvals, permits or authorizations are required to be obtained under any federal or state law or regulation or any consents, approvals or waivers are required to be obtained from other parties to loan agreements or other contracts material to GCI's business in connection with the transaction contemplated by this Agreement, and (y) making any such filings, furnishing information required in connection therewith and seeking timely response to obtain any such consents, permits, authorizations, approvals or waivers; and (ii) as promptly as practicable, file with the Federal Trade Commission and the Department of Justice the notification and report forms, if required.

h) Amendments to Prime SPA. GCI shall not amend, modify or alter, in any manner whatsoever, the Prime SPA without the prior written consent of MCI.

8. Conditions.

a) Conditions to Obligations of MCI and GCI. The obligations of MCI and GCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The consummation of the transactions contemplated by this Agreement shall not be precluded by any order, decree or preliminary or permanent injunction of a federal or state court of competent jurisdiction; and

(ii) The consummation of the transactions contemplated under the Prime SPA.

b) Conditions to Obligations of GCI. The obligations of GCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The representations of MCI set forth in this Agreement shall have been true and correct in all material respects when made and (unless made as of a specified date) shall be true and correct in all material respects as if made as of the Final Closing Date;

(ii) MCI shall have performed in all material respects its agreements contained in this Agreement required to be performed at or prior to the Final Closing Date;

(iii) GCI shall have received a certificate of an officer of MCI, dated as of the Final Closing Date, certifying as to the fulfillment of the matters contained in paragraphs (i) and (ii) of this Section 8 b); and

(iv) GCI shall have received from MCI the amount of $13,000,000.00 by wire transfer of immediately available funds.

c) Conditions to Obligations of MCI. The obligations of MCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The representations of GCI set forth in this Agreement shall have been true and correct in all material respects when made and (unless made as of a specified date) shall be true and correct in all material respects as if made as of the Final Closing Date;

(ii) GCI shall have performed in all material respects its agreements contained in this Agreement required to be performed at or prior to the Final Closing Date;

(iii) All applicable consents and approvals (including those of the FCC and any applicable Public Utility Commission) which are necessary to consummate the transactions contemplated by this Agreement, shall have been obtained;

(iv) MCI shall have received from GCI certificates representing the Shares, registered in MCI's name and with all the

necessary documentary stock transfer stamps annexed thereto;

(v) MCI shall have received a certified copy of GCI's articles of incorporation and by-laws, as amended as of the Final Closing Date and a certificate of good standing for GCI from its jurisdiction of incorporation dated as of a date on or after January 1, 1996;

(vi) MCI shall have received (a) the Registration Rights Agreement attached as Exhibit B executed by a duly authorized officer of GCI dated as of the Final Closing Date, and (b) the Voting Agreement attached as Exhibit C executed by a duly authorized officer of all the parties thereto dated as of the Final Closing Date;

(vii) MCI shall have received an opinion of Hartig, Rhodes, Norman, Mahoney & Edwards, P.C., counsel to GCI, dated as of the Final Closing Date in the form of Exhibit D;

(viii) MCI shall have received a certificate of the Secretary or Assistant Secretary of GCI, dated as of the Final Closing Date, certifying that attached thereto is a complete copy of a resolution duly adopted by the board of directors of GCI authorizing and approving the execution of this Agreement and the consummation of the transactions contemplated by this Agreement;

(ix) MCI shall have received a certificate of an officer of GCI, dated as of the Final Closing Date, certifying as to the fulfillment of the matters contained in paragraphs (i) through (iii) of this Section 8 c);

(x) the Prime SPA shall not have been amended, modified or altered without the prior written consent of MCI; and

(xi) GCI shall not have issued, in the aggregate, more than 18,000,000 shares of its Class A Common Stock in connection with the Cable Acquisitions and the price per share for any share of Class A Common Stock issued in connection therewith shall have been at least $6.50.

9. Termination. This Agreement and the transactions contemplated hereby may be terminated at any time prior to the Closing Date:

a) by the mutual written consent of MCI and GCI;

b) by MCI and GCI if either is prohibited by an order or injunction (other than an injunction on a temporary or preliminary basis) of a court of competent jurisdiction from consummating the transactions contemplated by this Agreement and all means of appeal and all appeals from such order or injunction have been finally exhausted;

c) by MCI or GCI if the Final Closing Date shall not have occurred on or before December 31, 1996; provided, however, that the right to terminate under this paragraph c) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause of the failure of the Closing to occur on or before such date.

In the event of termination, no party hereto shall have any liability or further obligation to the other party hereto, except that nothing herein will relieve any party from any breach of this Agreement.

10. Survival of Representations, Warranties and Covenants. All representations, warranties and covenants contained herein shall survive the execution of this Agreement and the consummation of the transactions contemplated hereby.

11. Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. MCI shall have the right to assign to any direct or indirect subsidiary of MCI or its parent, MCI Communications Corporation, any and all rights and obligations of MCI under this Agreement.

12. Notices. Any notice or other communication provided for herein or given hereunder to a party hereto shall be in writing and shall be given by personal delivery, by telex, telecopier or by mail (registered or certified mail, postage prepaid, return receipt requested) to the respective parties as follows:

If to GCI:

General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503
Attn: Chief Financial Officer

If to MCI:

MCI Telecommunications Corporation
1801 Pennsylvania Avenue, NW
Washington, DC 20006
Attn: Vice President Corporate Development

With a copy to:

MCI Telecommunications Corporation
1133 19th Street, NW
Washington, DC 20036
Attn: Office of the General Counsel (0596/003)

or to such other address with respect to a party as such party shall notify the other in writing. Any such notice shall be deemed given upon receipt.

13. Amendment; Waiver. This Agreement may not be amended except by a writing duly signed by the parties. No party may waive any of the terms or conditions of this Agreement except by a duly signed writing referring to the specific provision to be waived.

14. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Alaska, without regard to the conflict of laws and rules thereof.

15. Entire Agreement. This Agreement (including the Exhibits and Schedules hereto) constitutes the entire agreement with respect to the transactions contemplated hereby, and supersedes all other and prior agreements and understandings, both written and oral, among the parties to this Agreement.

16. Expenses. Each party hereto shall pay its own expenses incident to preparing for, entering into and carrying out this Agreement and the consummation of the transactions contemplated hereby.

17. Captions. The Section and Paragraph captions herein are for convenience only, do not constitute part of this Agreement, and shall not be deemed to limit or otherwise affect any of the provisions hereof.

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

19. Cable Acquisitions. GCI agrees that it will not, at any time, issue, in the aggregate, more than 18,000,000 shares of its Class A Common Stock in connection with the Cable Acquisitions and the price per share for any share of Class A Common Stock issued in connection therewith shall have been at least $6.50.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered on the day and year first written above.

GENERAL COMMUNICATION, INC.

By /s/
John M. Lowber
Its: Senior Vice President

MCI TELECOMMUNICATIONS
CORPORATION

By /s/
Name:
Its:

<TABLE>

ATTACHMENT
Table of Contents

<CAPTION>
<S> <C>
I...

Exhibit A	-	Capital Stock....550
Exhibit B	-	Registration Rights Agreement....551
Exhibit C	-	Voting Agreement....564
Exhibit D	-	Opinion of Hartig Rhodes Norman Mahoney & Edwards, P.C....571

II....

Schedule 4(c)(i)	-	Options, Warrants, Rights or Convertible Securities....576
Schedule 4(c)(ii)	-	Voting Agreements....577
Schedule 4(c)(iii)	-	Ownership and Outstanding Capital Stock of each GCI subsidiary....578
Schedule 4(h)	-	Pending Litigation....579
Schedule 4(l)	-	Equity Agreements....580
Schedule 4(m)(ii)	-	Collective Bargaining Requests....581
Schedule 4(p)	-	Asset Liens....582
Schedule 4(q)	-	Material Contracts....583
Schedule 4(q)(i)	-	Existing Defaults....585
Schedule 4(r)(v)	-	Environmental Notices....586
Schedule 4(s)	-	Tax Audits....587

III....

Section 8(b)(iii)	-	MCI's Officer's Certificate....588
Section 8((c)(i)	-	GCI's Officer's Certificate....589
Section 8(c)(ii)	-	GCI's Officer's Certificate....589
Section 8(c)(iii)	-	GCI's Officer's Certificate....589
Section 8(c)(viii)	-	GCI's Officer's Certificate....589
Section 8(c)(ix)	-	GCI's Officer's Certificate....589

</TABLE>

EXHIBIT A
Capital Stock

As of the date hereof and after the issuance of the Shares as contemplated by this Agreement, the authorized and issued and outstanding capital stock of GCI will be as follows, except for such changes resulting from the exercise of stock options, warrants and common stock contemplated herein:

	Authorized Shares
Class A Common	50,000,000
Class B Common	10,000,000
Preferred	1,000,000

	Issued Shares As of 07/15/96	After Issuance of MCI Shares	After Issuance of Prime/Rock/Cooke Shares
Class A Common	19,768,1501 (1)	21,768,1501	38,029,1501
Class B Common	4,159,657	4,159,657	4,159,657
Preferred	-0-	-0-	-0-

(1) Includes 120,111 treasury shares.

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement ("Agreement"), dated as of this day of , 1996, is between General Communication, Inc., an Alaska corporation ("GCI"), and MCI Telecommunications Corporation, a Delaware corporation ("MCI").

RECITALS

A. MCI has acquired Two Million (2,000,000) shares of GCI's Class A Common Stock, no par value. All such shares of GCI's Class A Common Stock which MCI now owns and any securities issued in exchange for or in respect of such stock, whether pursuant to a stock dividend, stock split, stock reclassification or otherwise are collectively referred to in this Agreement as the "Registrable Shares."

B. GCI desires to grant registration rights to MCI and any successor or assign of MCI as the holder of all or any portion of the Registrable Shares. MCI and such successors and assigns are referred to in this Agreement as the "Holders," or, individually as a "Holder."

AGREEMENT

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

1. Demand Registration.

(a) Following the expiration of a one hundred eighty (180) day "stand still period" after the date hereof and then only if required to permit resales of the Registrable Shares by Holders, Holders shall at any time and from time to time, have the right to require registration under the Securities Act of 1933, as amended ("Securities Act"), of all or any portion of the Registrable Shares on the terms and subject to the conditions set forth in this Agreement.

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

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

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

(e) Notwithstanding the foregoing, GCI shall not be obligated to effect a registration pursuant to this Section 1 during the period starting with the date sixty (60) days prior to GCI's estimated date of filing of, and ending on a date six (6) months following the effective date of, a registration statement pertaining to an underwritten public offering of equity

securities for GCI's account, provided that (i) GCI is actively employing in good faith all reasonable efforts to cause such registration statement to become effective and that GCI's estimate of the date of filing on such registration statement is made in good faith, and (ii) GCI shall furnish to the Holders a certificate signed by GCI's President stating that in the Board of Directors' good-faith judgment, it would be seriously detrimental to GCI or its shareholders for a Registration Statement to be filed in the near future; and in such event, GCI's obligations to file a Registration Statement shall be deferred for a period not to exceed six (6) months.

2. Incidental Registration. Each time that GCI proposes to register any of its equity securities under the Securities Act (other than a registration effected

solely to implement an employee benefit or stock option plan or to sell shares obtained under an employee benefit or stock option plan or a transaction to which Rule 145 or any other similar rule of the Commission under the Securities Act is applicable), GCI will give written notice to the Holders of its intention to do so. Each of the Selling Holders may give GCI a written request to register all or some of its Registrable Shares in the registration described in GCI's written notice as set forth in the foregoing sentence, provided that such written request is given within twenty (20) days after receipt of any such GCI notice. Such request will state (i) the amount of Registrable Shares to be disposed of and the intended method of disposition of such Registrable Shares, and (ii) any other information GCI reasonably requests to properly effect the registration of such Registrable Shares. Upon receipt of such request, GCI will use its best efforts promptly to cause all such Registrable Shares intended to be disposed of to be registered under the Securities Act so as to permit their sale or other disposition (in accordance with the intended methods set forth in the request for registration), unless the sale is a firmly underwritten public offering and GCI determines reasonably and in good faith in writing that the inclusion of such securities would adversely affect the offering or materially increase the offering's costs. In which case such securities and all other securities to be registered, other than those to be offered for GCI's account, shall be excluded to the extent the underwriter determines. The total number of secondary shares included in such registration shall be shared pro rata by all security holders having contractual registration rights based upon the amount of GCI's securities requested by such security holders to be sold thereunder. GCI's obligations under this Section 2 shall apply to a registration to be effected for securities to be sold for GCI's account as well as a registration statement which includes securities to be offered for the account of other holders of GCI equity securities having contractual registration rights; however, the registration rights granted pursuant to the provisions of this Section 2 are subject to the registration rights granted by GCI pursuant to (a) the Registration Rights Agreement dated as of January 18, 1991, between GCI and WestMarc Communications, Inc., (b) the Registration Rights Agreement dated as of March 31, 1993, between GCI and MCI, (c) the Registration Rights Agreement of even date between GCI and the owners of Prime Cable of Alaska, L.P., (d) the Registration Rights Agreement of even date between GCI and the owners of Alaskan Cable Network, Inc., and (e) the Registration Rights Agreement of even date between GCI and the owners of Alaska Cablevision, Inc., the effect of which agreements is that all parties hereto and thereto have pro rata piggy-back registration rights.

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

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

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

attorneys and accountants, and all transfer taxes and brokerage and underwriters' discounts and commissions directly attributable to the Registrable Shares being offered and sold by such Selling Holder.

4. Limitations on Registration Rights. Notwithstanding the provisions of Section 1 of this Agreement, GCI shall not be required to effect any registration under that Section if (i) the request(s) for registration cover an aggregate number of Registrable Shares having an aggregate Market Value of less than One Million Five Hundred Thousand Dollars ($1,500,000.00) as of the date of the last of such requests, (ii) GCI has previously filed two (2) registration statements under the Securities Act pursuant to Section 1, (iii) GCI, in order to comply with such request, would be required to (A) undergo a special interim audit or (B) prepare and file with the Commission, sooner than would otherwise be required, pro forma or other financial statements relating to any proposed transaction, or (iv) if, in the opinion of counsel to GCI, the form of which opinion of counsel shall be acceptable to the Holders, a registration is not required in order to permit resale by Holders. The first demand registration under this Agreement may be requested only by the Holders of a minimum of thirty percent (30%) of the Registrable Shares. "Market Value" as used in this Agreement shall mean, as to each class of Registrable Shares at any date, the average of the daily closing prices for such class of Registrable Shares, for the ten (10) consecutive trading days before the day in question. The closing price for shares of such class for each day shall be the last reported sale price regular way, or, in case no such reported sale takes place on such day, the average of the reported closing bid and asked prices regular way, in either case on the composite tape, or if the shares of such class are not quoted on the composite tape, on the principal United States securities exchange registered under the Securities Exchange Act of 1934, as amended ("Exchange Act"), on which shares of such class are listed or admitted to trading, or if they are not listed or admitted to trading on any such exchange, the closing sale price (or the average of the quoted closing bid and asked price if no sale is reported) as reported by the National Association of Securities Dealers Automated Quotation System ("NASDAQ") or any comparable system, or if the shares

of such class are not quoted on NASDAQ or any comparable system, the average of the closing bid and asked prices as furnished by any market maker in the securities of such class who is a member of the National Association of Securities Dealers, Inc., or in the absence of such closing bid and asked price, as determined by such other method as GCI's Board of Directors shall from time to time deem to be fair.

5. Obligations with Respect to Registration.

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

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

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

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

(iv) Furnish at GCI's expense to the Selling Holders such number of copies of a preliminary, final, supplemental or amended

prospectus, in conformity with the requirements of the Securities Act and the rules and regulations

promulgated thereunder, as may reasonably be required in order to facilitate the disposition of the Registrable Shares covered by a Registration Statement, but only while GCI is required under the provisions hereof to cause a Registration Statement to remain effective; and

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

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

(vii) Cause all such Registrable Shares to be listed on each securities exchange on which similar securities issued by GCI are then listed and to be qualified for trading on each system on which similar securities issued by GCI are from time to time qualified;

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

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

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

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

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

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

efforts to promptly obtain the withdrawal of such order.

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

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

(ii) During such time as the Selling Holder may be engaged in a distribution of the Registration Shares, such Selling Holder shall comply with Rules 10b-2, 10b-6 and 10b-7 promulgated under the Exchange Act and pursuant thereto it

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

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

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

6. Indemnification.

(a) By GCI. In the event of any registration under the Securities Act of any Registrable Shares pursuant to this Agreement, GCI shall indemnify and hold harmless any Selling Holder, any underwriter of such Selling Holder, each officer, director, employee or agent of such Selling Holder, and each other person, if any, who controls such Selling Holder or underwriter within the meaning of Section 15 of the Securities Act, against any losses, costs, claims, damages or liabilities, joint or several (or actions in respect thereof) ("Losses"), incurred by or to which each such indemnified party may become subject, under the Securities Act or otherwise, but only to the extent such Losses arise out of or based upon (i) any untrue statement or alleged untrue statement of any material fact contained, on the effective date thereof, in any Registration Statement under which such Registrable Shares were registered under the Securities Act, in any preliminary prospectus (if used prior to the effective date of such Registration Statement) or in any final prospectus or in any post effective amendment or supplement thereto (if used during the period GCI is required to keep the Registration Statement effective) ("Disclosure Documents"), (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading or (iii) any violation of any federal or state securities laws or rules or regulations thereunder committed by GCI in connection with the performance of its obligations under this Agreement; and GCI will reimburse each such indemnified party for all legal or other expenses reasonably incurred by such party

in connection with investigating or defending any such claims, including, subject to such indemnified party's compliance with the provisions of the last sentence of subsection (c) of this Section 6, any amounts paid in settlement of any litigation, commenced or threatened, so long as GCI's counsel agrees with the reasonableness of such settlement; provided, however, that GCI shall not be liable to an indemnified party in any such case to the extent that any such Losses arise out of or are based upon (i) an untrue statement or alleged untrue statement or omission or alleged omission (x) made in any such Disclosure

Documents in reliance upon and in conformity with written information furnished to GCI by or on behalf of such indemnified party specifically for use in the preparation thereof, (y) made in any preliminary or summary prospectus if a copy of the final prospectus was not delivered to the person alleging any loss, claim, damage or liability for which Losses arise at or prior to the written confirmation of the sale of such Registrable Shares to such person and the untrue statement or omission concerned had been corrected in such final prospectus or (z) made in any prospectus used by such indemnified party if a court of competent jurisdiction finally determines that at the time of such use such indemnified party had actual knowledge of such untrue statement or omission or (ii) the delivery by an indemnified party of any prospectus after such time as GCI has advised such indemnified party in writing that the filing of a post-effective amendment or supplement thereto is required, except the prospectus as so amended or supplemented, or the delivery of any prospectus after such time as GCI's obligation to keep the same current and effective has expired.

(b) By the Selling Holders. In the event of any registration under the Securities Act of any Registrable Shares pursuant to this Agreement, each Selling Holder shall, and shall cause any underwriter retained by it who participates in the offering to agree to, indemnify and hold harmless GCI, each of its directors, each of its officers who have signed the Registration Statement and each other person, if any, who controls GCI within the meaning of Section 15 of the Securities Act, against any Losses, joint or several, incurred by or to which such indemnified party may become subject under the Securities Act or otherwise, but only to the extent such Losses arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in any of the Disclosure Documents or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading, if the statement or omission was in reliance upon and in conformity with written information furnished to GCI by such indemnifying party specifically for use in the preparation thereof, (ii) the delivery by such indemnifying party of any prospectus after such time as GCI has advised such indemnifying party in writing that the filing of a post-effective amendment or supplement thereto is required, except the prospectus as so amended or supplemented, or after such time as the obligation of GCI to keep the Registration Statement effective and current has expired or (iii) any violation by such indemnifying party of its obligations under Section 5(b) of this Agreement or any information given or representation made by such indemnifying party in connection with the sale of the Selling Holder's Registrable Shares which is not contained in and not in conformity with the prospectus (as amended or

supplemented at the time of the giving of such information or making of such representation); and each Selling Holder shall, and shall cause any underwriter retained by it who participates in the offering to agree to, reimburse each such indemnified party for all legal or other expenses reasonably incurred by such party in connection with investigating or defending any such claim, including, subject to such indemnified party's compliance with the provisions of the last sentence of subsection (c) of this Section 6, any amounts paid in settlement of any litigation, commenced or threatened; provided, however, that the indemnity agreement contained in this Section 6(b) shall not apply to amounts paid in settlement of any loss, claim, damage, liability or action arising pursuant to a registration if such settlement is effected without the consent of Selling Holder; and provided further, that no Selling Holder shall be required to undertake liability under this Section 6(b) for any amounts in excess of the proceeds to be received by such Selling Holder from the sale of its securities pursuant to such registration, as reduced by any damages or other amounts that such Selling Holder was otherwise required to pay hereunder.

(c) Third Party Claims. Promptly after the receipt by any party hereto of notice of any claim, action, suit or proceeding by any person who is not a party to this Agreement (collectively, an "Action") which is subject to indemnification hereunder, such party ("Indemnified Party") shall give reasonable written notice to the party from whom indemnification is claimed ("Indemnifying Party"). The Indemnifying Party shall be entitled, at the Indemnifying Party's sole expense and liability, to exercise full control of the defense, compromise or settlement of any such Action unless the Indemnifying Party, within a reasonable time after the giving of such notice by the Indemnified Party, shall (i) admit in writing to the Indemnified Party, the Indemnifying Party's liability to the Indemnified Party for such Action under the terms of this Section 6, (ii) notify the Indemnified Party in writing of the Indemnifying Party's intention to assume the defense thereof and (iii) retain legal counsel reasonably satisfactory to the Indemnified Party to conduct the defense of such Action. The Indemnified Party and the Indemnifying Party shall cooperate with the party assuming the defense, compromise or settlement of any such Action in accordance herewith in any manner that such party reasonably may request. If the Indemnifying Party so assumes the defense of any such Action, the Indemnified Party shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, but the fees and expenses of such counsel shall be the Indemnified Party's sole expense unless (i) the Indemnifying Party has agreed to pay such fees and

expenses, (ii) any relief other than the payment of money damages is sought against the Indemnified Party or (iii) the Indemnified Party shall have been advised by its counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Indemnifying Party, and in any such case the fees and expenses of such separate counsel shall be borne by the Indemnifying Party. No Indemnifying Party shall settle or compromise any such Action in which any relief other than the payment of money damages is sought against any Indemnified Party unless the Indemnified Party consents in writing to such compromise or settlement, which consent shall not be unreasonably

withheld. No Indemnified Party shall settle or compromise any such Action for which it is entitled to indemnification hereunder without the Indemnifying Party's prior written consent, unless the Indemnifying Party shall have failed, after reasonable notice thereof, to undertake control of such Action in the manner provided above in this Section 6.

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

7. Miscellaneous.

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

(i) if to GCI at:

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

(ii) if to MCI, at:

MCI Telecommunications Corporation
1801 Pennsylvania Avenue, NW
Washington, DC 20006
ATTN: Senior Vice President
and Chief Financial Officer
Telecopy: (202) 887-2195

with a copy to:

MCI Telecommunications Corporation
1133 19th Street, NW
Washington, DC 20036
ATTN: Office of the General Counsel

(iii) if to any Holder other than MCI, at the address provided to GCI (and if none provided, to MCI)

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

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

(c) Binding Effect; Benefit. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. Nothing in this Agreement, expressed or implied is intended to confer on any person other than the parties hereto or their respective successors and assigns (including, in the case of MCI, any successor or assign of MCI as the holder of

Registrable Shares), any rights, remedies, obligations or liabilities under or by reason of this Agreement, other than rights conferred upon indemnified persons under Section 6.

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

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

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

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

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

GENERAL COMMUNICATION, INC.

By
John M. Lowber, Senior Vice President

MCI TELECOMMUNICATIONS CORPORATION

By
Name:
Its

VOTING AGREEMENT

THIS VOTING AGREEMENT ("Agreement") is entered into effective on the day of , 1996, by and between Prime II Management, L.P. ("Prime"), as the designated agent for the parties named on Annex 1 attached hereto (collectively, "Prime Sellers"), MCI Telecommunications Corporation, Ronald A. Duncan, Robert M. Walp, and TCI GCI, Inc. (Prime, as designated agent for the Prime Sellers, "Duncan," "Walp," and "TCI GCI," respectively, or individually, "Party" and collectively, "Parties"), all of whom are shareholders of General Communication, Inc., an Alaska corporation ("GCI"), as identified in this Agreement.

WHEREAS, the Parties are as of the date of this Agreement, the owners of the amounts of GCI's Class A and Class B common stock as set forth in this Agreement;

WHEREAS, the Parties desire to combine their votes as shareholders of GCI in the election of certain positions of the Board of Directors ("Board") of GCI and specifically to vote on certain issues as set forth in this Agreement;

WHEREAS, the Parties desire to establish their mutual rights and obligations in regard to the Board and those certain issues to come before the shareholders or before the Board;

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained in this Agreement, the Parties agree as follows:

Section 1. Shares. The shares of GCI's Class A and Class B common stock subject to this Agreement will consist of those shares held by each Party as set forth in this Section 1 and any additional shares of GCI's voting stock acquired in any manner by any one or more of the Parties ("Shares"):

(1) Prime - ( ) shares of Class A common stock;

(2) MCI - 8,251,509 Shares of Class A common stock and 1,275,791 Shares of Class B common stock, which total to an aggregate of 21,009,419 votes for MCI;

(3) Duncan - 852,775 Shares of Class A common stock and 233,708 Shares of Class B common stock, which total to an aggregate of 3,189,855 votes for Duncan;

(4) Walp - 534,616 Shares of Class A common stock and 301,049 Shares of Class B common stock, which total to an aggregate of 3,545,106 votes for Walp; and

(5) TCI GCI - 590,043 Shares of Class B common stock, which totals to an aggregate of 5,900,430 votes for TCI GCI.

Section 2. Voting. (a) All of the Shares will, during the term of this Agreement, be voted as one block in the following matters:

(1) For so long as the full membership on the Board is at least eight, the election to the Board of individuals recommended by a Party ("Nominees"), with the allocation of such recommendations to be in the following amounts and by the following identified Parties:

(A) For recommendations from MCI, two Nominees;

(B) For recommendations from Duncan and Walp, one Nominee from each;

(C) For recommendations from TCI GCI, two Nominees; and

(D) For recommendations from Prime, two (2) nominees, for so long as (i) the Prime Sellers (and their distributees who agree in writing to be bound by the terms of this Agreement) collectively own at least ten percent of the issued and then-outstanding shares of GCI's Class A common stock, and (ii) that certain Management Agreement between Prime and GCI dated of even date herewith ("Prime Management Agreement") is in full force and effect. If either of these conditions are not satisfied, then Prime shall only be entitled to recommend one Nominee. If neither of these conditions are met, Prime shall not be entitled to recommend any Nominee at that time;

(2) To the extent possible, to cause the full membership of the Board to be maintained at not less than eight members;

(3) Other matters to which the Parties unanimously agree.

(b) The Parties will abide by the classification by the Board of a Nominee in accordance with the provisions for classification of the Board as set forth in Article V(b) of GCI's Articles of Incorporation and Section 2(b) of GCI's Article IV of Bylaws which classification was, as of the date of this Agreement, for Nominees allocated to MCI as follows: one in Class I and one in

Class III, and for Nominees allocated to Prime as follows: one in Class II and one in Class III, and for Nominees allocated to TCI GCI as follows: one in Class II and one in Class III.

(c) The Parties understand that to insure the election of their allocated Nominees, the Shares must constitute sufficient voting power to cause those elections and that as new shares are issued by GCI through the exercise of warrants and options,

acquisitions by employee benefit plans, or otherwise, the number of outstanding shares of voting common stock will increase, making the percentage which the Shares represent of the outstanding shares decrease.

(d) The Parties will take such action as is necessary to cause the election to the Board of each Party's Nominee(s).

Section 3. Manner of Voting. Votes, for purposes of this Section 3, will be as determined by written ballot upon each matter to be voted upon. Should such a matter require shareholder action, e.g., election of Nominees to the Board or should the Board choose to present the matter for shareholder consent, approval or ratification, such balloting must take place so that the results are received by GCI at its principal executive offices not less than 120 calendar days in advance of the date of GCI's proxy statement released to security holders in connection with the previous year's annual meeting of security holders.

Section 4. Limitation on Voting. Except as set forth in (a) of Section 2 of this Agreement, the Agreement will not extend to voting upon other questions and matters on which shareholders will have the right to vote under GCI's Articles of Incorporation, GCI's Bylaws of the Company, or the laws of the State of Alaska.

Section 5. Term of Agreement. (a) The term of this Agreement will be through the completion of the annual meeting of GCI's shareholders taking place in June, 2001 or until there is only one Party to the Agreement, whichever occurs first; provided that the Parties may extend the term of this Agreement only upon unanimous vote and written amendment to this Agreement.

(b) Except as provided in (a) and (d) of this Section 5, a Party (other than Prime) will be subject to this Agreement until the Party disposes of more than 25% of the votes represented by the Party's holdings of common stock which equates to the following (adjusted for stock splits) for each party:

1. MCI - 5,252,355 votes;

2. Duncan - 797,464 votes;

3. Walp - 886,277 votes; and

4. TCI GCI - 1,475,108 votes.

(c) Should one party dispose of an amount of its portion of the Shares in excess of the limit as set forth in (b) of this Section 5, each other Party will have the right to withdraw and terminate that Party's rights and obligations under this Agreement by giving written notice to the other Parties.

(d) Anything to the contrary in this Agreement notwithstanding each Party shall remain a Party to this Agreement with respect to its obligation to vote (a) for

Prime's Nominee(s) pursuant to Section 2(a)(1) above, and (b) to maintain at least an eight (8) member Board pursuant to Section 2(a)(2) above only, for so long as either (i) the Prime Sellers (and their distributees who agree in writing to be bound by the terms of this Agreement) collectively own at least ten percent (10%) of the issued and then-outstanding shares of GCI's Class A common stock or (ii) the Prime Management Agreement is in effect. Upon each request, Prime shall, within a reasonable period of time after delivery by GCI to Prime of GCI's shareholders list showing the number of shares of GCI common stock owned by each such shareholder, provide GCI with its certificate, in form and substance reasonably satisfactory to GCI, confirming the Prime Sellers' aggregate, then-current percentage ownership of GCI Class A common stock.

Section 6. Binding Effect. The Parties will, during the term of this Agreement, be fully subject to its provisions. There will be no prohibition against transfer or other assignment of Shares under the terms of this Agreement. Should a Party transfer or otherwise assign Shares, and the new holder of those Shares will not have any rights under, nor be subject to the

terms of, this Agreement, except that any assignee which is an affiliate or subsidiary entity of a Party shall be bound by, and have the benefits of, this Agreement; provided, however, that anything to the contrary in the foregoing notwithstanding, any distributee of a Prime Seller that agrees in writing to be bound by the terms of this Agreement will have rights under and be subject to the terms of this Agreement.

Section 7. GCI's Agreement. GCI agrees (i) to submit the Nominees selected pursuant to Section 2(a) above in its proxy materials delivered to GCI's shareholders in connection with each election of GCI directors; and (ii) not to take any action inconsistent with the agreements of the Parties set forth herein.

Section 8. Notices. Notices required or otherwise given under this Agreement will be given by hand delivery or certified mail to the following addresses, unless otherwise changed by a Party with notice to the other Parties:

To Prime:

Prime II Management, L.P.
600 Congress Avenue, Suite 3000
Austin, Texas 78701
Attn: President

With copies (which shall not constitute notice) to:

Edens Snodgrass Nichols & Breeland, P.C.
2800 Franklin Plaza
111 Congress Avenue
Austin, Texas 78701
ATTN: Patrick K. Breeland

To MCI:

MCI Telecommunications Corporation
1133 19th Street, N.W.
Washington, D.C. 20035
ATTN: Douglas Maine, Chief Financial Officer

To Duncan:

Ronald A. Duncan
President and Chief Executive Officer
General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503

To Walp:

Robert A. Walp
Vice Chairman
General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503

To TCI GCI :

Larry E. Romrell, President
TCI GCI, Inc.
5619 DTC Parkway
Englewood, Colorado 80111

Section 9. Performance. The Parties agree that damages are not an adequate remedy for a breach of the terms of this Agreement. Should a Party be in breach of a term of this Agreement, one or more of the other Parties may seek the specific performance or injunction of that Party under the terms of this Agreement by bringing an appropriate action in a court in Anchorage, Alaska.

Section 10. Governing Law. The terms of this Agreement will be governed by and construed in accordance with the laws of the State of Alaska.

Section 11. Amendments. This Agreement constitutes the entire Agreement between the Parties, and any amendment of it must be in writing and approved by all Parties.

Section 12. Group. Prior to a Party filing a Schedule 13D or an amendment to such a schedule pursuant to the Securities Exchange Act of 1934, the Party will provide a written notice to each of the other Parties within five days after the triggering event under that schedule and at least two days prior to the filing of that schedule or amendment, as the case may be, and further provide to any other Party any information or documentation reasonably requested by that Party in this regard.

Section 13. Termination of Prior Agreement. This Agreement supersedes and replaces in its entirety that certain Voting Agreement dated effective as of March 31, 1993, by and between MCI, Duncan, Walp and TCI GCI, as successor in interest to WestMarc Communications, Inc.

Section 14. Severability. If a court of competent jurisdiction finds any portion of this Agreement invalid or not enforceable, this Agreement shall be automatically reformed to carry out the intent of the Parties as nearly as possible without regard to the portion so invalidated. If this entire Agreement is determined to be limited in duration by a court of competent jurisdiction, the Parties agree to enter into a new Agreement which carries forward the intent of the Parties upon such termination.

IN WITNESS WHEREOF, the Parties set their hands to this Agreement, effective on the first date above written.

PRIME II MANAGEMENT, L.P.
By Prime II Management, Inc.
Its General Partner

By
Name:
Its:

MCI TELECOMMUNICATIONS CORPORATION

By
Name:
Its:

RONALD A. DUNCAN

ROBERT M. WALP

TCI GCI, INC.

By
Name:
Its:

GENERAL COMMUNICATION, INC.

By
Name:
Its:

EXHIBIT "D"
Form of Legal Opinion

[HARTIG, RHODES LETTERHEAD]

, 1996

Anchorage

MCI Telecommunications Corporation
1133 19th Street, NW

Washington, D.C. 20038

RE: Stock Purchase Agreement (the "Agreement") dated as of , 1996 between General Communication, Inc. (the "Company") and MCI Telecommunications Corporation (the "Purchaser")
Our File: 6552-35

Ladies and Gentlemen:

This opinion letter is delivered to you pursuant to Paragraph 8(c)(vii) of the Agreement. Capitalized terms used but not defined in this opinion letter have the meanings given to them in the Agreement.

We have acted as counsel to the Company in connection with the preparation and the execution and delivery of the Agreement and the related documents. In that capacity we have examined the Agreement and the related documents, including, but not limited to, the Registration Rights Agreement, dated of even date herewith, between the

Company and the Purchaser and the Voting Agreement, dated of even date herewith, by and between the Company, Prime II Management, L.P., as the designated agent, the Purchaser, Ronald A. Duncan, Robert M. Walp and TCI GCI, Inc. ("Related Agreements") and such other documents and records, and we have made such other investigations, as we have deemed necessary to enable us to state the opinions expressed below. As to certain factual matters, we have relied upon the representations of the Company and the Purchaser contained in the Agreement and upon certificates of officers of the Company and the Purchaser.

In such examination, we have assumed the genuineness and authenticity of all documents submitted to us as originals, the conformity with genuine and authentic originals of all documents submitted to us as copies, the genuineness of all signatures, the power and authority of each entity which may be a party thereto (other than the Company and its subsidiaries), the authority of each person signing for each such entity (other than the Company and its subsidiaries), and the due organization, existence, qualification and authorization to transact business of each such party (other than the Company and its subsidiaries).

This opinion letter is governed by, and shall be interpreted in accordance with, the Legal Opinion Accord (the "Accord") of the American Bar Association Section of Business Law (1991). As a consequence, it is subject to a number of qualifications, exceptions, definitions, limitations on coverage and other limitations, all as more particularly described in the Accord, and this opinion letter should be read in conjunction therewith. The law covered by the opinions expressed herein is limited to the federal law of the United States (except as provided in the Accord) as currently in effect, and the law of the State of Alaska (except as provided in the Accord) as currently in effect. Furthermore, we express no opinion with respect to: (i) matters governed by the Federal Communications Act of 1934, as amended, and the rules and regulations of the Federal Communications Commission thereunder; or (ii) matters governed by the Federal Aviation Act of 1958, as amended, and the rules and regulations of the Federal Aviation Administration thereunder.

On the basis of our examination and subject to stated qualifications, assumptions and limitations, in our opinion:

1. The Company and each of its subsidiaries are duly organized, validly existing and in good standing under the laws of the State of Alaska, have all requisite corporate power and authority to own their property as now owned and carry on their business as now conducted and are qualified to do business and is in good standing in each jurisdiction in which the conduct of their business or the ownership of their property requires such qualification, except, in each case, where the failure to qualify would not have a material adverse effect on the financial condition or operations of the Company or its subsidiary.

2. The Shares are duly authorized, validly issued, fully paid and nonassessable shares of Common Stock having the rights, preferences, privileges and restrictions set forth in the Articles of Incorporation, will not be subject to any preemptive rights, and, to our knowledge, will be free and clear of any security interest, lien, charge or encumbrance of any nature whatsoever.

3. The execution, delivery and performance by the Company of the Agreement and the Related Agreements are within the corporate powers of the Company, have been duly authorized by all necessary corporate action of the Company, and do not and will not conflict with or constitute a breach of the

terms, conditions or provisions of, or constitute a default under, its Articles of Incorporation and Bylaws or any material contract, undertaking, indenture or other agreement or instrument by which the Company is bound or to which it or any of its assets is subject.

4. The Company is not required, in connection with the execution, delivery, and performance of the Agreement and the Related Agreements to give any notice to or obtain any consent from any lender pursuant to any agreement or instrument for borrowed money of which we have knowledge and to which the Company is a party or by which the property of the Company is bound, except that consent to the issuance of the Shares is required from NationsBank of Texas, N.A. ("NationsBank"), as Administrative Lender under that certain Credit Agreement dated as of April 26, 1996, between GCI Communication Corp. and NationsBank.

5. Registration is not required under the Securities Act or the Alaska Securities Act of 1959, as amended, for the issuance and delivery of the Shares. In expressing the opinion set forth in the foregoing sentence, we have relied, without any independent investigation, on the representations of Purchaser set forth in Paragraphs 5 (c) and (d) of the Agreement and A.S. 45.55.900(b)(7). The applicable exemption from the registration requirements under the Securities Act is set forth in Section 4(2) of the Securities Act. We express no opinions as to the necessity of registering the Shares under the laws of any state, other than the State of Alaska, in connection with the transaction.

6. The Company is not required to make any filings with or give any notice to, or obtain any consents, approvals, or authorizations from, any governmental authority in connection with the execution, delivery and performance by the company of the Agreement and the Related Agreements. The execution, delivery, and performance by the Company of the Agreement and the Related Agreements, do not and will not violate any law, rule, regulation or order of any court or other governmental authority applicable to the Company.

7. The Agreement and the Related Agreements are the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as the enforceability of those agreements may be affected or

limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally or by general principles of equity, whether applied in a proceeding in equity or at law.

8. There is no pending, or to the best of our knowledge, threatened, judicial, administrative or arbitral action, suit, proceeding or claim against or investigation of the Company which questions the validity of the Agreement or the Related Agreements.

The opinions expressed above are subject to and qualified in all respects by the Accord and the following:

We have relied as to factual matters on the representations and warranties of the Company set forth in the Agreement, certificates of officers and other representatives of the Company and the following additional items, and have made no other investigation or inquiry as to such factual matters:

(a) Certificates from the State of Alaska as to the existence and good standing of the Company and its subsidiaries.

(b) Constituent Documents of the Company and its subsidiaries.

We have rendered the foregoing opinion as of the date hereof, and we do not undertake to supplement our opinion with respect to the factual matters or changes in the law which may hereafter occur.

You are hereby notified that (a) we do not consider you to be our client in the matters to which this opinion letter relates, (b) neither the Alaska Code of Professional Responsibility nor current case law clearly articulates the circumstances under which an attorney may give a legal opinion to a person other than the attorney's own client, (c) a court might determine that it is improper to us to issue, and for you to rely upon, a legal opinion issued by us when we have acted as counsel to the Company in connection with the transactions, and (d) you may wish to obtain a legal opinion from your own legal counsel as to the matters addressed in this opinion letter.

We express no opinions herein regarding the enforceability of provisions involving choices or conflicts of law or of provisions of the Registration Rights Agreement purporting to require indemnification of a party for its own action or inaction, to the extent the action or inaction involves negligence.

This opinion is given solely to you and may be relied upon by you only in connection with the Agreement and may not be used or relied upon by you or

any other person or entity for any other purposes whatsoever. This opinion letter may not be quoted, circulated or published, in whole or in part, or furnished to or relied upon by any other party, or otherwise referred to, or be filed with or furnished to any governmental

agency or other person or entity not involved in the Agreement without prior written consent.

Sincerely,

HARTIG, RHODES, NORMAN,
MAHONEY & EDWARDS, P.C.

By:
Robert B. Flint

SCHEDULE 4(c)(i)
GCI's Stock Option Plans, Warrants,
Rights or Convertible Securities

General Communication, Inc. Outstanding Options:

	No. of Shares	Exercise Price
Shares reserved for exercise of options issued pursuant to GCI's Incentive Stock Option Plan	2,233,734	$.75 to $4.50 per share
Shares to be issued pursuant to an option agreement with William C. Behnke, an Officer	85,190	$.001 per share
Shares to be Issued pursuant to an option agreement with John M. Lowber, an Officer	100,000	$.75 per share
Shares to be issued to MCI Telecommunications Corporation	2,000,000	$6.50 per share
Shares to be issued to Prime entities	11,800,000	$6.50 per share
Shares to be issued to Cooke entities	2,923,077	$6.50 per share
Shares to be issuable to the Rock entities pursuant to a $10,000,000 convertible note	1,538,462	$6.50 per share

NOTE: For additional details regarding GCI's Stock Option Plan, please refer to the footnotes in GCI's financial statements in its SEC Forms 10K and 10Q.

SCHEDULE 4(c)(ii)
Voting Agreements

There are no voting trusts or other agreements or understandings to which GCI or any subsidiary is a party, and to GCI's knowledge no other voting trusts exist with respect to the voting of the capital stock of GCI or any of its subsidiaries, except for (i) that Voting Agreement entered into as of March 31, 1993, by and between MCI Telecommunications Corporation ("MCI"), Ronald A. Duncan ("Duncan"), Robert M. Walp ("Walp"), and WestMarc Communications, Inc., all as shareholders of GCI; which is projected to be superseded and replaced in its entirety by (ii) that Voting Agreement to be entered into as of , 1996, by and between Prime II Management, L.P., Prime Venture I Holdings, L.P., Prime Cable Growth Partners, L.P., Alaska Cable, Inc., MCI, Duncan, Walp, TCI GCI, Inc. and GCI.

SCHEDULE 4(c)(iii)
Outstanding Stock Liens

GCI owns the entire equity interest in each of its subsidiaries, and all the outstanding capital stock of each subsidiary of GCI are validly issued, fully paid and nonassessable and are owned by GCI free and clear of all liens, charges, preemptive rights, claims or encumbrances, except as follows:

1. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated as of May 14, 1993, as amended, holds the original Stock Certificates Nos. 1, 2 and 3, for One Thousand (1,000), One Hundred Thousand (100,000) and Ten Thousand (10,000) shares respectively, of Class A Common Stock of GCI Communication Corp. for security purposes only, not as purchaser. GCI is the owner of all of such One Hundred Eleven Thousand (111,000) shares of GCI Communication Corp. stock.

2. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated as of May 14, 1993, as amended, also holds the original Stock Certificate No. 1 for One Hundred (100) shares of GCI Communication Services, Inc., for security purposes only, not as purchaser. GCI is the owner of such One Hundred (100) shares.

3. National Bank of Alaska ("NBA"), as Lender under the Loan Agreement dated December 31, 1992, holds the original Stock Certificate No. 1 for One Hundred (100) shares of the Common Stock of GCI Leasing Co., Inc. for security purposes only, not as purchaser. GCI Communication Services, Inc., is the owner of such 100 shares. NationsBank of Texas, N.A., as Administrative Agent, holds a second lien on such shares.

SCHEDULE 4(h)
Pending Litigation

None.

SCHEDULE 4(l)
Contracts/Agreements to Acquire Equity
Interest in GCI or its Subsidiaries

1. The proposed Common A stock issuance to acquire (i) the ongoing cable television and cable television systems of Prime Cable of Alaska, L.P., pursuant to the terms of the Securities Purchase Agreement dated as of May 2, 1996, among General Communication, Inc., Prime Venture I Holdings, L.P., Prime Cable Growth Partners, L.P., Prime Venture II, L.P., Prime Cable Limited Partnership, Austin Ventures, L.P., William Blair Venture Partners III Limited Partnership, Centennial Fund, II, L.P., Centennial Fund III, L.P., Centennial Business Development Fund, Ltd., BancBoston Capital, Inc., First Chicago Investment Corporation, Madison Dearborn Partners, Prime II Management, L.P., Prime Cable of Alaska, L.P., Alaska Cable, Inc. and Prime Cable Fund I, Inc.

2. The proposed Common A stock issuance to acquire certain ongoing cable television business and cable television systems pursuant to the (i) Asset Purchase Agreements dated as of May 10, 1996, among General Communication, Inc. and McCaw/Rock Homer Cable Systems and McCaw/Rock Seward Cable System respectively; and (ii) the Asset Purchase Agreement, dated May 10, 1996, among General Communication, Inc. and Alaska Cablevision, Inc.

3. The proposed Common A stock issuance to acquire certain ongoing

cable television business and cable television systems pursuant to that Asset Purchase Agreement, dated as of April 15, 1996, among General Communication, Inc., Alaskan Cable Network/Fairbanks, Inc., Alaskan Cable Network/Juneau, Inc. and Alaskan Cable Network/Ketchikan-Sitka, Inc.

SCHEDULE 4(m)(ii)
Requests for Collective Bargaining

None.

SCHEDULE 4(p)
Asset Liens

GCI and its subsidiaries have good title to all material assets on the Balance Sheet, except as set forth in paragraph 4(p)(i) through (iv) of the MCI Stock Purchase Agreement, and except as follows:

1. To secure a debt in the current principal amount of $30,100,000. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated April 26, 1996, holds a security position on substantially all of GCI's and GCI Communication Corp.'s property and equipment, including, without limitation, the stock listed in Schedule 4(c)(iii) hereof, all of GCI Communication Corp.'s fixtures as a transmitting utility on all of its real properties and leasehold estates located both in Alaska and Washington.

2. To secure a debt in the current principal amount of $7,595,595, National Bank of Alaska, as Lender under the Loan Agreement dated December 31, 1992, holds a security interest in GCI Communication Corp.'s undersea fiber operations, as well as a security interest in the lease payments from MCI.

3. There is a capital lease in the current principal amount of $766,049; RDB Partnership holds title to the building occupied by GCI Communication Corp.

4. There is a capital lease in the current principal amount of $143,973; the National Bank of Alaska Leasing Co. holds title to GCI Communication Services, Inc.'s shared hub assets and contract proceeds. However, GCISI has an option to acquire those assets at the end of the capital lease's term.

SCHEDULE 4(q)
Material Contracts

The following is a complete listing of all contracts and agreements existing on the date hereof for GCI and/or its subsidiaries which (i) are with any customer which accounted for greater than 2% of GCI's or any of its subsidiary's revenues for the year ended 12/31/95; (ii) involve contracts that call for annual aggregate expenditures by GCI of greater than $5,000,000; or (iii) involve contracts that call for aggregate expenditures by GCI during the remainder of their respective terms in excess of $10,000,000:

1. Customers which account for greater than 2% of GCI or any of its subsidiary's revenues for the year ended 12/31/95.

a. GCI Communication Services, Inc.: 2% Floor is approx. greater than $20,000/year: Chevron Shared Hub contract; est. $880,000 annual revenues.

b. GCI Communication Corp.: 2% Floor is approx. greater than $1,538,000/year:

i. Carrier Agreement with MCI Telecommunications Corporation;

ii. Service Agreement with US Sprint Communications Company Limited Partnership of Delaware; and

iii. Agreement with British Petroleum.

c. General Communication, Inc. and GCI Leasing Co., Inc.: None.

2. Contracts calling for annual aggregate expenditures by GCI or its subsidiaries of greater than $5,000,000 annually or for aggregate expenditures by GCI during the remainder of their respective terms of greater than $10,000,000.

a. GCI and GCI Communication Corp.:

i. NationsBank of Texas, N.A. These entities owe the current principal amount of $ 30,100,000 to NationsBank of Texas, N.A. as Administrative Agent under the Credit Agreement dated April 26, 1996.

ii. National Bank of Alaska. GCI Communication Corp. owes the current principal amount of $7,595,595, National Bank of

Alaska, as Lender under the Loan Agreement dated December 31, 1992, relating to its undersea fiber operations.

iii. MCI Telecommunications Corporation. The lease agreement between MCI and GCI Leasing Company, Inc., dated December 31, 1992, will result in payments exceeding $10 Million over its term.

iv. Scientific-Atlanta, Inc. The Company's 1996 commitment under its equipment purchase contract with Scientific-Atlanta, Inc. exceeds $5,000,000.

v. Hughes Communications Galaxy, Inc. 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 will exceed $5 Million and the remaining commitment will exceed $10 Million.

SCHEDULE 4(q)(i)
Existing Defaults

None.

SCHEDULE 4(r)(v)
Environmental Notices

None.

SCHEDULE 4(s)
Tax Audits

GCI's 1993 federal income tax return was selected for examination by the Internal Revenue Service ("IRS") during 1995. The examination commenced during the fourth quarter of 1995 and was completed in March, 1996. GCI has received a letter from the agent conducting the examination indicating that no changes are proposed or required.

The IRS is in the process of reviewing GCI's compliance with the federal excise tax on telecommunication services. No substantive issues have been raised at this time.

The Washington State Department of Revenue has notified GCI that it intends to conduct an audit in July, 1996, of Washington state sales, use and business occupation taxes for the period of January, 1992 through March, 1996.

Management believes these examinations will not result in material adjustments and will not have a material impact on GCI's financial statements.

MCI's OFFICER'S CERTIFICATE
(Section 8(b)(iii))

In compliance with Section 8(b)(iii) of the Stock Purchase Agreement dated , 1996, between GENERAL COMMUNICATION, INC. ("GCI") and MCI TELECOMMUNICATIONS CORPORATION ("Agreement") I, the undersigned, certify as follows:

1. I am the duly appointed and acting of MCI and I am authorized to execute this Certificate.

2. The Final Closing Date as defined in the Agreement is , 1996.

3. This representations of MCI set forth in the Agreement are true and correct in all material respects as of the date when made and (unless made as of a specified date) are true and correct in all material respects as if made as of the Final Closing Date.

4. MCI has performed in all material respects its agreements contained in the Agreement required to be performed at or prior to the Final Closing Date.

Dated this day of , 1996.

MCI TELECOMMUNICATIONS CORPORATION

By:
Name:
Its:

GCI's OFFICER'S CERTIFICATE
(Section 8(c)(i), (ii), (iii), (viii) and (ix))

In compliance with Section 8(c)(i), (ii), (iii), (viii) and (ix) of the Stock Purchase Agreement dated , 1996, between GENERAL COMMUNICATION, INC. ("GCI") and MCI TELECOMMUNICATIONS CORPORATION ("Agreement") I, John M. Lowber, certify as follows:

1. I am the duly appointed and acting Secretary of GCI authorized to execute this Certificate.

2. The Final Closing Date as defined in the Agreement is , 1996.

3. This representations of GCI set forth in the Agreement are true and correct in all material respects as of the date when made and (unless made as of a specified date) are true and correct in all material respects as if made as of the Final Closing Date.

4. GCI has performed in all material respects its agreements contained in the Agreement required to be performed at or prior to the Final Closing Date.

5. All applicable consents and approvals (including those of the FCC and any applicable Public Utility Commission which are necessary to consummate the transactions contemplated by the Agreement have been obtained.

6. Attached hereto is a complete copy of a resolution duly adopted by the board of directors of GCI authorizing and approving the execution of the Agreement and the consummation of the transactions contemplated by the Agreement.

Dated this day of , 1996.

GENERAL COMMUNICATION, INC.

By:
John M. Lowber, Secretary

EXHIBIT 2.8

STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement ("Agreement"), dated as of September 13, 1996, is between General Communication, Inc., an Alaska corporation ("GCI"), and MCI Telecommunications Corporation, a Delaware corporation ("MCI").

1. Agreement to Purchase and Sell Shares. On the terms and subject to the conditions contained in this Agreement, on the Final Closing Date, as defined below, GCI agrees to sell to MCI, and MCI agrees to purchase from GCI, two million (2,000,000) shares of GCI's Class A Common Stock ("Shares"). On the Final Closing Date, GCI shall deliver to MCI certificates representing the Shares. The Final Closing Date ("Final Closing Date") shall occur on the fifth (5th) business day after which all franchise transfer and other regulatory consents have been obtained which are required for the full performance of the Securities Purchase and Sale Agreement dated effective as of May 2, 1996 for the purchase and sale of Prime Cable of Alaska, L.P., Alaska Cable, Inc. and Prime Cable Fund I, Inc. (the "Prime SPA").

2. Purchase Price. The purchase price payable for the Shares shall be Thirteen Million Dollars $13,000,000.00 ("Purchase Price"). On the Final Closing Date MCI shall pay to GCI the Purchase Price by wire transfer of immediately available funds to a GCI designated account.

3. Closing. Unless this Agreement and the transactions contemplated hereby shall have been terminated, the closing ("Closing") of this Agreement shall take place at the offices of Hartig, Rhodes, Norman, Mahoney & Edwards, P.C., 717 K Street, Anchorage, Alaska 99501 on or before the fifth (5th) business day following the latest of (i) the full consummation and performance of the Prime SPA, or (ii) the last condition precedent set forth in Section 8 shall have been satisfied or waived, or at such other time or place as MCI and GCI shall mutually agree in writing.

4. Representations and Warranties of GCI. GCI represents and warrants to MCI as follows:

a) Due Organization and Qualification. GCI and each of its subsidiaries are corporations duly organized, validly existing and in good standing under the laws of their respective jurisdictions of incorporation, with corporate power and authority to own, lease and operate their respective properties and to conduct their respective businesses as they are now owned, leased and operated, and conducted. Each of GCI and its subsidiaries is duly qualified as a foreign corporation to do business, and is in good standing, in each jurisdiction where the character of its properties owned or held under lease or the nature of its activities makes such qualification necessary,

except where the failure so to qualify would not have a material adverse effect on GCI and its subsidiaries taken as a whole.

b) Authorization. GCI has the requisite corporate power to enter into this Agreement and to perform its obligations hereunder. The execution and delivery by GCI of, and the performance by GCI of its obligations under this Agreement have been duly authorized by all requisite corporate action of GCI, and this Agreement is a valid and binding agreement of GCI, enforceable against GCI in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally, or by the principles governing the availability of equitable remedies. None of the execution and delivery by GCI of this Agreement, the issuance and sale by GCI of the Shares, the consummation of the transactions contemplated hereby, or the compliance by GCI with the terms, conditions and provisions hereof, will conflict with or result in a breach or violation of any of the terms, conditions, or provisions of GCI's articles of incorporation or by-laws or of any material agreement or instrument to which GCI is a party or by which GCI or any of its material properties may be bound, or constitute, with or without the provision of notice or the passage of time, or both, a default or create a right of termination, cancellation or acceleration thereunder, or result in the creation or imposition of any security interest, mortgage, lien, charge or encumbrance of any nature whatsoever upon GCI or any of its material properties or assets.

c) Capital Stock. As of the date hereof and after the issuance of the Shares as contemplated by this Agreement, the authorized and issued and outstanding capital stock of GCI will be as set forth on the attached Exhibit A, except for such changes (i) resulting from the exercise of stock options, (ii) the purchase of shares contemplated herein, and (iii) the purchase and sale of securities in connection with the Cable Acquisitions (as defined below)..

All of the outstanding shares of Class A Common Stock and Class B Common Stock

listed on the Exhibit A have been or when issued, will be validly issued and outstanding, fully paid, nonassessable and not entitled to any preemptive rights. Except as set forth on Schedule 4(c)(i), there are currently outstanding no options, warrants, rights or convertible securities or other agreements or commitments of any character providing for the issuance of capital stock of GCI or any of its subsidiaries. Except as set forth on the attached Schedule 4(c)(ii), there are no voting trusts and other agreements or understandings to which GCI or any subsidiary is a party, and to GCI's knowledge, no other voting trusts exist with respect to the voting of the capital stock of GCI or any of its subsidiaries.

Except as set forth on the attached Schedule 4(c)(iii), GCI owns the entire equity interest in each of its subsidiaries, and all the outstanding capital stock of each subsidiary of GCI are validly issued, fully paid and nonassessable and are owned by GCI free and clear of all liens, charges, preemptive rights, claims or encumbrances.

d) Issuance of Shares. The Shares, when sold and delivered by GCI to MCI pursuant to this Agreement, will have been duly authorized and validly issued, and will be fully paid and non-assessable, not subject to any preemptive rights and free and clear of any security interest, lien, charge or encumbrance of any nature whatsoever.

e) SEC Reports. GCI has timely filed all forms, reports, statements and schedules with the Commission required to be filed by it pursuant to the Securities Exchange Act of 1934, as amended ("Exchange Act") or other federal securities laws since June 30, 1993, and has heretofore delivered to MCI (in the form filed with the Commission), together with any amendments or supplements thereto, including superseding amendments, its (i) Annual Reports on Form 10-K for the fiscal years ended December 31, 1994 and December 31, 1995, (ii) all definitive proxy statements relating to GCI's meetings of stockholders (whether annual or special) held since March 31, 1993 as filed with the Securities and Exchange Commission ("Commission"), and (iii) all other reports or registration statements filed by GCI pursuant to the Exchange Act and the Securities Act of 1933, as amended ("Securities Act") since March 31, 1993 (collectively, "SEC Reports"). The SEC Reports (i) were prepared in compliance with the applicable requirements of the Securities Act or the Exchange Act, as the case may be, and (ii) did not as of their respective dates contain any untrue statement of material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading. None of the subsidiaries of GCI is required to file any reports, statements, forms or other documents with the Commission.

f) Financial Statements. The audited financial statements of GCI included or incorporated by reference in the SEC Reports and the unaudited interim monthly financial statements for periods subsequent to such audited financial statements (collectively, including the footnotes thereto, "Financial Statements") are correct and complete, were prepared in accordance with generally accepted accounting principles applied on a consistent basis ("GAAP") (except as otherwise stated in the Financial Statements or in the related reports of GCI's independent accountants) and present fairly the consolidated financial position of GCI and its subsidiaries as of the dates thereof, and the results of operations, changes in financial position and the statements of stockholders' equity of GCI and its subsidiaries on a consolidated basis for the periods indicated. No event has occurred since the preparation of the Financial Statements that would require a restatement of the Financial Statements under GAAP. GCI has received no notice of any fact which may form a basis for any claim by a third party which, if asserted, could result in liability affecting GCI not disclosed by or reserved against in GCI's most recent balance sheet. The Financial Statements reflect and at the Closing Date will reflect, the interest of GCI in the assets, liabilities and operations of all subsidiaries of GCI.

Neither GCI nor any of its subsidiaries has any material liability, obligation or commitment of any nature whatsoever (whether known or unknown, due or to become due, accrued, fixed, contingent, liquidated, unliquidated, or otherwise) other than liabilities, obligations or commitments (i) which are accrued or reserved against in the consolidated balance sheet of GCI and its consolidated subsidiaries ("Balance Sheet") as of December 31, 1995 or reflected in the notes thereto, (ii) which (x) arose in the ordinary course of business since such date and (y) do not or would not individually or in the aggregate have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole, or (iii) which are the type that would not be required to be reflected on a consolidated balance sheet of GCI and its subsidiaries or in the notes thereto if such balance sheet were prepared in accordance with GAAP as of the date hereof or as at the Closing Date, as the case may be. From the date of the most recent balance sheet included in the Financial Statements to and including the date hereof, (i) GCI's business has

been operated only in the ordinary course, (ii) GCI has not sold or disposed of any assets other than in the ordinary course of business, (iii) there has not occurred any material adverse change or event in GCI's business, operations, assets, liabilities, financial condition or results of operations compared to the business, operations, assets, liabilities, financial condition or results of operations reflected in the Financial Statements, and (iv) there has not occurred any theft, damage, destruction or loss which has had a material adverse effect on GCI.

g) Related Transactions. Since the date of GCI's 1995 Proxy Statement to the date hereof, GCI has not entered into or otherwise become obligated with respect to any transactions which would require a disclosure pursuant to Item 404 of Regulation S-K in accordance with Items 7(b) or (c) of Schedule 14A under the Exchange Act were GCI to distribute a proxy statement as of the date hereof and the Closing Date.

h) Litigation. Except as set forth on Schedule 4(h), there is no claim, suit, action, governmental investigation or proceeding pending or, to the knowledge of GCI, threatened against or affecting GCI or any of its subsidiaries which (i) seek to restrain or enjoin the consummation of the transactions contemplated by this Agreement, or (ii) if decided adversely to GCI or such subsidiary would have, or would be likely to have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. There is no outstanding order, writ, injunction or decree or, to the knowledge of GCI, any claim or investigation of any court, governmental agency or arbitration tribunal materially and adversely affecting or which can reasonably be expected to materially and adversely affect GCI, any of its subsidiaries, or their respective properties, assets or businesses, franchises, licenses or permits under which they operate, or their ability to operate their respective businesses in the ordinary course.

i) Governmental. No governmental consent, approval, hearing, filing, registration or other action, including the passage of time, is necessary for the

execution and delivery of this Agreement, the issuance and sale of the Shares, or the consummation of the transactions contemplated by this Agreement, other than (i) any applicable consents and/or approvals of the Federal Communications Commission ("FCC"), and (ii) any applicable filings with and consents and/or approvals of state public service commissions, public utility commissions or similar state regulatory bodies ("Public Utility Commissions") under state public utility statutes and similar laws.

j) Absence of Certain Changes. Since December 31, 1995, (i) there has not occurred or arisen any event having, and neither GCI nor any of its subsidiaries has suffered, a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole, (ii) GCI and its subsidiaries have conducted their businesses only in the ordinary course, consistent with past practices, and (iii) neither GCI nor any of its subsidiaries has taken any actions described in Sections 7 a) through e).

k) Fees. Neither GCI nor any of its subsidiaries has paid or become obligated to pay any fee, commission to any broker, finder or intermediary in connection with the transactions contemplated by this Agreement.

l) Certain Agreements. Except as set forth on the attached Schedule 4(l), there are no contracts, agreements, arrangements or understandings to which GCI or any of its subsidiaries, officers, agents or representatives is a party, that create, govern or purport to govern the right of another party to acquire GCI or an equity interest in GCI, or any subsidiary of GCI, or to increase any such equity interest.

m) Labor Relations. Neither GCI nor any of its subsidiaries is a party to any collective bargaining agreement. Since March 31, 1993, neither GCI nor any of its subsidiaries has (i) had any employee strikes, work stoppages, slowdowns or lockouts, or (ii) except as set forth on the attached Schedule 4(m)(ii), received any request for certification of bargaining units or any other requests for collective bargaining.

n) Licenses. GCI and its subsidiaries have all permits, licenses, waivers, authorizations, approvals and certificates of public convenience and necessity ("Licenses") (including, without limitation, Licenses by the FCC and Public Utility Commissions) which are necessary for GCI and its subsidiaries to conduct their operations in the manner heretofore conducted, except for Licenses, the failure of which to obtain would not have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. No event has occurred, been initiated or threatened with respect to the Licenses which permits, or after notice or lapse of time or both would permit, revocation or termination thereof or would result in any material impairment of the rights of the holder of any of the Licenses except for revocations, terminations or impairments that would not, in the aggregate, have a material adverse effect on the business, properties or

financial condition of GCI and its subsidiaries taken as a whole.

o) Employee Benefit Plans. Each employee benefit plan, as such term is defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), of GCI or any subsidiary of GCI ("Pension Plan") and each other employee benefit plan within the meaning of ERISA (collectively with the Pension Plans, ("Plans") complies in all material respects with all applicable requirements of ERISA and the Internal Revenue Code of 1986, as amended ("Code"), and other applicable laws. None of the Plans is a multi-employer plan, as such term is defined in Section 3(37) of ERISA. Each Pension Plan which is intended to be qualified under Section 401(a) of the Code has been determined by the Internal Revenue Service to be qualified and nothing has occurred since the date of any such determination or application which would adversely affect such qualification. Neither GCI nor any subsidiary of GCI, nor any Plan nor any of their respective directors, officers, employees or agents has, with respect to any Plan, engaged in any "prohibited transaction," as such term is defined in Section 4975 of the Code or Section 406 of ERISA, which could result in any taxes or penalties or other liabilities under Section 4975 of the Code or Section 502(i) of ERISA, except taxes, penalties or liabilities which in the aggregate would not have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. No liability to the Pension Benefit Guaranty Corporation has been incurred with respect to any Pension Plan that has not been satisfied in full. No Pension Plan has incurred an "accumulated funding deficiency" within the meaning of the Code. There has been no "reportable event" within the meaning of Section 4043 of ERISA with respect to any Pension Plan. All amounts required by the provisions of any Pension Plan to be contributed have been so contributed.

p) Property and Leases. Except as set forth on the attached Schedule 4(p), GCI and its subsidiaries have good title to all material assets reflected on the Balance Sheet except for (i) liens for current taxes and assessments not yet past due, (ii) inchoate mechanics' and materialmens' liens for construction in progress, (iii) workers', repairmens', warehousemens' and carriers' liens arising out of the ordinary course of business, and (iv) all matters of record, liens and imperfections of title and encumbrances which matters, liens and imperfections would not, in the aggregate, have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole.

q) Material Agreements. Schedule 4(q) attached hereto sets forth a complete listing of all contracts and agreements existing on the date hereof to which GCI or any of its subsidiaries is a party or by which any of their respective properties or assets is bound other than contracts for services purchased under tariffs, which (i) are with any customer which accounted for more than two percent of GCI or any of its subsidiary's revenues for the year ended December 31, 1995, (ii) involve contracts that call for annual aggregate expenditures by GCI in excess of $5,000,000, or (iii) involve contracts that call for aggregate expenditures by GCI during the remainder of their respective term in excess of $10,000,000. All such contracts and agreements

are valid and binding, in full force and effect and enforceable against the parties thereto in accordance with their respective terms. Except as set forth on the attached Schedule 4(q)(i), to GCI's knowledge, there is not under any such contract or agreement any existing default, or event which, after notice of lapse of time, or both, would constitute a default, by GCI or any of its subsidiaries or any other party.

r) Compliance with Laws.

(i) GCI is in material compliance with all applicable laws, rules, regulations, orders, ordinances, and codes of the United States of America, its territories and possessions, and of any state, county, municipality, or other political subdivision or any agency of any of the foregoing having jurisdiction over GCI's business and affairs.

In General.

GCI has constructed, maintained and operated, and is constructing, maintaining and operating, its business (including, without limitation, the real property owned or leased by GCI ("GCI's Real Property")) in material compliance with all applicable laws including the Communications Act, the rules and regulations of the FCC, the APUC (in each case as the same are currently in effect);

(i) All reports, notices, forms and filings, and all fees and payments, required to be given to, filed with, or paid to, any governmental authority by GCI under all applicable laws have been timely and properly given and made by GCI, and are complete and accurate in all material

respects, in each case as required by applicable law;

(ii) GCI has not received any notice (written or oral) from any governmental authority or any other Person that it, or its ownership and operation of its business is in material violation of any applicable law, and GCI knows of no basis for the allegation of any such violations; and

(iii) GCI has complied in all material respects with all applicable legal requirements relating to the employment of labor, including ERISA, continuation coverage requirements with respect to group health plans, and those relating to wages, hours, unemployment compensation, worker's compensation, equal employment opportunity, age and disability discrimination, immigration control and the payment and withholding of taxes, and no reportable event, within the meaning of Title IV of ERISA, has occurred and is continuing with respect to any "employee benefit plan" or "multiemployer plan" (as those terms are defined in ERISA) maintained by GCI or its affiliates (as defined in Section 407(d)(7) of ERISA). No prohibited transaction, within the meaning of Title I of ERISA, has occurred with respect to any such employee benefit plan or multiemployer plan, and no material accumulated funding deficiency (as defined

in Title I of ERISA) or withdrawal liability (as defined in Title IV of ERISA) exists with respect to any such employee benefit plan or multiemployer plan.

(iv) To GCI's knowledge, except as set forth in Schedule 4(r)(v): (i) GCI has not received any notice (written or oral) from any governmental authority or other Person that the Person giving such notice is investigating whether, or has determined that there are, any violations of Environmental Laws by GCI, or violations of Environmental Law due to activities on, or affecting, or related to GCI's Real Property, (ii) none of GCI's Real Property has previously been used by any Person for the generation, production, emission, manufacture, handling, processing, treatment, storage, transportation, disposal or discharge of any Hazardous Substances, (iii) GCI has not used, generated, produced, emitted, manufactured, handled, possessed, treated, stored, transported, disposed or discharged, and does not presently use, generate, produce, emit, manufacture, handle, possess, treat, store, transport, dispose or discharge, any Hazardous Substances on, into or from GCI's Real Property, (iv) GCI is in compliance in all material respects with all laws applicable to its own (as distinguished from other Persons') use, generation, production, emission, manufacturing, treatment, storage, transportation, disposal, and discharge of any Hazardous Substances on, into or from GCI's Real Property, (v) there are no above ground or underground storage tanks, or any Equipment containing polychlorinated biphenyls, on GCI's Real Property, (vi) no release of Hazardous Substances outside GCI's Real Property has entered or threatens to enter any of GCI's Real Property, nor is there any pending or threatened claim based on Environmental Laws which arises from any condition of the land surrounding any of GCI's Real Property, (vii) no Real Property has been used at any time as a gasoline service station or any other facility for storing, pumping, dispensing or producing gasoline or any other petroleum products or wastes, (viii) no building or other structure on any of GCI's Real Property contains asbestos, and (ix) there are no incinerators, septic tanks or cesspools on GCI's Real Property and all waste is discharged into a public sanitary sewer system. GCI has provided MCI with complete and correct copies of (A) all studies, reports, surveys or other materials in GCI's possession or of which GCI has knowledge and to which GCI has access relating to the presence or alleged presence of Hazardous Substances at, on or affecting GCI's Real Property, (B) all notices or other materials in GCI's possession or of which GCI has knowledge and to which GCI has access that were received from any governmental authority having the power to administer or enforce any Environmental Laws relating to current or past ownership, use or operation of the real property or activities at or affecting GCI's Real Property and (C) all materials in GCI's possession or to which GCI has access relating to any claim, allegation or action by any private third party under any Environmental Law. The representations and warranties in this Section 4(r) are the only representations and warranties given by GCI with respect to the Environmental Law compliance of GCI and its business.

s) Tax Returns and Other Reports. GCI has duly and timely filed in proper form all federal, state, local, and foreign, income, franchise, sales, use,

property, excise, payroll, and other tax returns and other reports (whether or not relating to taxes) required to be filed by law with the appropriate governmental authority, and, to the extent applicable, has paid or made provision for payment of all taxes, fees, and assessments of whatever nature including penalties and interest, if any, which are due with respect to any aspect of its business or any of its properties. Except as set forth on Schedule 4(s), there are no tax audits pending and no outstanding agreements or waivers

extending the statutory period of limitations applicable to any relevant tax return.

t) Transfer Taxes. There are no sales, use, transfer, excise, or license taxes, fees, or charges applicable with respect to the transactions contemplated by this Agreement.

u) Disclosure. No written statement in this Agreement or in any agreement or other document delivered pursuant to this Agreement by or on behalf of GCI contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading. None of the periodic filings made by GCI with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, since January 1, 1995, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

v) Investment Company. GCI is not an "investment company" or a company "controlled" by an investment company within the meaning of the Investment Company Act of 1940, as amended (the "Act"), and GCI has not relied on rule 3a-2 under the Act as a means of excluding it from the definition of an "investment company" under the Act at any time within the three (3) year period preceding the Closing Date.

w) No Insolvency. As of even date and as of the Closing Date, GCI is not and shall not be insolvent.

5. Representations and Warranties of MCI. MCI represents and warrants to GCI as follows:

a) Due Organization. MCI is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, with corporate power to own its properties and to conduct its business as now owned and conducted.

b) Authorization. MCI has the requisite corporate power to enter into this Agreement and to perform its obligations hereunder. The execution and delivery by MCI of, and the performance by MCI of its obligations under this Agreement have been duly authorized by all requisite corporate action of MCI and this Agreement

is a valid and binding agreement of MCI, enforceable against MCI in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally or by the principles governing the availability of equitable remedies.

c) Purchase for Investment; Existing Shareholder. MCI is purchasing the Shares for investment for its own account and not with a view to or for sale in connection with any distribution thereof within the meaning of the Securities Act. MCI is an existing security holder of shares of issued and outstanding common stock of GCI and no commission or other remuneration shall be paid by MCI, directly or indirectly, in connection with MCI's purchase of Shares.

d) No Registration of Shares. MCI understands that (i) the Shares have not been registered under the Securities Act or under any state securities laws and are being issued in reliance on the exemptions from the registration and prospectus delivery requirements of the Securities Act which are set forth in Sections 4(2) and 4(6) of the Securities Act and the regulations promulgated thereunder and in reliance on exemptions from the registration requirements of applicable state securities laws; and (ii) the Shares cannot be transferred without compliance with the registration requirements of the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available, and (iii) the reliance of GCI upon the aforesaid exemptions is predicated in part upon MCI's representations and warranties.

e) Residence. The jurisdiction in which MCI's principal executive offices are located is in the District of Columbia.

f) Accredited Investor. MCI is an "accredited investor" as defined in Rule 501 promulgated under the Securities Act.

g) Availability of Information. GCI has made available to MCI the opportunity to ask questions of, and to receive answers from, GCI's officers and directors, and any other person acting on their behalf, concerning the terms and conditions of this Agreement and the transactions contemplated herein and to obtain any other information requested by MCI to the extent GCI possesses such information or can acquire it without unreasonable effort or expense. MCI has been afforded the opportunity to inspect, and to have its auditors or other agents inspect, the books and records of GCI. The

furnishing of such information, the opportunity to inspect and any inspection so undertaken by MCI shall not affect MCI's right to rely on the representations and warranties of GCI set forth in this Agreement.

h) Disclosure. No written statement in this Agreement or in any agreement or other document delivered pursuant to this Agreement by or on behalf of MCI contains any untrue statement of a material fact or omits to state a material fact

necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading.

i) Investment Company. MCI is not an "investment company" or a company "controlled" by an investment company within the meaning of the Investment Company Act of 1940, as amended (the "Act"), and MCI has not relied on rule 3a-2 under the Act as a means of excluding it from the definition of an "investment company" under the Act at any time within the three (3) year period preceding the Closing Date.

j) No Insolvency. As of even date and as of the Closing Date, MCI is not and shall not be insolvent.

6. Restrictive Legend. The certificates representing the Shares shall bear a legend substantially to the effect of the following:

> "The securities represented by this certificate have been issued without registration under the Securities Act of 1933, as amended, or any state securities laws and may not be offered, sold or otherwise disposed of, unless the securities are registered under such act and applicable state securities laws or exemptions from the registration requirements thereof are available for the transaction."

7. Additional Agreements. During the period from the date of this Agreement to the Final Closing Date:

a) Interim Operations. GCI shall, and shall cause its subsidiaries to, conduct their respective business only in the ordinary course, and maintain, keep and preserve their respective assets and properties in good condition and repair, ordinary wear and tear excepted.

b) Certificate and By-laws. GCI shall not, and shall not permit any of its subsidiaries to, make or propose any change or amendment in their respective Certificates of Incorporation or By-laws.

c) Capital Stock. Except in connection with the Cable Acquisitions (as defined below), GCI shall not, and shall not permit any of its subsidiaries to, issue, pledge or sell any shares of capital stock or any other securities of any of them or issue any securities convertible into, or exchangeable for or representing the right to purchase or receive, or enter into any contract with respect to the issuance of, any shares of capital stock or any other securities of any of them (other than pursuant to this Agreement or the exercise of stock options outstanding on the date hereof), or enter into any contract with respect to the purchase or voting of shares of their capital stock or

adjust, split, combine, reclassify any of their securities, or make any other material changes in their capital structures.

d) Dividends. GCI shall not declare, set aside, pay or make any dividend or other distribution or payment (whether in cash, stock or property) with respect to, or purchase or redeem, any shares of capital stock.

e) Assets; Mergers; Etc. GCI shall not, and shall not permit any of its subsidiaries to, encumber, sell, lease or otherwise dispose of or acquire any material assets, or encumber, sell, lease or otherwise dispose of assets having a value in excess of $3,000,000 in the aggregate, or enter into any merger or other agreement providing for the acquisition of any material assets of GCI or any of its subsidiaries by any third party or acquire (by merger, consolidation, or acquisition of stock or assets) any corporation, partnership or other business organization or division thereof or enter any contract, agreement, commitment or arrangement to do any of the foregoing, except under: (i) the Prime SPA, (ii) the Alaskan Cable Network Asset Purchase Agreement, dated April 15, 1996, and (iii) the Alaska Cablevision, Inc. and McCaw/Rock Associates Asset Purchase Agreements, dated May 10, 1996 ((i), (ii) and (iii) above collectively, "Cable Acquisitions").

f) Access to Information. GCI shall, and shall cause its subsidiaries, officers, directors, employees and agents-to, afford MCI

access at all reasonable times to their officers, employees, agents, properties, books, records and contracts, and shall furnish MCI all financial, operating and other data and information as MCI may reasonably request.

g) Certain Filings, Consents and Arrangements. MCI and GCI shall (i) cooperate with one another in promptly (x) determining whether any filings are required to be made or consents, approvals, permits or authorizations are required to be obtained under any federal or state law or regulation or any consents, approvals or waivers are required to be obtained from other parties to loan agreements or other contracts material to GCI's business in connection with the transaction contemplated by this Agreement, and (y) making any such filings, furnishing information required in connection therewith and seeking timely response to obtain any such consents, permits, authorizations, approvals or waivers; and (ii) as promptly as practicable, file with the Federal Trade Commission and the Department of Justice the notification and report forms, if required.

h) Amendments to Prime SPA. GCI shall not amend, modify or alter, in any manner whatsoever, the Prime SPA without the prior written consent of MCI.

8. Conditions.

a) Conditions to Obligations of MCI and GCI. The obligations of MCI and GCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The consummation of the transactions contemplated by this Agreement shall not be precluded by any order, decree or preliminary or permanent injunction of a federal or state court of competent jurisdiction; and

(ii) The consummation of the transactions contemplated under the Prime SPA.

b) Conditions to Obligations of GCI. The obligations of GCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The representations of MCI set forth in this Agreement shall have been true and correct in all material respects when made and (unless made as of a specified date) shall be true and correct in all material respects as if made as of the Final Closing Date;

(ii) MCI shall have performed in all material respects its agreements contained in this Agreement required to be performed at or prior to the Final Closing Date;

(iii) GCI shall have received a certificate of an officer of MCI, dated as of the Final Closing Date, certifying as to the fulfillment of the matters contained in paragraphs (i) and (ii) of this Section 8 b); and

(iv) GCI shall have received from MCI the amount of $13,000,000.00 by wire transfer of immediately available funds.

c) Conditions to Obligations of MCI. The obligations of MCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The representations of GCI set forth in this Agreement shall have been true and correct in all material respects when made and (unless made as of a specified date) shall be true and correct in all material respects as if made as of the Final Closing Date;

(ii) GCI shall have performed in all material respects its agreements contained in this Agreement required to be performed at or prior to the Final Closing Date;

(iii) All applicable consents and approvals (including those of the FCC and any applicable Public Utility Commission) which are necessary to consummate the transactions contemplated by this Agreement, shall have been obtained;

(iv) MCI shall have received from GCI certificates representing the Shares, registered in MCI's name and with all the

necessary documentary stock transfer stamps annexed thereto;

(v) MCI shall have received a certified copy of GCI's articles of incorporation and by-laws, as amended as of the Final Closing Date and a certificate of good standing for GCI from its jurisdiction of incorporation dated as of a date on or after January 1, 1996;

(vi) MCI shall have received (a) the Registration Rights Agreement attached as Exhibit B executed by a duly authorized officer of GCI dated as of the Final Closing Date, and (b) the Voting Agreement attached as Exhibit C executed by a duly authorized officer of all the parties thereto dated as of the Final Closing Date;

(vii) MCI shall have received an opinion of Hartig, Rhodes, Norman, Mahoney & Edwards, P.C., counsel to GCI, dated as of the Final Closing Date in the form of Exhibit D;

(viii) MCI shall have received a certificate of the Secretary or Assistant Secretary of GCI, dated as of the Final Closing Date, certifying that attached thereto is a complete copy of a resolution duly adopted by the board of directors of GCI authorizing and approving the execution of this Agreement and the consummation of the transactions contemplated by this Agreement;

(ix) MCI shall have received a certificate of an officer of GCI, dated as of the Final Closing Date, certifying as to the fulfillment of the matters contained in paragraphs (i) through (iii) of this Section 8 c);

(x) the Prime SPA shall not have been amended, modified or altered without the prior written consent of MCI; and

(xi) GCI shall not have issued, in the aggregate, more than 18,000,000 shares of its Class A Common Stock in connection with the Cable Acquisitions and the price per share for any share of Class A Common Stock issued in connection therewith shall have been at least $6.50.

9. Termination. This Agreement and the transactions contemplated hereby may be terminated at any time prior to the Closing Date:

a) by the mutual written consent of MCI and GCI;

b) by MCI and GCI if either is prohibited by an order or injunction (other than an injunction on a temporary or preliminary basis) of a court of competent jurisdiction from consummating the transactions contemplated by this Agreement and all means of appeal and all appeals from such order or injunction have been finally exhausted;

c) by MCI or GCI if the Final Closing Date shall not have occurred on or before December 31, 1996; provided, however, that the right to terminate under this paragraph c) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause of the failure of the Closing to occur on or before such date.

In the event of termination, no party hereto shall have any liability or further obligation to the other party hereto, except that nothing herein will relieve any party from any breach of this Agreement.

10. Survival of Representations, Warranties and Covenants. All representations, warranties and covenants contained herein shall survive the execution of this Agreement and the consummation of the transactions contemplated hereby.

11. Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. MCI shall have the right to assign to any direct or indirect subsidiary of MCI or its parent, MCI Communications Corporation, any and all rights and obligations of MCI under this Agreement.

12. Notices. Any notice or other communication provided for herein or given hereunder to a party hereto shall be in writing and shall be given by personal delivery, by telex, telecopier or by mail (registered or certified mail, postage prepaid, return receipt requested) to the respective parties as follows:

If to GCI:

General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503
Attn: Chief Financial Officer

If to MCI:

MCI Telecommunications Corporation
1801 Pennsylvania Avenue, NW
Washington, DC 20006
Attn: Vice President Corporate Development

With a copy to:

MCI Telecommunications Corporation
1133 19th Street, NW
Washington, DC 20036
Attn: Office of the General Counsel (0596/003)

or to such other address with respect to a party as such party shall notify the other in writing. Any such notice shall be deemed given upon receipt.

13. Amendment; Waiver. This Agreement may not be amended except by a writing duly signed by the parties. No party may waive any of the terms or conditions of this Agreement except by a duly signed writing referring to the specific provision to be waived.

14. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Alaska, without regard to the conflict of laws and rules thereof.

15. Entire Agreement. This Agreement (including the Exhibits and Schedules hereto) constitutes the entire agreement with respect to the transactions contemplated hereby, and supersedes all other and prior agreements and understandings, both written and oral, among the parties to this Agreement.

16. Expenses. Each party hereto shall pay its own expenses incident to preparing for, entering into and carrying out this Agreement and the consummation of the transactions contemplated hereby.

17. Captions. The Section and Paragraph captions herein are for convenience only, do not constitute part of this Agreement, and shall not be deemed to limit or otherwise affect any of the provisions hereof.

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

19. Cable Acquisitions. GCI agrees that it will not, at any time, issue, in the aggregate, more than 18,000,000 shares of its Class A Common Stock in connection with the Cable Acquisitions and the price per share for any share of Class A Common Stock issued in connection therewith shall have been at least $6.50.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered on the day and year first written above.

GENERAL COMMUNICATION, INC.

By /s/
John M. Lowber
Its: Senior Vice President

MCI TELECOMMUNICATIONS
CORPORATION

By /s/
Name:
Its:

<TABLE>

ATTACHMENT
Table of Contents

<CAPTION>
<S> <C>
I...

Exhibit A	-	Capital Stock......550
Exhibit B	-	Registration Rights Agreement......551
Exhibit C	-	Voting Agreement......564
Exhibit D	-	Opinion of Hartig Rhodes Norman Mahoney & Edwards, P.C......571

II......

Schedule 4(c)(i)	-	Options, Warrants, Rights or Convertible Securities......576
Schedule 4(c)(ii)	-	Voting Agreements......577
Schedule 4(c)(iii)	-	Ownership and Outstanding Capital Stock of each GCI subsidiary......578
Schedule 4(h)	-	Pending Litigation......579
Schedule 4(l)	-	Equity Agreements......580
Schedule 4(m)(ii)	-	Collective Bargaining Requests......581
Schedule 4(p)	-	Asset Liens......582
Schedule 4(q)	-	Material Contracts......583
Schedule 4(q)(i)	-	Existing Defaults......585
Schedule 4(r)(v)	-	Environmental Notices......586
Schedule 4(s)	-	Tax Audits......587

III......

Section 8(b)(iii)	-	MCI's Officer's Certificate......588
Section 8((c)(i)	-	GCI's Officer's Certificate......589
Section 8(c)(ii)	-	GCI's Officer's Certificate......589
Section 8(c)(iii)	-	GCI's Officer's Certificate......589
Section 8(c)(viii)	-	GCI's Officer's Certificate......589
Section 8(c)(ix)	-	GCI's Officer's Certificate......589

</TABLE>

EXHIBIT A
Capital Stock

As of the date hereof and after the issuance of the Shares as contemplated by this Agreement, the authorized and issued and outstanding capital stock of GCI will be as follows, except for such changes resulting from the exercise of stock options, warrants and common stock contemplated herein:

	Authorized Shares
Class A Common	50,000,000
Class B Common	10,000,000
Preferred	1,000,000

	Issued Shares As of 07/15/96	After Issuance of MCI Shares	After Issuance of Prime/Rock/Cooke Shares
Class A Common	19,768,1501 (1)	21,768,1501	38,029,1501
Class B Common	4,159,657	4,159,657	4,159,657
Preferred	-0-	-0-	-0-

- ------------------------
(1) Includes 120,111 treasury shares.

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement ("Agreement"), dated as of this day of , 1996, is between General Communication, Inc., an Alaska corporation ("GCI"), and MCI Telecommunications Corporation, a Delaware corporation ("MCI").

RECITALS

A. MCI has acquired Two Million (2,000,000) shares of GCI's Class A Common Stock, no par value. All such shares of GCI's Class A Common Stock which MCI now owns and any securities issued in exchange for or in respect of such stock, whether pursuant to a stock dividend, stock split, stock reclassification or otherwise are collectively referred to in this Agreement as the "Registrable Shares."

B. GCI desires to grant registration rights to MCI and any successor or assign of MCI as the holder of all or any portion of the Registrable Shares. MCI and such successors and assigns are referred to in this Agreement as the "Holders," or, individually as a "Holder."

AGREEMENT

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

1. Demand Registration.

(a) Following the expiration of a one hundred eighty (180) day "stand still period" after the date hereof and then only if required to permit resales of the Registrable Shares by Holders, Holders shall at any time and from time to time, have the right to require registration under the Securities Act of 1933, as amended ("Securities Act"), of all or any portion of the Registrable Shares on the terms and subject to the conditions set forth in this Agreement.

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

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

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

(e) Notwithstanding the foregoing, GCI shall not be obligated to effect a registration pursuant to this Section 1 during the period starting with the date sixty (60) days prior to GCI's estimated date of filing of, and ending on a date six (6) months following the effective date of, a registration statement pertaining to an underwritten public offering of equity

securities for GCI's account, provided that (i) GCI is actively employing in good faith all reasonable efforts to cause such registration statement to become effective and that GCI's estimate of the date of filing on such registration statement is made in good faith, and (ii) GCI shall furnish to the Holders a certificate signed by GCI's President stating that in the Board of Directors' good-faith judgment, it would be seriously detrimental to GCI or its shareholders for a Registration Statement to be filed in the near future; and in such event, GCI's obligations to file a Registration Statement shall be deferred for a period not to exceed six (6) months.

2. Incidental Registration. Each time that GCI proposes to register any of its equity securities under the Securities Act (other than a registration effected

solely to implement an employee benefit or stock option plan or to sell shares obtained under an employee benefit or stock option plan or a transaction to which Rule 145 or any other similar rule of the Commission under the Securities Act is applicable), GCI will give written notice to the Holders of its intention to do so. Each of the Selling Holders may give GCI a written request to register all or some of its Registrable Shares in the registration described in GCI's written notice as set forth in the foregoing sentence, provided that such written request is given within twenty (20) days after receipt of any such GCI notice. Such request will state (i) the amount of Registrable Shares to be disposed of and the intended method of disposition of such Registrable Shares, and (ii) any other information GCI reasonably requests to properly effect the registration of such Registrable Shares. Upon receipt of such request, GCI will use its best efforts promptly to cause all such Registrable Shares intended to be disposed of to be registered under the Securities Act so as to permit their sale or other disposition (in accordance with the intended methods set forth in the request for registration), unless the sale is a firmly underwritten public offering and GCI determines reasonably and in good faith in writing that the inclusion of such securities would adversely affect the offering or materially increase the offering's costs. In which case such securities and all other securities to be registered, other than those to be offered for GCI's account, shall be excluded to the extent the underwriter determines. The total number of secondary shares included in such registration shall be shared pro rata by all security holders having contractual registration rights based upon the amount of GCI's securities requested by such security holders to be sold thereunder. GCI's obligations under this Section 2 shall apply to a registration to be effected for securities to be sold for GCI's account as well as a registration statement which includes securities to be offered for the account of other holders of GCI equity securities having contractual registration rights; however, the registration rights granted pursuant to the provisions of this Section 2 are subject to the registration rights granted by GCI pursuant to (a) the Registration Rights Agreement dated as of January 18, 1991, between GCI and WestMarc Communications, Inc., (b) the Registration Rights Agreement dated as of March 31, 1993, between GCI and MCI, (c) the Registration Rights Agreement of even date between GCI and the owners of Prime Cable of Alaska, L.P., (d) the Registration Rights Agreement of even date between GCI and the owners of Alaskan Cable Network, Inc., and (e) the Registration Rights Agreement of even date between GCI and the owners of Alaska Cablevision, Inc., the effect of which agreements is that all parties hereto and thereto have pro rata piggy-back registration rights.

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

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

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

attorneys and accountants, and all transfer taxes and brokerage and underwriters' discounts and commissions directly attributable to the Registrable Shares being offered and sold by such Selling Holder.

4. Limitations on Registration Rights. Notwithstanding the provisions of Section 1 of this Agreement, GCI shall not be required to effect any registration under that Section if (i) the request(s) for registration cover an aggregate number of Registrable Shares having an aggregate Market Value of less than One Million Five Hundred Thousand Dollars ($1,500,000.00) as of the date of the last of such requests, (ii) GCI has previously filed two (2) registration statements under the Securities Act pursuant to Section 1, (iii) GCI, in order to comply with such request, would be required to (A) undergo a special interim audit or (B) prepare and file with the Commission, sooner than would otherwise be required, pro forma or other financial statements relating to any proposed transaction, or (iv) if, in the opinion of counsel to GCI, the form of which opinion of counsel shall be acceptable to the Holders, a registration is not required in order to permit resale by Holders. The first demand registration under this Agreement may be requested only by the Holders of a minimum of thirty percent (30%) of the Registrable Shares. "Market Value" as used in this Agreement shall mean, as to each class of Registrable Shares at any date, the average of the daily closing prices for such class of Registrable Shares, for the ten (10) consecutive trading days before the day in question. The closing price for shares of such class for each day shall be the last reported sale price regular way, or, in case no such reported sale takes place on such day, the average of the reported closing bid and asked prices regular way, in either case on the composite tape, or if the shares of such class are not quoted on the composite tape, on the principal United States securities exchange registered under the Securities Exchange Act of 1934, as amended ("Exchange Act"), on which shares of such class are listed or admitted to trading, or if they are not listed or admitted to trading on any such exchange, the closing sale price (or the average of the quoted closing bid and asked price if no sale is reported) as reported by the National Association of Securities Dealers Automated Quotation System ("NASDAQ") or any comparable system, or if the shares

of such class are not quoted on NASDAQ or any comparable system, the average of the closing bid and asked prices as furnished by any market maker in the securities of such class who is a member of the National Association of Securities Dealers, Inc., or in the absence of such closing bid and asked price, as determined by such other method as GCI's Board of Directors shall from time to time deem to be fair.

5. Obligations with Respect to Registration.

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

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

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

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

(iv) Furnish at GCI's expense to the Selling Holders such number of copies of a preliminary, final, supplemental or amended

prospectus, in conformity with the requirements of the Securities Act and the rules and regulations

promulgated thereunder, as may reasonably be required in order to facilitate the disposition of the Registrable Shares covered by a Registration Statement, but only while GCI is required under the provisions hereof to cause a Registration Statement to remain effective; and

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

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

(vii) Cause all such Registrable Shares to be listed on each securities exchange on which similar securities issued by GCI are then listed and to be qualified for trading on each system on which similar securities issued by GCI are from time to time qualified;

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

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

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

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

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

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

efforts to promptly obtain the withdrawal of such order.

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

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

(ii) During such time as the Selling Holder may be engaged in a distribution of the Registration Shares, such Selling Holder shall comply with Rules 10b-2, 10b-6 and 10b-7 promulgated under the Exchange Act and pursuant thereto it

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

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

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

6. Indemnification.

(a) By GCI. In the event of any registration under the Securities Act of any Registrable Shares pursuant to this Agreement, GCI shall indemnify and hold harmless any Selling Holder, any underwriter of such Selling Holder, each officer, director, employee or agent of such Selling Holder, and each other person, if any, who controls such Selling Holder or underwriter within the meaning of Section 15 of the Securities Act, against any losses, costs, claims, damages or liabilities, joint or several (or actions in respect thereof) ("Losses"), incurred by or to which each such indemnified party may become subject, under the Securities Act or otherwise, but only to the extent such Losses arise out of or based upon (i) any untrue statement or alleged untrue statement of any material fact contained, on the effective date thereof, in any Registration Statement under which such Registrable Shares were registered under the Securities Act, in any preliminary prospectus (if used prior to the effective date of such Registration Statement) or in any final prospectus or in any post effective amendment or supplement thereto (if used during the period GCI is required to keep the Registration Statement effective) ("Disclosure Documents"), (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading or (iii) any violation of any federal or state securities laws or rules or regulations thereunder committed by GCI in connection with the performance of its obligations under this Agreement; and GCI will reimburse each such indemnified party for all legal or other expenses reasonably incurred by such party

in connection with investigating or defending any such claims, including, subject to such indemnified party's compliance with the provisions of the last sentence of subsection (c) of this Section 6, any amounts paid in settlement of any litigation, commenced or threatened, so long as GCI's counsel agrees with the reasonableness of such settlement; provided, however, that GCI shall not be liable to an indemnified party in any such case to the extent that any such Losses arise out of or are based upon (i) an untrue statement or alleged untrue statement or omission or alleged omission (x) made in any such Disclosure

Documents in reliance upon and in conformity with written information furnished to GCI by or on behalf of such indemnified party specifically for use in the preparation thereof, (y) made in any preliminary or summary prospectus if a copy of the final prospectus was not delivered to the person alleging any loss, claim, damage or liability for which Losses arise at or prior to the written confirmation of the sale of such Registrable Shares to such person and the untrue statement or omission concerned had been corrected in such final prospectus or (z) made in any prospectus used by such indemnified party if a court of competent jurisdiction finally determines that at the time of such use such indemnified party had actual knowledge of such untrue statement or omission or (ii) the delivery by an indemnified party of any prospectus after such time as GCI has advised such indemnified party in writing that the filing of a post-effective amendment or supplement thereto is required, except the prospectus as so amended or supplemented, or the delivery of any prospectus after such time as GCI's obligation to keep the same current and effective has expired.

(b) By the Selling Holders. In the event of any registration under the Securities Act of any Registrable Shares pursuant to this Agreement, each Selling Holder shall, and shall cause any underwriter retained by it who participates in the offering to agree to, indemnify and hold harmless GCI, each of its directors, each of its officers who have signed the Registration Statement and each other person, if any, who controls GCI within the meaning of Section 15 of the Securities Act, against any Losses, joint or several, incurred by or to which such indemnified party may become subject under the Securities Act or otherwise, but only to the extent such Losses arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in any of the Disclosure Documents or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading, if the statement or omission was in reliance upon and in conformity with written information furnished to GCI by such indemnifying party specifically for use in the preparation thereof, (ii) the delivery by such indemnifying party of any prospectus after such time as GCI has advised such indemnifying party in writing that the filing of a post-effective amendment or supplement thereto is required, except the prospectus as so amended or supplemented, or after such time as the obligation of GCI to keep the Registration Statement effective and current has expired or (iii) any violation by such indemnifying party of its obligations under Section 5(b) of this Agreement or any information given or representation made by such indemnifying party in connection with the sale of the Selling Holder's Registrable Shares which is not contained in and not in conformity with the prospectus (as amended or

supplemented at the time of the giving of such information or making of such representation); and each Selling Holder shall, and shall cause any underwriter retained by it who participates in the offering to agree to, reimburse each such indemnified party for all legal or other expenses reasonably incurred by such party in connection with investigating or defending any such claim, including, subject to such indemnified party's compliance with the provisions of the last sentence of subsection (c) of this Section 6, any amounts paid in settlement of any litigation, commenced or threatened; provided, however, that the indemnity agreement contained in this Section 6(b) shall not apply to amounts paid in settlement of any loss, claim, damage, liability or action arising pursuant to a registration if such settlement is effected without the consent of Selling Holder; and provided further, that no Selling Holder shall be required to undertake liability under this Section 6(b) for any amounts in excess of the proceeds to be received by such Selling Holder from the sale of its securities pursuant to such registration, as reduced by any damages or other amounts that such Selling Holder was otherwise required to pay hereunder.

(c) Third Party Claims. Promptly after the receipt by any party hereto of notice of any claim, action, suit or proceeding by any person who is not a party to this Agreement (collectively, an "Action") which is subject to indemnification hereunder, such party ("Indemnified Party") shall give reasonable written notice to the party from whom indemnification is claimed ("Indemnifying Party"). The Indemnifying Party shall be entitled, at the Indemnifying Party's sole expense and liability, to exercise full control of the defense, compromise or settlement of any such Action unless the Indemnifying Party, within a reasonable time after the giving of such notice by the Indemnified Party, shall (i) admit in writing to the Indemnified Party, the Indemnifying Party's liability to the Indemnified Party for such Action under the terms of this Section 6, (ii) notify the Indemnified Party in writing of the Indemnifying Party's intention to assume the defense thereof and (iii) retain legal counsel reasonably satisfactory to the Indemnified Party to conduct the defense of such Action. The Indemnified Party and the Indemnifying Party shall cooperate with the party assuming the defense, compromise or settlement of any such Action in accordance herewith in any manner that such party reasonably may request. If the Indemnifying Party so assumes the defense of any such Action, the Indemnified Party shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, but the fees and expenses of such counsel shall be the Indemnified Party's sole expense unless (i) the Indemnifying Party has agreed to pay such fees and

expenses, (ii) any relief other than the payment of money damages is sought against the Indemnified Party or (iii) the Indemnified Party shall have been advised by its counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Indemnifying Party, and in any such case the fees and expenses of such separate counsel shall be borne by the Indemnifying Party. No Indemnifying Party shall settle or compromise any such Action in which any relief other than the payment of money damages is sought against any Indemnified Party unless the Indemnified Party consents in writing to such compromise or settlement, which consent shall not be unreasonably

withheld. No Indemnified Party shall settle or compromise any such Action for which it is entitled to indemnification hereunder without the Indemnifying Party's prior written consent, unless the Indemnifying Party shall have failed, after reasonable notice thereof, to undertake control of such Action in the manner provided above in this Section 6.

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

7. Miscellaneous.

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

(i) if to GCI at:

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

(ii) if to MCI, at:

MCI Telecommunications Corporation
1801 Pennsylvania Avenue, NW
Washington, DC 20006
ATTN: Senior Vice President
and Chief Financial Officer
Telecopy: (202) 887-2195

with a copy to:

MCI Telecommunications Corporation
1133 19th Street, NW
Washington, DC 20036
ATTN: Office of the General Counsel

(iii) if to any Holder other than MCI, at the address provided to GCI (and if none provided, to MCI)

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

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

(c) Binding Effect; Benefit. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. Nothing in this Agreement, expressed or implied is intended to confer on any person other than the parties hereto or their respective successors and assigns (including, in the case of MCI, any successor or assign of MCI as the holder of

Registrable Shares), any rights, remedies, obligations or liabilities under or by reason of this Agreement, other than rights conferred upon indemnified persons under Section 6.

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

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

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

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

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

GENERAL COMMUNICATION, INC.

By
John M. Lowber, Senior Vice President

MCI TELECOMMUNICATIONS CORPORATION

By
Name:
Its

VOTING AGREEMENT

THIS VOTING AGREEMENT ("Agreement") is entered into effective on the day of , 1996, by and between Prime II Management, L.P. ("Prime"), as the designated agent for the parties named on Annex 1 attached hereto (collectively, "Prime Sellers"), MCI Telecommunications Corporation, Ronald A. Duncan, Robert M. Walp, and TCI GCI, Inc. (Prime, as designated agent for the Prime Sellers, "Duncan," "Walp," and "TCI GCI," respectively, or individually, "Party" and collectively, "Parties"), all of whom are shareholders of General Communication, Inc., an Alaska corporation ("GCI"), as identified in this Agreement.

WHEREAS, the Parties are as of the date of this Agreement, the owners of the amounts of GCI's Class A and Class B common stock as set forth in this Agreement;

WHEREAS, the Parties desire to combine their votes as shareholders of GCI in the election of certain positions of the Board of Directors ("Board") of GCI and specifically to vote on certain issues as set forth in this Agreement;

WHEREAS, the Parties desire to establish their mutual rights and obligations in regard to the Board and those certain issues to come before the shareholders or before the Board;

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained in this Agreement, the Parties agree as follows:

Section 1. Shares. The shares of GCI's Class A and Class B common stock subject to this Agreement will consist of those shares held by each Party as set forth in this Section 1 and any additional shares of GCI's voting stock acquired in any manner by any one or more of the Parties ("Shares"):

(1) Prime - ( ) shares of Class A common stock;

(2) MCI - 8,251,509 Shares of Class A common stock and 1,275,791 Shares of Class B common stock, which total to an aggregate of 21,009,419 votes for MCI;

(3) Duncan - 852,775 Shares of Class A common stock and 233,708 Shares of Class B common stock, which total to an aggregate of 3,189,855 votes for Duncan;

(4) Walp - 534,616 Shares of Class A common stock and 301,049 Shares of Class B common stock, which total to an aggregate of 3,545,106 votes for Walp; and

(5) TCI GCI - 590,043 Shares of Class B common stock, which totals to an aggregate of 5,900,430 votes for TCI GCI.

Section 2. Voting. (a) All of the Shares will, during the term of this Agreement, be voted as one block in the following matters:

(1) For so long as the full membership on the Board is at least eight, the election to the Board of individuals recommended by a Party ("Nominees"), with the allocation of such recommendations to be in the following amounts and by the following identified Parties:

(A) For recommendations from MCI, two Nominees;

(B) For recommendations from Duncan and Walp, one Nominee from each;

(C) For recommendations from TCI GCI, two Nominees; and

(D) For recommendations from Prime, two (2) nominees, for so long as (i) the Prime Sellers (and their distributees who agree in writing to be bound by the terms of this Agreement) collectively own at least ten percent of the issued and then-outstanding shares of GCI's Class A common stock, and (ii) that certain Management Agreement between Prime and GCI dated of even date herewith ("Prime Management Agreement") is in full force and effect. If either of these conditions are not satisfied, then Prime shall only be entitled to recommend one Nominee. If neither of these conditions are met, Prime shall not be entitled to recommend any Nominee at that time;

(2) To the extent possible, to cause the full membership of the Board to be maintained at not less than eight members;

(3) Other matters to which the Parties unanimously agree.

(b) The Parties will abide by the classification by the Board of a Nominee in accordance with the provisions for classification of the Board as set forth in Article V(b) of GCI's Articles of Incorporation and Section 2(b) of GCI's Article IV of Bylaws which classification was, as of the date of this Agreement, for Nominees allocated to MCI as follows: one in Class I and one in

Class III, and for Nominees allocated to Prime as follows: one in Class II and one in Class III, and for Nominees allocated to TCI GCI as follows: one in Class II and one in Class III.

(c) The Parties understand that to insure the election of their allocated Nominees, the Shares must constitute sufficient voting power to cause those elections and that as new shares are issued by GCI through the exercise of warrants and options,

acquisitions by employee benefit plans, or otherwise, the number of outstanding shares of voting common stock will increase, making the percentage which the Shares represent of the outstanding shares decrease.

(d) The Parties will take such action as is necessary to cause the election to the Board of each Party's Nominee(s).

Section 3. Manner of Voting. Votes, for purposes of this Section 3, will be as determined by written ballot upon each matter to be voted upon. Should such a matter require shareholder action, e.g., election of Nominees to the Board or should the Board choose to present the matter for shareholder consent, approval or ratification, such balloting must take place so that the results are received by GCI at its principal executive offices not less than 120 calendar days in advance of the date of GCI's proxy statement released to security holders in connection with the previous year's annual meeting of security holders.

Section 4. Limitation on Voting. Except as set forth in (a) of Section 2 of this Agreement, the Agreement will not extend to voting upon other questions and matters on which shareholders will have the right to vote under GCI's Articles of Incorporation, GCI's Bylaws of the Company, or the laws of the State of Alaska.

Section 5. Term of Agreement. (a) The term of this Agreement will be through the completion of the annual meeting of GCI's shareholders taking place in June, 2001 or until there is only one Party to the Agreement, whichever occurs first; provided that the Parties may extend the term of this Agreement only upon unanimous vote and written amendment to this Agreement.

(b) Except as provided in (a) and (d) of this Section 5, a Party (other than Prime) will be subject to this Agreement until the Party disposes of more than 25% of the votes represented by the Party's holdings of common stock which equates to the following (adjusted for stock splits) for each party:

1. MCI - 5,252,355 votes;

2. Duncan - 797,464 votes;

3. Walp - 886,277 votes; and

4. TCI GCI - 1,475,108 votes.

(c) Should one party dispose of an amount of its portion of the Shares in excess of the limit as set forth in (b) of this Section 5, each other Party will have the right to withdraw and terminate that Party's rights and obligations under this Agreement by giving written notice to the other Parties.

(d) Anything to the contrary in this Agreement notwithstanding each Party shall remain a Party to this Agreement with respect to its obligation to vote (a) for

Prime's Nominee(s) pursuant to Section 2(a)(1) above, and (b) to maintain at least an eight (8) member Board pursuant to Section 2(a)(2) above only, for so long as either (i) the Prime Sellers (and their distributees who agree in writing to be bound by the terms of this Agreement) collectively own at least ten percent (10%) of the issued and then-outstanding shares of GCI's Class A common stock or (ii) the Prime Management Agreement is in effect. Upon each request, Prime shall, within a reasonable period of time after delivery by GCI to Prime of GCI's shareholders list showing the number of shares of GCI common stock owned by each such shareholder, provide GCI with its certificate, in form and substance reasonably satisfactory to GCI, confirming the Prime Sellers' aggregate, then-current percentage ownership of GCI Class A common stock.

Section 6. Binding Effect. The Parties will, during the term of this Agreement, be fully subject to its provisions. There will be no prohibition against transfer or other assignment of Shares under the terms of this Agreement. Should a Party transfer or otherwise assign Shares, and the new holder of those Shares will not have any rights under, nor be subject to the

terms of, this Agreement, except that any assignee which is an affiliate or subsidiary entity of a Party shall be bound by, and have the benefits of, this Agreement; provided, however, that anything to the contrary in the foregoing notwithstanding, any distributee of a Prime Seller that agrees in writing to be bound by the terms of this Agreement will have rights under and be subject to the terms of this Agreement.

Section 7. GCI's Agreement. GCI agrees (i) to submit the Nominees selected pursuant to Section 2(a) above in its proxy materials delivered to GCI's shareholders in connection with each election of GCI directors; and (ii) not to take any action inconsistent with the agreements of the Parties set forth herein.

Section 8. Notices. Notices required or otherwise given under this Agreement will be given by hand delivery or certified mail to the following addresses, unless otherwise changed by a Party with notice to the other Parties:

To Prime:

Prime II Management, L.P.
600 Congress Avenue, Suite 3000
Austin, Texas 78701
Attn: President

With copies (which shall not constitute notice) to:

Edens Snodgrass Nichols & Breeland, P.C.
2800 Franklin Plaza
111 Congress Avenue
Austin, Texas 78701
ATTN: Patrick K. Breeland

To MCI:

MCI Telecommunications Corporation
1133 19th Street, N.W.
Washington, D.C. 20035
ATTN: Douglas Maine, Chief Financial Officer

To Duncan:

Ronald A. Duncan
President and Chief Executive Officer
General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503

To Walp:

Robert A. Walp
Vice Chairman
General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503

To TCI GCI :

Larry E. Romrell, President
TCI GCI, Inc.
5619 DTC Parkway
Englewood, Colorado 80111

Section 9. Performance. The Parties agree that damages are not an adequate remedy for a breach of the terms of this Agreement. Should a Party be in breach of a term of this Agreement, one or more of the other Parties may seek the specific performance or injunction of that Party under the terms of this Agreement by bringing an appropriate action in a court in Anchorage, Alaska.

Section 10. Governing Law. The terms of this Agreement will be governed by and construed in accordance with the laws of the State of Alaska.

Section 11. Amendments. This Agreement constitutes the entire Agreement between the Parties, and any amendment of it must be in writing and approved by all Parties.

Section 12. Group. Prior to a Party filing a Schedule 13D or an amendment to such a schedule pursuant to the Securities Exchange Act of 1934, the Party will provide a written notice to each of the other Parties within five days after the triggering event under that schedule and at least two days prior to the filing of that schedule or amendment, as the case may be, and further provide to any other Party any information or documentation reasonably requested by that Party in this regard.

Section 13. Termination of Prior Agreement. This Agreement supersedes and replaces in its entirety that certain Voting Agreement dated effective as of March 31, 1993, by and between MCI, Duncan, Walp and TCI GCI, as successor in interest to WestMarc Communications, Inc.

Section 14. Severability. If a court of competent jurisdiction finds any portion of this Agreement invalid or not enforceable, this Agreement shall be automatically reformed to carry out the intent of the Parties as nearly as possible without regard to the portion so invalidated. If this entire Agreement is determined to be limited in duration by a court of competent jurisdiction, the Parties agree to enter into a new Agreement which carries forward the intent of the Parties upon such termination.

IN WITNESS WHEREOF, the Parties set their hands to this Agreement, effective on the first date above written.

PRIME II MANAGEMENT, L.P.
By Prime II Management, Inc.
Its General Partner

By
Name:
Its:

MCI TELECOMMUNICATIONS CORPORATION

By
Name:
Its:

RONALD A. DUNCAN

ROBERT M. WALP

TCI GCI, INC.

By
Name:
Its:

GENERAL COMMUNICATION, INC.

By
Name:
Its:

EXHIBIT "D"
Form of Legal Opinion

[HARTIG, RHODES LETTERHEAD]

, 1996

Anchorage

MCI Telecommunications Corporation
1133 19th Street, NW

Washington, D.C. 20038

RE: Stock Purchase Agreement (the "Agreement") dated as of , 1996 between General Communication, Inc. (the "Company") and MCI Telecommunications Corporation (the "Purchaser")
Our File: 6552-35

Ladies and Gentlemen:

This opinion letter is delivered to you pursuant to Paragraph 8(c)(vii) of the Agreement. Capitalized terms used but not defined in this opinion letter have the meanings given to them in the Agreement.

We have acted as counsel to the Company in connection with the preparation and the execution and delivery of the Agreement and the related documents. In that capacity we have examined the Agreement and the related documents, including, but not limited to, the Registration Rights Agreement, dated of even date herewith, between the

Company and the Purchaser and the Voting Agreement, dated of even date herewith, by and between the Company, Prime II Management, L.P., as the designated agent, the Purchaser, Ronald A. Duncan, Robert M. Walp and TCI GCI, Inc. ("Related Agreements") and such other documents and records, and we have made such other investigations, as we have deemed necessary to enable us to state the opinions expressed below. As to certain factual matters, we have relied upon the representations of the Company and the Purchaser contained in the Agreement and upon certificates of officers of the Company and the Purchaser.

In such examination, we have assumed the genuineness and authenticity of all documents submitted to us as originals, the conformity with genuine and authentic originals of all documents submitted to us as copies, the genuineness of all signatures, the power and authority of each entity which may be a party thereto (other than the Company and its subsidiaries), the authority of each person signing for each such entity (other than the Company and its subsidiaries), and the due organization, existence, qualification and authorization to transact business of each such party (other than the Company and its subsidiaries).

This opinion letter is governed by, and shall be interpreted in accordance with, the Legal Opinion Accord (the "Accord") of the American Bar Association Section of Business Law (1991). As a consequence, it is subject to a number of qualifications, exceptions, definitions, limitations on coverage and other limitations, all as more particularly described in the Accord, and this opinion letter should be read in conjunction therewith. The law covered by the opinions expressed herein is limited to the federal law of the United States (except as provided in the Accord) as currently in effect, and the law of the State of Alaska (except as provided in the Accord) as currently in effect. Furthermore, we express no opinion with respect to: (i) matters governed by the Federal Communications Act of 1934, as amended, and the rules and regulations of the Federal Communications Commission thereunder; or (ii) matters governed by the Federal Aviation Act of 1958, as amended, and the rules and regulations of the Federal Aviation Administration thereunder.

On the basis of our examination and subject to stated qualifications, assumptions and limitations, in our opinion:

1. The Company and each of its subsidiaries are duly organized, validly existing and in good standing under the laws of the State of Alaska, have all requisite corporate power and authority to own their property as now owned and carry on their business as now conducted and are qualified to do business and is in good standing in each jurisdiction in which the conduct of their business or the ownership of their property requires such qualification, except, in each case, where the failure to qualify would not have a material adverse effect on the financial condition or operations of the Company or its subsidiary.

2. The Shares are duly authorized, validly issued, fully paid and nonassessable shares of Common Stock having the rights, preferences, privileges and restrictions set forth in the Articles of Incorporation, will not be subject to any preemptive rights, and, to our knowledge, will be free and clear of any security interest, lien, charge or encumbrance of any nature whatsoever.

3. The execution, delivery and performance by the Company of the Agreement and the Related Agreements are within the corporate powers of the Company, have been duly authorized by all necessary corporate action of the Company, and do not and will not conflict with or constitute a breach of the

terms, conditions or provisions of, or constitute a default under, its Articles of Incorporation and Bylaws or any material contract, undertaking, indenture or other agreement or instrument by which the Company is bound or to which it or any of its assets is subject.

4. The Company is not required, in connection with the execution, delivery, and performance of the Agreement and the Related Agreements to give any notice to or obtain any consent from any lender pursuant to any agreement or instrument for borrowed money of which we have knowledge and to which the Company is a party or by which the property of the Company is bound, except that consent to the issuance of the Shares is required from NationsBank of Texas, N.A. ("NationsBank"), as Administrative Lender under that certain Credit Agreement dated as of April 26, 1996, between GCI Communication Corp. and NationsBank.

5. Registration is not required under the Securities Act or the Alaska Securities Act of 1959, as amended, for the issuance and delivery of the Shares. In expressing the opinion set forth in the foregoing sentence, we have relied, without any independent investigation, on the representations of Purchaser set forth in Paragraphs 5 (c) and (d) of the Agreement and A.S. 45.55.900(b)(7). The applicable exemption from the registration requirements under the Securities Act is set forth in Section 4(2) of the Securities Act. We express no opinions as to the necessity of registering the Shares under the laws of any state, other than the State of Alaska, in connection with the transaction.

6. The Company is not required to make any filings with or give any notice to, or obtain any consents, approvals, or authorizations from, any governmental authority in connection with the execution, delivery and performance by the company of the Agreement and the Related Agreements. The execution, delivery, and performance by the Company of the Agreement and the Related Agreements, do not and will not violate any law, rule, regulation or order of any court or other governmental authority applicable to the Company.

7. The Agreement and the Related Agreements are the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as the enforceability of those agreements may be affected or

limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally or by general principles of equity, whether applied in a proceeding in equity or at law.

8. There is no pending, or to the best of our knowledge, threatened, judicial, administrative or arbitral action, suit, proceeding or claim against or investigation of the Company which questions the validity of the Agreement or the Related Agreements.

The opinions expressed above are subject to and qualified in all respects by the Accord and the following:

We have relied as to factual matters on the representations and warranties of the Company set forth in the Agreement, certificates of officers and other representatives of the Company and the following additional items, and have made no other investigation or inquiry as to such factual matters:

(a) Certificates from the State of Alaska as to the existence and good standing of the Company and its subsidiaries.

(b) Constituent Documents of the Company and its subsidiaries.

We have rendered the foregoing opinion as of the date hereof, and we do not undertake to supplement our opinion with respect to the factual matters or changes in the law which may hereafter occur.

You are hereby notified that (a) we do not consider you to be our client in the matters to which this opinion letter relates, (b) neither the Alaska Code of Professional Responsibility nor current case law clearly articulates the circumstances under which an attorney may give a legal opinion to a person other than the attorney's own client, (c) a court might determine that it is improper to us to issue, and for you to rely upon, a legal opinion issued by us when we have acted as counsel to the Company in connection with the transactions, and (d) you may wish to obtain a legal opinion from your own legal counsel as to the matters addressed in this opinion letter.

We express no opinions herein regarding the enforceability of provisions involving choices or conflicts of law or of provisions of the Registration Rights Agreement purporting to require indemnification of a party for its own action or inaction, to the extent the action or inaction involves negligence.

This opinion is given solely to you and may be relied upon by you only in connection with the Agreement and may not be used or relied upon by you or

any other person or entity for any other purposes whatsoever. This opinion letter may not be quoted, circulated or published, in whole or in part, or furnished to or relied upon by any other party, or otherwise referred to, or be filed with or furnished to any governmental

agency or other person or entity not involved in the Agreement without prior written consent.

Sincerely,

HARTIG, RHODES, NORMAN,
MAHONEY & EDWARDS, P.C.

By:
Robert B. Flint

SCHEDULE 4(c)(i)
GCI's Stock Option Plans, Warrants,
Rights or Convertible Securities

General Communication, Inc. Outstanding Options:

	No. of Shares	Exercise Price
Shares reserved for exercise of options issued pursuant to GCI's Incentive Stock Option Plan	2,233,734	$.75 to $4.50 per share
Shares to be issued pursuant to an option agreement with William C. Behnke, an Officer	85,190	$.001 per share
Shares to be Issued pursuant to an option agreement with John M. Lowber, an Officer	100,000	$.75 per share
Shares to be issued to MCI Telecommunications Corporation	2,000,000	$6.50 per share
Shares to be issued to Prime entities	11,800,000	$6.50 per share
Shares to be issued to Cooke entities	2,923,077	$6.50 per share
Shares to be issuable to the Rock entities pursuant to a $10,000,000 convertible note	1,538,462	$6.50 per share

NOTE: For additional details regarding GCI's Stock Option Plan, please refer to the footnotes in GCI's financial statements in its SEC Forms 10K and 10Q.

SCHEDULE 4(c)(ii)
Voting Agreements

There are no voting trusts or other agreements or understandings to which GCI or any subsidiary is a party, and to GCI's knowledge no other voting trusts exist with respect to the voting of the capital stock of GCI or any of its subsidiaries, except for (i) that Voting Agreement entered into as of March 31, 1993, by and between MCI Telecommunications Corporation ("MCI"), Ronald A. Duncan ("Duncan"), Robert M. Walp ("Walp"), and WestMarc Communications, Inc., all as shareholders of GCI; which is projected to be superseded and replaced in its entirety by (ii) that Voting Agreement to be entered into as of   , 1996, by and between Prime II Management, L.P., Prime Venture I Holdings, L.P., Prime Cable Growth Partners, L.P., Alaska Cable, Inc., MCI, Duncan, Walp, TCI GCI, Inc. and GCI.

SCHEDULE 4(c)(iii)
Outstanding Stock Liens

GCI owns the entire equity interest in each of its subsidiaries, and all the outstanding capital stock of each subsidiary of GCI are validly issued, fully paid and nonassessable and are owned by GCI free and clear of all liens, charges, preemptive rights, claims or encumbrances, except as follows:

1. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated as of May 14, 1993, as amended, holds the original Stock Certificates Nos. 1, 2 and 3, for One Thousand (1,000), One Hundred Thousand (100,000) and Ten Thousand (10,000) shares respectively, of Class A Common Stock of GCI Communication Corp. for security purposes only, not as purchaser. GCI is the owner of all of such One Hundred Eleven Thousand (111,000) shares of GCI Communication Corp. stock.

2. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated as of May 14, 1993, as amended, also holds the original Stock Certificate No. 1 for One Hundred (100) shares of GCI Communication Services, Inc., for security purposes only, not as purchaser. GCI is the owner of such One Hundred (100) shares.

3. National Bank of Alaska ("NBA"), as Lender under the Loan Agreement dated December 31, 1992, holds the original Stock Certificate No. 1 for One Hundred (100) shares of the Common Stock of GCI Leasing Co., Inc. for security purposes only, not as purchaser. GCI Communication Services, Inc., is the owner of such 100 shares. NationsBank of Texas, N.A., as Administrative Agent, holds a second lien on such shares.

SCHEDULE 4(h)
Pending Litigation

None.

SCHEDULE 4(l)
Contracts/Agreements to Acquire Equity
Interest in GCI or its Subsidiaries

1. The proposed Common A stock issuance to acquire (i) the ongoing cable television and cable television systems of Prime Cable of Alaska, L.P., pursuant to the terms of the Securities Purchase Agreement dated as of May 2, 1996, among General Communication, Inc., Prime Venture I Holdings, L.P., Prime Cable Growth Partners, L.P., Prime Venture II, L.P., Prime Cable Limited Partnership, Austin Ventures, L.P., William Blair Venture Partners III Limited Partnership, Centennial Fund, II, L.P., Centennial Fund III, L.P., Centennial Business Development Fund, Ltd., BancBoston Capital, Inc., First Chicago Investment Corporation, Madison Dearborn Partners, Prime II Management, L.P., Prime Cable of Alaska, L.P., Alaska Cable, Inc. and Prime Cable Fund I, Inc.

2. The proposed Common A stock issuance to acquire certain ongoing cable television business and cable television systems pursuant to the (i) Asset Purchase Agreements dated as of May 10, 1996, among General Communication, Inc. and McCaw/Rock Homer Cable Systems and McCaw/Rock Seward Cable System respectively; and (ii) the Asset Purchase Agreement, dated May 10, 1996, among General Communication, Inc. and Alaska Cablevision, Inc.

3. The proposed Common A stock issuance to acquire certain ongoing

cable television business and cable television systems pursuant to that Asset Purchase Agreement, dated as of April 15, 1996, among General Communication, Inc., Alaskan Cable Network/Fairbanks, Inc., Alaskan Cable Network/Juneau, Inc. and Alaskan Cable Network/Ketchikan-Sitka, Inc.

SCHEDULE 4(m)(ii)
Requests for Collective Bargaining

None.

SCHEDULE 4(p)
Asset Liens

GCI and its subsidiaries have good title to all material assets on the Balance Sheet, except as set forth in paragraph 4(p)(i) through (iv) of the MCI Stock Purchase Agreement, and except as follows:

1. To secure a debt in the current principal amount of $30,100,000. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated April 26, 1996, holds a security position on substantially all of GCI's and GCI Communication Corp.'s property and equipment, including, without limitation, the stock listed in Schedule 4(c)(iii) hereof, all of GCI Communication Corp.'s fixtures as a transmitting utility on all of its real properties and leasehold estates located both in Alaska and Washington.

2. To secure a debt in the current principal amount of $7,595,595, National Bank of Alaska, as Lender under the Loan Agreement dated December 31, 1992, holds a security interest in GCI Communication Corp.'s undersea fiber operations, as well as a security interest in the lease payments from MCI.

3. There is a capital lease in the current principal amount of $766,049; RDB Partnership holds title to the building occupied by GCI Communication Corp.

4. There is a capital lease in the current principal amount of $143,973; the National Bank of Alaska Leasing Co. holds title to GCI Communication Services, Inc.'s shared hub assets and contract proceeds. However, GCISI has an option to acquire those assets at the end of the capital lease's term.

SCHEDULE 4(q)
Material Contracts

The following is a complete listing of all contracts and agreements existing on the date hereof for GCI and/or its subsidiaries which (i) are with any customer which accounted for greater than 2% of GCI's or any of its subsidiary's revenues for the year ended 12/31/95; (ii) involve contracts that call for annual aggregate expenditures by GCI of greater than $5,000,000; or (iii) involve contracts that call for aggregate expenditures by GCI during the remainder of their respective terms in excess of $10,000,000:

1. Customers which account for greater than 2% of GCI or any of its subsidiary's revenues for the year ended 12/31/95.

a. GCI Communication Services, Inc.: 2% Floor is approx. greater than $20,000/year: Chevron Shared Hub contract; est. $880,000 annual revenues.

b. GCI Communication Corp.: 2% Floor is approx. greater than $1,538,000/year:

i. Carrier Agreement with MCI Telecommunications Corporation;
ii. Service Agreement with US Sprint Communications Company Limited Partnership of Delaware; and
iii. Agreement with British Petroleum.

c. General Communication, Inc. and GCI Leasing Co., Inc.: None.

2. Contracts calling for annual aggregate expenditures by GCI or its subsidiaries of greater than $5,000,000 annually or for aggregate expenditures by GCI during the remainder of their respective terms of greater than $10,000,000.

a. GCI and GCI Communication Corp.:

i. NationsBank of Texas, N.A. These entities owe the current principal amount of $ 30,100,000 to NationsBank of Texas, N.A. as Administrative Agent under the Credit Agreement dated April 26, 1996.

ii. National Bank of Alaska. GCI Communication Corp. owes the current principal amount of $7,595,595, National Bank of

Alaska, as Lender under the Loan Agreement dated December 31, 1992, relating to its undersea fiber operations.

iii. MCI Telecommunications Corporation. The lease agreement between MCI and GCI Leasing Company, Inc., dated December 31, 1992, will result in payments exceeding $10 Million over its term.

iv. Scientific-Atlanta, Inc. The Company's 1996 commitment under its equipment purchase contract with Scientific-Atlanta, Inc. exceeds $5,000,000.

v. Hughes Communications Galaxy, Inc. 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 will exceed $5 Million and the remaining commitment will exceed $10 Million.

SCHEDULE 4(q)(i)
Existing Defaults

None.

SCHEDULE 4(r)(v)
Environmental Notices

None.

SCHEDULE 4(s)
Tax Audits

GCI's 1993 federal income tax return was selected for examination by the Internal Revenue Service ("IRS") during 1995. The examination commenced during the fourth quarter of 1995 and was completed in March, 1996. GCI has received a letter from the agent conducting the examination indicating that no changes are proposed or required.

The IRS is in the process of reviewing GCI's compliance with the federal excise tax on telecommunication services. No substantive issues have been raised at this time.

The Washington State Department of Revenue has notified GCI that it intends to conduct an audit in July, 1996, of Washington state sales, use and business occupation taxes for the period of January, 1992 through March, 1996.

Management believes these examinations will not result in material adjustments and will not have a material impact on GCI's financial statements.

MCI's OFFICER'S CERTIFICATE
(Section 8(b)(iii))

In compliance with Section 8(b)(iii) of the Stock Purchase Agreement dated , 1996, between GENERAL COMMUNICATION, INC. ("GCI") and MCI TELECOMMUNICATIONS CORPORATION ("Agreement") I, the undersigned, certify as follows:

1. I am the duly appointed and acting of MCI and I am authorized to execute this Certificate.

2. The Final Closing Date as defined in the Agreement is , 1996.

3. This representations of MCI set forth in the Agreement are true and correct in all material respects as of the date when made and (unless made as of a specified date) are true and correct in all material respects as if made as of the Final Closing Date.

4. MCI has performed in all material respects its agreements contained in the Agreement required to be performed at or prior to the Final Closing Date.

Dated this day of , 1996.

MCI TELECOMMUNICATIONS CORPORATION

By:
Name:
Its:

GCI's OFFICER'S CERTIFICATE
(Section 8(c)(i), (ii), (iii), (viii) and (ix))

In compliance with Section 8(c)(i), (ii), (iii), (viii) and (ix) of the Stock Purchase Agreement dated , 1996, between GENERAL COMMUNICATION, INC. ("GCI") and MCI TELECOMMUNICATIONS CORPORATION ("Agreement") I, John M. Lowber, certify as follows:

1. I am the duly appointed and acting Secretary of GCI authorized to execute this Certificate.

2. The Final Closing Date as defined in the Agreement is , 1996.

3. This representations of GCI set forth in the Agreement are true and correct in all material respects as of the date when made and (unless made as of a specified date) are true and correct in all material respects as if made as of the Final Closing Date.

4. GCI has performed in all material respects its agreements contained in the Agreement required to be performed at or prior to the Final Closing Date.

5. All applicable consents and approvals (including those of the FCC and any applicable Public Utility Commission which are necessary to consummate the transactions contemplated by the Agreement have been obtained.

6. Attached hereto is a complete copy of a resolution duly adopted by the board of directors of GCI authorizing and approving the execution of the Agreement and the consummation of the transactions contemplated by the Agreement.

Dated this day of , 1996.

GENERAL COMMUNICATION, INC.

By:
John M. Lowber, Secretary

EXHIBIT 2.8

STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement ("Agreement"), dated as of September 13, 1996, is between General Communication, Inc., an Alaska corporation ("GCI"), and MCI Telecommunications Corporation, a Delaware corporation ("MCI").

1. Agreement to Purchase and Sell Shares. On the terms and subject to the conditions contained in this Agreement, on the Final Closing Date, as defined below, GCI agrees to sell to MCI, and MCI agrees to purchase from GCI, two million (2,000,000) shares of GCI's Class A Common Stock ("Shares"). On the Final Closing Date, GCI shall deliver to MCI certificates representing the Shares. The Final Closing Date ("Final Closing Date") shall occur on the fifth (5th) business day after which all franchise transfer and other regulatory consents have been obtained which are required for the full performance of the Securities Purchase and Sale Agreement dated effective as of May 2, 1996 for the purchase and sale of Prime Cable of Alaska, L.P., Alaska Cable, Inc. and Prime Cable Fund I, Inc. (the "Prime SPA").

2. Purchase Price. The purchase price payable for the Shares shall be Thirteen Million Dollars $13,000,000.00 ("Purchase Price"). On the Final Closing Date MCI shall pay to GCI the Purchase Price by wire transfer of immediately available funds to a GCI designated account.

3. Closing. Unless this Agreement and the transactions contemplated hereby shall have been terminated, the closing ("Closing") of this Agreement shall take place at the offices of Hartig, Rhodes, Norman, Mahoney & Edwards, P.C., 717 K Street, Anchorage, Alaska 99501 on or before the fifth (5th) business day following the latest of (i) the full consummation and performance of the Prime SPA, or (ii) the last condition precedent set forth in Section 8 shall have been satisfied or waived, or at such other time or place as MCI and GCI shall mutually agree in writing.

4. Representations and Warranties of GCI. GCI represents and warrants to MCI as follows:

a) Due Organization and Qualification. GCI and each of its subsidiaries are corporations duly organized, validly existing and in good standing under the laws of their respective jurisdictions of incorporation, with corporate power and authority to own, lease and operate their respective properties and to conduct their respective businesses as they are now owned, leased and operated, and conducted. Each of GCI and its subsidiaries is duly qualified as a foreign corporation to do business, and is in good standing, in each jurisdiction where the character of its properties owned or held under lease or the nature of its activities makes such qualification necessary,

except where the failure so to qualify would not have a material adverse effect on GCI and its subsidiaries taken as a whole.

b) Authorization. GCI has the requisite corporate power to enter into this Agreement and to perform its obligations hereunder. The execution and delivery by GCI of, and the performance by GCI of its obligations under this Agreement have been duly authorized by all requisite corporate action of GCI, and this Agreement is a valid and binding agreement of GCI, enforceable against GCI in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally, or by the principles governing the availability of equitable remedies. None of the execution and delivery by GCI of this Agreement, the issuance and sale by GCI of the Shares, the consummation of the transactions contemplated hereby, or the compliance by GCI with the terms, conditions and provisions hereof, will conflict with or result in a breach or violation of any of the terms, conditions, or provisions of GCI's articles of incorporation or by-laws or of any material agreement or instrument to which GCI is a party or by which GCI or any of its material properties may be bound, or constitute, with or without the provision of notice or the passage of time, or both, a default or create a right of termination, cancellation or acceleration thereunder, or result in the creation or imposition of any security interest, mortgage, lien, charge or encumbrance of any nature whatsoever upon GCI or any of its material properties or assets.

c) Capital Stock. As of the date hereof and after the issuance of the Shares as contemplated by this Agreement, the authorized and issued and outstanding capital stock of GCI will be as set forth on the attached Exhibit A, except for such changes (i) resulting from the exercise of stock options, (ii) the purchase of shares contemplated herein, and (iii) the purchase and sale of securities in connection with the Cable Acquisitions (as defined below)..

All of the outstanding shares of Class A Common Stock and Class B Common Stock

listed on the Exhibit A have been or when issued, will be validly issued and outstanding, fully paid, nonassessable and not entitled to any preemptive rights. Except as set forth on Schedule 4(c)(i), there are currently outstanding no options, warrants, rights or convertible securities or other agreements or commitments of any character providing for the issuance of capital stock of GCI or any of its subsidiaries. Except as set forth on the attached Schedule 4(c)(ii), there are no voting trusts and other agreements or understandings to which GCI or any subsidiary is a party, and to GCI's knowledge, no other voting trusts exist with respect to the voting of the capital stock of GCI or any of its subsidiaries.

Except as set forth on the attached Schedule 4(c)(iii), GCI owns the entire equity interest in each of its subsidiaries, and all the outstanding capital stock of each subsidiary of GCI are validly issued, fully paid and nonassessable and are owned by GCI free and clear of all liens, charges, preemptive rights, claims or encumbrances.

d) Issuance of Shares. The Shares, when sold and delivered by GCI to MCI pursuant to this Agreement, will have been duly authorized and validly issued, and will be fully paid and non-assessable, not subject to any preemptive rights and free and clear of any security interest, lien, charge or encumbrance of any nature whatsoever.

e) SEC Reports. GCI has timely filed all forms, reports, statements and schedules with the Commission required to be filed by it pursuant to the Securities Exchange Act of 1934, as amended ("Exchange Act") or other federal securities laws since June 30, 1993, and has heretofore delivered to MCI (in the form filed with the Commission), together with any amendments or supplements thereto, including superseding amendments, its (i) Annual Reports on Form 10-K for the fiscal years ended December 31, 1994 and December 31, 1995, (ii) all definitive proxy statements relating to GCI's meetings of stockholders (whether annual or special) held since March 31, 1993 as filed with the Securities and Exchange Commission ("Commission"), and (iii) all other reports or registration statements filed by GCI pursuant to the Exchange Act and the Securities Act of 1933, as amended ("Securities Act") since March 31, 1993 (collectively, "SEC Reports"). The SEC Reports (i) were prepared in compliance with the applicable requirements of the Securities Act or the Exchange Act, as the case may be, and (ii) did not as of their respective dates contain any untrue statement of material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading. None of the subsidiaries of GCI is required to file any reports, statements, forms or other documents with the Commission.

f) Financial Statements. The audited financial statements of GCI included or incorporated by reference in the SEC Reports and the unaudited interim monthly financial statements for periods subsequent to such audited financial statements (collectively, including the footnotes thereto, "Financial Statements") are correct and complete, were prepared in accordance with generally accepted accounting principles applied on a consistent basis ("GAAP") (except as otherwise stated in the Financial Statements or in the related reports of GCI's independent accountants) and present fairly the consolidated financial position of GCI and its subsidiaries as of the dates thereof, and the results of operations, changes in financial position and the statements of stockholders' equity of GCI and its subsidiaries on a consolidated basis for the periods indicated. No event has occurred since the preparation of the Financial Statements that would require a restatement of the Financial Statements under GAAP. GCI has received no notice of any fact which may form a basis for any claim by a third party which, if asserted, could result in liability affecting GCI not disclosed by or reserved against in GCI's most recent balance sheet. The Financial Statements reflect and at the Closing Date will reflect, the interest of GCI in the assets, liabilities and operations of all subsidiaries of GCI.

Neither GCI nor any of its subsidiaries has any material liability, obligation or commitment of any nature whatsoever (whether known or unknown, due or to become due, accrued, fixed, contingent, liquidated, unliquidated, or otherwise) other than liabilities, obligations or commitments (i) which are accrued or reserved against in the consolidated balance sheet of GCI and its consolidated subsidiaries ("Balance Sheet") as of December 31, 1995 or reflected in the notes thereto, (ii) which (x) arose in the ordinary course of business since such date and (y) do not or would not individually or in the aggregate have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole, or (iii) which are the type that would not be required to be reflected on a consolidated balance sheet of GCI and its subsidiaries or in the notes thereto if such balance sheet were prepared in accordance with GAAP as of the date hereof or as at the Closing Date, as the case may be. From the date of the most recent balance sheet included in the Financial Statements to and including the date hereof, (i) GCI's business has

been operated only in the ordinary course, (ii) GCI has not sold or disposed of any assets other than in the ordinary course of business, (iii) there has not occurred any material adverse change or event in GCI's business, operations, assets, liabilities, financial condition or results of operations compared to the business, operations, assets, liabilities, financial condition or results of operations reflected in the Financial Statements, and (iv) there has not occurred any theft, damage, destruction or loss which has had a material adverse effect on GCI.

g) Related Transactions. Since the date of GCI's 1995 Proxy Statement to the date hereof, GCI has not entered into or otherwise become obligated with respect to any transactions which would require a disclosure pursuant to Item 404 of Regulation S-K in accordance with Items 7(b) or (c) of Schedule 14A under the Exchange Act were GCI to distribute a proxy statement as of the date hereof and the Closing Date.

h) Litigation. Except as set forth on Schedule 4(h), there is no claim, suit, action, governmental investigation or proceeding pending or, to the knowledge of GCI, threatened against or affecting GCI or any of its subsidiaries which (i) seek to restrain or enjoin the consummation of the transactions contemplated by this Agreement, or (ii) if decided adversely to GCI or such subsidiary would have, or would be likely to have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. There is no outstanding order, writ, injunction or decree or, to the knowledge of GCI, any claim or investigation of any court, governmental agency or arbitration tribunal materially and adversely affecting or which can reasonably be expected to materially and adversely affect GCI, any of its subsidiaries, or their respective properties, assets or businesses, franchises, licenses or permits under which they operate, or their ability to operate their respective businesses in the ordinary course.

i) Governmental. No governmental consent, approval, hearing, filing, registration or other action, including the passage of time, is necessary for the

execution and delivery of this Agreement, the issuance and sale of the Shares, or the consummation of the transactions contemplated by this Agreement, other than (i) any applicable consents and/or approvals of the Federal Communications Commission ("FCC"), and (ii) any applicable filings with and consents and/or approvals of state public service commissions, public utility commissions or similar state regulatory bodies ("Public Utility Commissions") under state public utility statutes and similar laws.

j) Absence of Certain Changes. Since December 31, 1995, (i) there has not occurred or arisen any event having, and neither GCI nor any of its subsidiaries has suffered, a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole, (ii) GCI and its subsidiaries have conducted their businesses only in the ordinary course, consistent with past practices, and (iii) neither GCI nor any of its subsidiaries has taken any actions described in Sections 7 a) through e).

k) Fees. Neither GCI nor any of its subsidiaries has paid or become obligated to pay any fee, commission to any broker, finder or intermediary in connection with the transactions contemplated by this Agreement.

l) Certain Agreements. Except as set forth on the attached Schedule 4(l), there are no contracts, agreements, arrangements or understandings to which GCI or any of its subsidiaries, officers, agents or representatives is a party, that create, govern or purport to govern the right of another party to acquire GCI or an equity interest in GCI, or any subsidiary of GCI, or to increase any such equity interest.

m) Labor Relations. Neither GCI nor any of its subsidiaries is a party to any collective bargaining agreement. Since March 31, 1993, neither GCI nor any of its subsidiaries has (i) had any employee strikes, work stoppages, slowdowns or lockouts, or (ii) except as set forth on the attached Schedule 4(m)(ii), received any request for certification of bargaining units or any other requests for collective bargaining.

n) Licenses. GCI and its subsidiaries have all permits, licenses, waivers, authorizations, approvals and certificates of public convenience and necessity ("Licenses") (including, without limitation, Licenses by the FCC and Public Utility Commissions) which are necessary for GCI and its subsidiaries to conduct their operations in the manner heretofore conducted, except for Licenses, the failure of which to obtain would not have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. No event has occurred, been initiated or threatened with respect to the Licenses which permits, or after notice or lapse of time or both would permit, revocation or termination thereof or would result in any material impairment of the rights of the holder of any of the Licenses except for revocations, terminations or impairments that would not, in the aggregate, have a material adverse effect on the business, properties or

financial condition of GCI and its subsidiaries taken as a whole.

o) Employee Benefit Plans. Each employee benefit plan, as such term is defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), of GCI or any subsidiary of GCI ("Pension Plan") and each other employee benefit plan within the meaning of ERISA (collectively with the Pension Plans, ("Plans") complies in all material respects with all applicable requirements of ERISA and the Internal Revenue Code of 1986, as amended ("Code"), and other applicable laws. None of the Plans is a multi-employer plan, as such term is defined in Section 3(37) of ERISA. Each Pension Plan which is intended to be qualified under Section 401(a) of the Code has been determined by the Internal Revenue Service to be qualified and nothing has occurred since the date of any such determination or application which would adversely affect such qualification. Neither GCI nor any subsidiary of GCI, nor any Plan nor any of their respective directors, officers, employees or agents has, with respect to any Plan, engaged in any "prohibited transaction," as such term is defined in Section 4975 of the Code or Section 406 of ERISA, which could result in any taxes or penalties or other liabilities under Section 4975 of the Code or Section 502(i) of ERISA, except taxes, penalties or liabilities which in the aggregate would not have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. No liability to the Pension Benefit Guaranty Corporation has been incurred with respect to any Pension Plan that has not been satisfied in full. No Pension Plan has incurred an "accumulated funding deficiency" within the meaning of the Code. There has been no "reportable event" within the meaning of Section 4043 of ERISA with respect to any Pension Plan. All amounts required by the provisions of any Pension Plan to be contributed have been so contributed.

p) Property and Leases. Except as set forth on the attached Schedule 4(p), GCI and its subsidiaries have good title to all material assets reflected on the Balance Sheet except for (i) liens for current taxes and assessments not yet past due, (ii) inchoate mechanics' and materialmens' liens for construction in progress, (iii) workers', repairmens', warehousemens' and carriers' liens arising out of the ordinary course of business, and (iv) all matters of record, liens and imperfections of title and encumbrances which matters, liens and imperfections would not, in the aggregate, have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole.

q) Material Agreements. Schedule 4(q) attached hereto sets forth a complete listing of all contracts and agreements existing on the date hereof to which GCI or any of its subsidiaries is a party or by which any of their respective properties or assets is bound other than contracts for services purchased under tariffs, which (i) are with any customer which accounted for more than two percent of GCI or any of its subsidiary's revenues for the year ended December 31, 1995, (ii) involve contracts that call for annual aggregate expenditures by GCI in excess of $5,000,000, or (iii) involve contracts that call for aggregate expenditures by GCI during the remainder of their respective term in excess of $10,000,000. All such contracts and agreements

are valid and binding, in full force and effect and enforceable against the parties thereto in accordance with their respective terms. Except as set forth on the attached Schedule 4(q)(i), to GCI's knowledge, there is not under any such contract or agreement any existing default, or event which, after notice of lapse of time, or both, would constitute a default, by GCI or any of its subsidiaries or any other party.

r) Compliance with Laws.

(i) GCI is in material compliance with all applicable laws, rules, regulations, orders, ordinances, and codes of the United States of America, its territories and possessions, and of any state, county, municipality, or other political subdivision or any agency of any of the foregoing having jurisdiction over GCI's business and affairs.

In General.

GCI has constructed, maintained and operated, and is constructing, maintaining and operating, its business (including, without limitation, the real property owned or leased by GCI ("GCI's Real Property")) in material compliance with all applicable laws including the Communications Act, the rules and regulations of the FCC, the APUC (in each case as the same are currently in effect);

(i) All reports, notices, forms and filings, and all fees and payments, required to be given to, filed with, or paid to, any governmental authority by GCI under all applicable laws have been timely and properly given and made by GCI, and are complete and accurate in all material

respects, in each case as required by applicable law;

(ii) GCI has not received any notice (written or oral) from any governmental authority or any other Person that it, or its ownership and operation of its business is in material violation of any applicable law, and GCI knows of no basis for the allegation of any such violations; and

(iii) GCI has complied in all material respects with all applicable legal requirements relating to the employment of labor, including ERISA, continuation coverage requirements with respect to group health plans, and those relating to wages, hours, unemployment compensation, worker's compensation, equal employment opportunity, age and disability discrimination, immigration control and the payment and withholding of taxes, and no reportable event, within the meaning of Title IV of ERISA, has occurred and is continuing with respect to any "employee benefit plan" or "multiemployer plan" (as those terms are defined in ERISA) maintained by GCI or its affiliates (as defined in Section 407(d)(7) of ERISA). No prohibited transaction, within the meaning of Title I of ERISA, has occurred with respect to any such employee benefit plan or multiemployer plan, and no material accumulated funding deficiency (as defined

in Title I of ERISA) or withdrawal liability (as defined in Title IV of ERISA) exists with respect to any such employee benefit plan or multiemployer plan.

(iv) To GCI's knowledge, except as set forth in Schedule 4(r)(v): (i) GCI has not received any notice (written or oral) from any governmental authority or other Person that the Person giving such notice is investigating whether, or has determined that there are, any violations of Environmental Laws by GCI, or violations of Environmental Law due to activities on, or affecting, or related to GCI's Real Property, (ii) none of GCI's Real Property has previously been used by any Person for the generation, production, emission, manufacture, handling, processing, treatment, storage, transportation, disposal or discharge of any Hazardous Substances, (iii) GCI has not used, generated, produced, emitted, manufactured, handled, possessed, treated, stored, transported, disposed or discharged, and does not presently use, generate, produce, emit, manufacture, handle, possess, treat, store, transport, dispose or discharge, any Hazardous Substances on, into or from GCI's Real Property, (iv) GCI is in compliance in all material respects with all laws applicable to its own (as distinguished from other Persons') use, generation, production, emission, manufacturing, treatment, storage, transportation, disposal, and discharge of any Hazardous Substances on, into or from GCI's Real Property, (v) there are no above ground or underground storage tanks, or any Equipment containing polychlorinated biphenyls, on GCI's Real Property, (vi) no release of Hazardous Substances outside GCI's Real Property has entered or threatens to enter any of GCI's Real Property, nor is there any pending or threatened claim based on Environmental Laws which arises from any condition of the land surrounding any of GCI's Real Property, (vii) no Real Property has been used at any time as a gasoline service station or any other facility for storing, pumping, dispensing or producing gasoline or any other petroleum products or wastes, (viii) no building or other structure on any of GCI's Real Property contains asbestos, and (ix) there are no incinerators, septic tanks or cesspools on GCI's Real Property and all waste is discharged into a public sanitary sewer system. GCI has provided MCI with complete and correct copies of (A) all studies, reports, surveys or other materials in GCI's possession or of which GCI has knowledge and to which GCI has access relating to the presence or alleged presence of Hazardous Substances at, on or affecting GCI's Real Property, (B) all notices or other materials in GCI's possession or of which GCI has knowledge and to which GCI has access that were received from any governmental authority having the power to administer or enforce any Environmental Laws relating to current or past ownership, use or operation of the real property or activities at or affecting GCI's Real Property and (C) all materials in GCI's possession or to which GCI has access relating to any claim, allegation or action by any private third party under any Environmental Law. The representations and warranties in this Section 4(r) are the only representations and warranties given by GCI with respect to the Environmental Law compliance of GCI and its business.

s) Tax Returns and Other Reports. GCI has duly and timely filed in proper form all federal, state, local, and foreign, income, franchise, sales, use,

property, excise, payroll, and other tax returns and other reports (whether or not relating to taxes) required to be filed by law with the appropriate governmental authority, and, to the extent applicable, has paid or made provision for payment of all taxes, fees, and assessments of whatever nature including penalties and interest, if any, which are due with respect to any aspect of its business or any of its properties. Except as set forth on Schedule 4(s), there are no tax audits pending and no outstanding agreements or waivers

extending the statutory period of limitations applicable to any relevant tax return.

t) Transfer Taxes. There are no sales, use, transfer, excise, or license taxes, fees, or charges applicable with respect to the transactions contemplated by this Agreement.

u) Disclosure. No written statement in this Agreement or in any agreement or other document delivered pursuant to this Agreement by or on behalf of GCI contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading. None of the periodic filings made by GCI with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, since January 1, 1995, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

v) Investment Company. GCI is not an "investment company" or a company "controlled" by an investment company within the meaning of the Investment Company Act of 1940, as amended (the "Act"), and GCI has not relied on rule 3a-2 under the Act as a means of excluding it from the definition of an "investment company" under the Act at any time within the three (3) year period preceding the Closing Date.

w) No Insolvency. As of even date and as of the Closing Date, GCI is not and shall not be insolvent.

5. Representations and Warranties of MCI. MCI represents and warrants to GCI as follows:

a) Due Organization. MCI is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, with corporate power to own its properties and to conduct its business as now owned and conducted.

b) Authorization. MCI has the requisite corporate power to enter into this Agreement and to perform its obligations hereunder. The execution and delivery by MCI of, and the performance by MCI of its obligations under this Agreement have been duly authorized by all requisite corporate action of MCI and this Agreement

is a valid and binding agreement of MCI, enforceable against MCI in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally or by the principles governing the availability of equitable remedies.

c) Purchase for Investment; Existing Shareholder. MCI is purchasing the Shares for investment for its own account and not with a view to or for sale in connection with any distribution thereof within the meaning of the Securities Act. MCI is an existing security holder of shares of issued and outstanding common stock of GCI and no commission or other remuneration shall be paid by MCI, directly or indirectly, in connection with MCI's purchase of Shares.

d) No Registration of Shares. MCI understands that (i) the Shares have not been registered under the Securities Act or under any state securities laws and are being issued in reliance on the exemptions from the registration and prospectus delivery requirements of the Securities Act which are set forth in Sections 4(2) and 4(6) of the Securities Act and the regulations promulgated thereunder and in reliance on exemptions from the registration requirements of applicable state securities laws; and (ii) the Shares cannot be transferred without compliance with the registration requirements of the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available, and (iii) the reliance of GCI upon the aforesaid exemptions is predicated in part upon MCI's representations and warranties.

e) Residence. The jurisdiction in which MCI's principal executive offices are located is in the District of Columbia.

f) Accredited Investor. MCI is an "accredited investor" as defined in Rule 501 promulgated under the Securities Act.

g) Availability of Information. GCI has made available to MCI the opportunity to ask questions of, and to receive answers from, GCI's officers and directors, and any other person acting on their behalf, concerning the terms and conditions of this Agreement and the transactions contemplated herein and to obtain any other information requested by MCI to the extent GCI possesses such information or can acquire it without unreasonable effort or expense. MCI has been afforded the opportunity to inspect, and to have its auditors or other agents inspect, the books and records of GCI. The

furnishing of such information, the opportunity to inspect and any inspection so undertaken by MCI shall not affect MCI's right to rely on the representations and warranties of GCI set forth in this Agreement.

h) Disclosure. No written statement in this Agreement or in any agreement or other document delivered pursuant to this Agreement by or on behalf of MCI contains any untrue statement of a material fact or omits to state a material fact

necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading.

i) Investment Company. MCI is not an "investment company" or a company "controlled" by an investment company within the meaning of the Investment Company Act of 1940, as amended (the "Act"), and MCI has not relied on rule 3a-2 under the Act as a means of excluding it from the definition of an "investment company" under the Act at any time within the three (3) year period preceding the Closing Date.

j) No Insolvency. As of even date and as of the Closing Date, MCI is not and shall not be insolvent.

6. Restrictive Legend. The certificates representing the Shares shall bear a legend substantially to the effect of the following:

> "The securities represented by this certificate have been issued without registration under the Securities Act of 1933, as amended, or any state securities laws and may not be offered, sold or otherwise disposed of, unless the securities are registered under such act and applicable state securities laws or exemptions from the registration requirements thereof are available for the transaction."

7. Additional Agreements. During the period from the date of this Agreement to the Final Closing Date:

a) Interim Operations. GCI shall, and shall cause its subsidiaries to, conduct their respective business only in the ordinary course, and maintain, keep and preserve their respective assets and properties in good condition and repair, ordinary wear and tear excepted.

b) Certificate and By-laws. GCI shall not, and shall not permit any of its subsidiaries to, make or propose any change or amendment in their respective Certificates of Incorporation or By-laws.

c) Capital Stock. Except in connection with the Cable Acquisitions (as defined below), GCI shall not, and shall not permit any of its subsidiaries to, issue, pledge or sell any shares of capital stock or any other securities of any of them or issue any securities convertible into, or exchangeable for or representing the right to purchase or receive, or enter into any contract with respect to the issuance of, any shares of capital stock or any other securities of any of them (other than pursuant to this Agreement or the exercise of stock options outstanding on the date hereof), or enter into any contract with respect to the purchase or voting of shares of their capital stock or

adjust, split, combine, reclassify any of their securities, or make any other material changes in their capital structures.

d) Dividends. GCI shall not declare, set aside, pay or make any dividend or other distribution or payment (whether in cash, stock or property) with respect to, or purchase or redeem, any shares of capital stock.

e) Assets; Mergers; Etc. GCI shall not, and shall not permit any of its subsidiaries to, encumber, sell, lease or otherwise dispose of or acquire any material assets, or encumber, sell, lease or otherwise dispose of assets having a value in excess of $3,000,000 in the aggregate, or enter into any merger or other agreement providing for the acquisition of any material assets of GCI or any of its subsidiaries by any third party or acquire (by merger, consolidation, or acquisition of stock or assets) any corporation, partnership or other business organization or division thereof or enter any contract, agreement, commitment or arrangement to do any of the foregoing, except under: (i) the Prime SPA, (ii) the Alaskan Cable Network Asset Purchase Agreement, dated April 15, 1996, and (iii) the Alaska Cablevision, Inc. and McCaw/Rock Associates Asset Purchase Agreements, dated May 10, 1996 ((i), (ii) and (iii) above collectively, "Cable Acquisitions").

f) Access to Information. GCI shall, and shall cause its subsidiaries, officers, directors, employees and agents-to, afford MCI

access at all reasonable times to their officers, employees, agents, properties, books, records and contracts, and shall furnish MCI all financial, operating and other data and information as MCI may reasonably request.

g) Certain Filings, Consents and Arrangements. MCI and GCI shall (i) cooperate with one another in promptly (x) determining whether any filings are required to be made or consents, approvals, permits or authorizations are required to be obtained under any federal or state law or regulation or any consents, approvals or waivers are required to be obtained from other parties to loan agreements or other contracts material to GCI's business in connection with the transaction contemplated by this Agreement, and (y) making any such filings, furnishing information required in connection therewith and seeking timely response to obtain any such consents, permits, authorizations, approvals or waivers; and (ii) as promptly as practicable, file with the Federal Trade Commission and the Department of Justice the notification and report forms, if required.

h) Amendments to Prime SPA. GCI shall not amend, modify or alter, in any manner whatsoever, the Prime SPA without the prior written consent of MCI.

8. Conditions.

a) Conditions to Obligations of MCI and GCI. The obligations of MCI and GCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The consummation of the transactions contemplated by this Agreement shall not be precluded by any order, decree or preliminary or permanent injunction of a federal or state court of competent jurisdiction; and

(ii) The consummation of the transactions contemplated under the Prime SPA.

b) Conditions to Obligations of GCI. The obligations of GCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The representations of MCI set forth in this Agreement shall have been true and correct in all material respects when made and (unless made as of a specified date) shall be true and correct in all material respects as if made as of the Final Closing Date;

(ii) MCI shall have performed in all material respects its agreements contained in this Agreement required to be performed at or prior to the Final Closing Date;

(iii) GCI shall have received a certificate of an officer of MCI, dated as of the Final Closing Date, certifying as to the fulfillment of the matters contained in paragraphs (i) and (ii) of this Section 8 b); and

(iv) GCI shall have received from MCI the amount of $13,000,000.00 by wire transfer of immediately available funds.

c) Conditions to Obligations of MCI. The obligations of MCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The representations of GCI set forth in this Agreement shall have been true and correct in all material respects when made and (unless made as of a specified date) shall be true and correct in all material respects as if made as of the Final Closing Date;

(ii) GCI shall have performed in all material respects its agreements contained in this Agreement required to be performed at or prior to the Final Closing Date;

(iii) All applicable consents and approvals (including those of the FCC and any applicable Public Utility Commission) which are necessary to consummate the transactions contemplated by this Agreement, shall have been obtained;

(iv) MCI shall have received from GCI certificates representing the Shares, registered in MCI's name and with all the

necessary documentary stock transfer stamps annexed thereto;

(v) MCI shall have received a certified copy of GCI's articles of incorporation and by-laws, as amended as of the Final Closing Date and a certificate of good standing for GCI from its jurisdiction of incorporation dated as of a date on or after January 1, 1996;

(vi) MCI shall have received (a) the Registration Rights Agreement attached as Exhibit B executed by a duly authorized officer of GCI dated as of the Final Closing Date, and (b) the Voting Agreement attached as Exhibit C executed by a duly authorized officer of all the parties thereto dated as of the Final Closing Date;

(vii) MCI shall have received an opinion of Hartig, Rhodes, Norman, Mahoney & Edwards, P.C., counsel to GCI, dated as of the Final Closing Date in the form of Exhibit D;

(viii) MCI shall have received a certificate of the Secretary or Assistant Secretary of GCI, dated as of the Final Closing Date, certifying that attached thereto is a complete copy of a resolution duly adopted by the board of directors of GCI authorizing and approving the execution of this Agreement and the consummation of the transactions contemplated by this Agreement;

(ix) MCI shall have received a certificate of an officer of GCI, dated as of the Final Closing Date, certifying as to the fulfillment of the matters contained in paragraphs (i) through (iii) of this Section 8 c);

(x) the Prime SPA shall not have been amended, modified or altered without the prior written consent of MCI; and

(xi) GCI shall not have issued, in the aggregate, more than 18,000,000 shares of its Class A Common Stock in connection with the Cable Acquisitions and the price per share for any share of Class A Common Stock issued in connection therewith shall have been at least $6.50.

9. Termination. This Agreement and the transactions contemplated hereby may be terminated at any time prior to the Closing Date:

a) by the mutual written consent of MCI and GCI;

b) by MCI and GCI if either is prohibited by an order or injunction (other than an injunction on a temporary or preliminary basis) of a court of competent jurisdiction from consummating the transactions contemplated by this Agreement and all means of appeal and all appeals from such order or injunction have been finally exhausted;

c) by MCI or GCI if the Final Closing Date shall not have occurred on or before December 31, 1996; provided, however, that the right to terminate under this paragraph c) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause of the failure of the Closing to occur on or before such date.

In the event of termination, no party hereto shall have any liability or further obligation to the other party hereto, except that nothing herein will relieve any party from any breach of this Agreement.

10. Survival of Representations, Warranties and Covenants. All representations, warranties and covenants contained herein shall survive the execution of this Agreement and the consummation of the transactions contemplated hereby.

11. Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. MCI shall have the right to assign to any direct or indirect subsidiary of MCI or its parent, MCI Communications Corporation, any and all rights and obligations of MCI under this Agreement.

12. Notices. Any notice or other communication provided for herein or given hereunder to a party hereto shall be in writing and shall be given by personal delivery, by telex, telecopier or by mail (registered or certified mail, postage prepaid, return receipt requested) to the respective parties as follows:

If to GCI:

General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503
Attn: Chief Financial Officer

If to MCI:

MCI Telecommunications Corporation
1801 Pennsylvania Avenue, NW
Washington, DC 20006
Attn: Vice President Corporate Development

With a copy to:

MCI Telecommunications Corporation
1133 19th Street, NW
Washington, DC 20036
Attn: Office of the General Counsel (0596/003)

or to such other address with respect to a party as such party shall notify the other in writing. Any such notice shall be deemed given upon receipt.

13. Amendment; Waiver. This Agreement may not be amended except by a writing duly signed by the parties. No party may waive any of the terms or conditions of this Agreement except by a duly signed writing referring to the specific provision to be waived.

14. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Alaska, without regard to the conflict of laws and rules thereof.

15. Entire Agreement. This Agreement (including the Exhibits and Schedules hereto) constitutes the entire agreement with respect to the transactions contemplated hereby, and supersedes all other and prior agreements and understandings, both written and oral, among the parties to this Agreement.

16. Expenses. Each party hereto shall pay its own expenses incident to preparing for, entering into and carrying out this Agreement and the consummation of the transactions contemplated hereby.

17. Captions. The Section and Paragraph captions herein are for convenience only, do not constitute part of this Agreement, and shall not be deemed to limit or otherwise affect any of the provisions hereof.

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

19. Cable Acquisitions. GCI agrees that it will not, at any time, issue, in the aggregate, more than 18,000,000 shares of its Class A Common Stock in connection with the Cable Acquisitions and the price per share for any share of Class A Common Stock issued in connection therewith shall have been at least $6.50.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered on the day and year first written above.

GENERAL COMMUNICATION, INC.

By /s/
John M. Lowber
Its: Senior Vice President

MCI TELECOMMUNICATIONS
CORPORATION

By /s/
Name:
Its:

<TABLE>

ATTACHMENT
Table of Contents

<CAPTION>
<S> <C>
I..

Exhibit A	-	Capital Stock	550
Exhibit B	-	Registration Rights Agreement	551
Exhibit C	-	Voting Agreement	564
Exhibit D	-	Opinion of Hartig Rhodes Norman Mahoney & Edwards, P.C.	571

II...

Schedule 4(c)(i)	-	Options, Warrants, Rights or Convertible Securities	576
Schedule 4(c)(ii)	-	Voting Agreements	577
Schedule 4(c)(iii)	-	Ownership and Outstanding Capital Stock of each GCI subsidiary	578
Schedule 4(h)	-	Pending Litigation	579
Schedule 4(l)	-	Equity Agreements	580
Schedule 4(m)(ii)	-	Collective Bargaining Requests	581
Schedule 4(p)	-	Asset Liens	582
Schedule 4(q)	-	Material Contracts	583
Schedule 4(q)(i)	-	Existing Defaults	585
Schedule 4(r)(v)	-	Environmental Notices	586
Schedule 4(s)	-	Tax Audits	587

III...

Section 8(b)(iii)	-	MCI's Officer's Certificate	588
Section 8((c)(i)	-	GCI's Officer's Certificate	589
Section 8(c)(ii)	-	GCI's Officer's Certificate	589
Section 8(c)(iii)	-	GCI's Officer's Certificate	589
Section 8(c)(viii)	-	GCI's Officer's Certificate	589
Section 8(c)(ix)	-	GCI's Officer's Certificate	589

</TABLE>

EXHIBIT A
Capital Stock

As of the date hereof and after the issuance of the Shares as contemplated by this Agreement, the authorized and issued and outstanding capital stock of GCI will be as follows, except for such changes resulting from the exercise of stock options, warrants and common stock contemplated herein:

	Authorized Shares
Class A Common	50,000,000
Class B Common	10,000,000
Preferred	1,000,000

	Issued Shares As of 07/15/96	After Issuance of MCI Shares	After Issuance of Prime/Rock/Cooke Shares
Class A Common	19,768,1501 (1)	21,768,1501	38,029,1501
Class B Common	4,159,657	4,159,657	4,159,657
Preferred	-0-	-0-	-0-

- ------------------------
(1) Includes 120,111 treasury shares.

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement ("Agreement"), dated as of this day of , 1996, is between General Communication, Inc., an Alaska corporation ("GCI"), and MCI Telecommunications Corporation, a Delaware corporation ("MCI").

RECITALS

A. MCI has acquired Two Million (2,000,000) shares of GCI's Class A Common Stock, no par value. All such shares of GCI's Class A Common Stock which MCI now owns and any securities issued in exchange for or in respect of such stock, whether pursuant to a stock dividend, stock split, stock reclassification or otherwise are collectively referred to in this Agreement as the "Registrable Shares."

B. GCI desires to grant registration rights to MCI and any successor or assign of MCI as the holder of all or any portion of the Registrable Shares. MCI and such successors and assigns are referred to in this Agreement as the "Holders," or, individually as a "Holder."

AGREEMENT

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

1. Demand Registration.

(a) Following the expiration of a one hundred eighty (180) day "stand still period" after the date hereof and then only if required to permit resales of the Registrable Shares by Holders, Holders shall at any time and from time to time, have the right to require registration under the Securities Act of 1933, as amended ("Securities Act"), of all or any portion of the Registrable Shares on the terms and subject to the conditions set forth in this Agreement.

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

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

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

(e) Notwithstanding the foregoing, GCI shall not be obligated to effect a registration pursuant to this Section 1 during the period starting with the date sixty (60) days prior to GCI's estimated date of filing of, and ending on a date six (6) months following the effective date of, a registration statement pertaining to an underwritten public offering of equity

securities for GCI's account, provided that (i) GCI is actively employing in good faith all reasonable efforts to cause such registration statement to become effective and that GCI's estimate of the date of filing on such registration statement is made in good faith, and (ii) GCI shall furnish to the Holders a certificate signed by GCI's President stating that in the Board of Directors' good-faith judgment, it would be seriously detrimental to GCI or its shareholders for a Registration Statement to be filed in the near future; and in such event, GCI's obligations to file a Registration Statement shall be deferred for a period not to exceed six (6) months.

2. Incidental Registration. Each time that GCI proposes to register any of its equity securities under the Securities Act (other than a registration effected

solely to implement an employee benefit or stock option plan or to sell shares obtained under an employee benefit or stock option plan or a transaction to which Rule 145 or any other similar rule of the Commission under the Securities Act is applicable), GCI will give written notice to the Holders of its intention to do so. Each of the Selling Holders may give GCI a written request to register all or some of its Registrable Shares in the registration described in GCI's written notice as set forth in the foregoing sentence, provided that such written request is given within twenty (20) days after receipt of any such GCI notice. Such request will state (i) the amount of Registrable Shares to be disposed of and the intended method of disposition of such Registrable Shares, and (ii) any other information GCI reasonably requests to properly effect the registration of such Registrable Shares. Upon receipt of such request, GCI will use its best efforts promptly to cause all such Registrable Shares intended to be disposed of to be registered under the Securities Act so as to permit their sale or other disposition (in accordance with the intended methods set forth in the request for registration), unless the sale is a firmly underwritten public offering and GCI determines reasonably and in good faith in writing that the inclusion of such securities would adversely affect the offering or materially increase the offering's costs. In which case such securities and all other securities to be registered, other than those to be offered for GCI's account, shall be excluded to the extent the underwriter determines. The total number of secondary shares included in such registration shall be shared pro rata by all security holders having contractual registration rights based upon the amount of GCI's securities requested by such security holders to be sold thereunder. GCI's obligations under this Section 2 shall apply to a registration to be effected for securities to be sold for GCI's account as well as a registration statement which includes securities to be offered for the account of other holders of GCI equity securities having contractual registration rights; however, the registration rights granted pursuant to the provisions of this Section 2 are subject to the registration rights granted by GCI pursuant to (a) the Registration Rights Agreement dated as of January 18, 1991, between GCI and WestMarc Communications, Inc., (b) the Registration Rights Agreement dated as of March 31, 1993, between GCI and MCI, (c) the Registration Rights Agreement of even date between GCI and the owners of Prime Cable of Alaska, L.P., (d) the Registration Rights Agreement of even date between GCI and the owners of Alaskan Cable Network, Inc., and (e) the Registration Rights Agreement of even date between GCI and the owners of Alaska Cablevision, Inc., the effect of which agreements is that all parties hereto and thereto have pro rata piggy-back registration rights.

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

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

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

attorneys and accountants, and all transfer taxes and brokerage and underwriters' discounts and commissions directly attributable to the Registrable Shares being offered and sold by such Selling Holder.

4. Limitations on Registration Rights. Notwithstanding the provisions of Section 1 of this Agreement, GCI shall not be required to effect any registration under that Section if (i) the request(s) for registration cover an aggregate number of Registrable Shares having an aggregate Market Value of less than One Million Five Hundred Thousand Dollars ($1,500,000.00) as of the date of the last of such requests, (ii) GCI has previously filed two (2) registration statements under the Securities Act pursuant to Section 1, (iii) GCI, in order to comply with such request, would be required to (A) undergo a special interim audit or (B) prepare and file with the Commission, sooner than would otherwise be required, pro forma or other financial statements relating to any proposed transaction, or (iv) if, in the opinion of counsel to GCI, the form of which opinion of counsel shall be acceptable to the Holders, a registration is not required in order to permit resale by Holders. The first demand registration under this Agreement may be requested only by the Holders of a minimum of thirty percent (30%) of the Registrable Shares. "Market Value" as used in this Agreement shall mean, as to each class of Registrable Shares at any date, the average of the daily closing prices for such class of Registrable Shares, for the ten (10) consecutive trading days before the day in question. The closing price for shares of such class for each day shall be the last reported sale price regular way, or, in case no such reported sale takes place on such day, the average of the reported closing bid and asked prices regular way, in either case on the composite tape, or if the shares of such class are not quoted on the composite tape, on the principal United States securities exchange registered under the Securities Exchange Act of 1934, as amended ("Exchange Act"), on which shares of such class are listed or admitted to trading, or if they are not listed or admitted to trading on any such exchange, the closing sale price (or the average of the quoted closing bid and asked price if no sale is reported) as reported by the National Association of Securities Dealers Automated Quotation System ("NASDAQ") or any comparable system, or if the shares

of such class are not quoted on NASDAQ or any comparable system, the average of the closing bid and asked prices as furnished by any market maker in the securities of such class who is a member of the National Association of Securities Dealers, Inc., or in the absence of such closing bid and asked price, as determined by such other method as GCI's Board of Directors shall from time to time deem to be fair.

5. Obligations with Respect to Registration.

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

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

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

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

(iv) Furnish at GCI's expense to the Selling Holders such number of copies of a preliminary, final, supplemental or amended

prospectus, in conformity with the requirements of the Securities Act and the rules and regulations

promulgated thereunder, as may reasonably be required in order to facilitate the disposition of the Registrable Shares covered by a Registration Statement, but only while GCI is required under the provisions hereof to cause a Registration Statement to remain effective; and

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

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

(vii) Cause all such Registrable Shares to be listed on each securities exchange on which similar securities issued by GCI are then listed and to be qualified for trading on each system on which similar securities issued by GCI are from time to time qualified;

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

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

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

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

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

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

efforts to promptly obtain the withdrawal of such order.

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

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

(ii) During such time as the Selling Holder may be engaged in a distribution of the Registration Shares, such Selling Holder shall comply with Rules 10b-2, 10b-6 and 10b-7 promulgated under the Exchange Act and pursuant thereto it

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

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

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

6. Indemnification.

(a) By GCI. In the event of any registration under the Securities Act of any Registrable Shares pursuant to this Agreement, GCI shall indemnify and hold harmless any Selling Holder, any underwriter of such Selling Holder, each officer, director, employee or agent of such Selling Holder, and each other person, if any, who controls such Selling Holder or underwriter within the meaning of Section 15 of the Securities Act, against any losses, costs, claims, damages or liabilities, joint or several (or actions in respect thereof) ("Losses"), incurred by or to which each such indemnified party may become subject, under the Securities Act or otherwise, but only to the extent such Losses arise out of or based upon (i) any untrue statement or alleged untrue statement of any material fact contained, on the effective date thereof, in any Registration Statement under which such Registrable Shares were registered under the Securities Act, in any preliminary prospectus (if used prior to the effective date of such Registration Statement) or in any final prospectus or in any post effective amendment or supplement thereto (if used during the period GCI is required to keep the Registration Statement effective) ("Disclosure Documents"), (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading or (iii) any violation of any federal or state securities laws or rules or regulations thereunder committed by GCI in connection with the performance of its obligations under this Agreement; and GCI will reimburse each such indemnified party for all legal or other expenses reasonably incurred by such party

in connection with investigating or defending any such claims, including, subject to such indemnified party's compliance with the provisions of the last sentence of subsection (c) of this Section 6, any amounts paid in settlement of any litigation, commenced or threatened, so long as GCI's counsel agrees with the reasonableness of such settlement; provided, however, that GCI shall not be liable to an indemnified party in any such case to the extent that any such Losses arise out of or are based upon (i) an untrue statement or alleged untrue statement or omission or alleged omission (x) made in any such Disclosure

Documents in reliance upon and in conformity with written information furnished to GCI by or on behalf of such indemnified party specifically for use in the preparation thereof, (y) made in any preliminary or summary prospectus if a copy of the final prospectus was not delivered to the person alleging any loss, claim, damage or liability for which Losses arise at or prior to the written confirmation of the sale of such Registrable Shares to such person and the untrue statement or omission concerned had been corrected in such final prospectus or (z) made in any prospectus used by such indemnified party if a court of competent jurisdiction finally determines that at the time of such use such indemnified party had actual knowledge of such untrue statement or omission or (ii) the delivery by an indemnified party of any prospectus after such time as GCI has advised such indemnified party in writing that the filing of a post-effective amendment or supplement thereto is required, except the prospectus as so amended or supplemented, or the delivery of any prospectus after such time as GCI's obligation to keep the same current and effective has expired.

(b) By the Selling Holders. In the event of any registration under the Securities Act of any Registrable Shares pursuant to this Agreement, each Selling Holder shall, and shall cause any underwriter retained by it who participates in the offering to agree to, indemnify and hold harmless GCI, each of its directors, each of its officers who have signed the Registration Statement and each other person, if any, who controls GCI within the meaning of Section 15 of the Securities Act, against any Losses, joint or several, incurred by or to which such indemnified party may become subject under the Securities Act or otherwise, but only to the extent such Losses arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in any of the Disclosure Documents or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading, if the statement or omission was in reliance upon and in conformity with written information furnished to GCI by such indemnifying party specifically for use in the preparation thereof, (ii) the delivery by such indemnifying party of any prospectus after such time as GCI has advised such indemnifying party in writing that the filing of a post-effective amendment or supplement thereto is required, except the prospectus as so amended or supplemented, or after such time as the obligation of GCI to keep the Registration Statement effective and current has expired or (iii) any violation by such indemnifying party of its obligations under Section 5(b) of this Agreement or any information given or representation made by such indemnifying party in connection with the sale of the Selling Holder's Registrable Shares which is not contained in and not in conformity with the prospectus (as amended or

supplemented at the time of the giving of such information or making of such representation); and each Selling Holder shall, and shall cause any underwriter retained by it who participates in the offering to agree to, reimburse each such indemnified party for all legal or other expenses reasonably incurred by such party in connection with investigating or defending any such claim, including, subject to such indemnified party's compliance with the provisions of the last sentence of subsection (c) of this Section 6, any amounts paid in settlement of any litigation, commenced or threatened; provided, however, that the indemnity agreement contained in this Section 6(b) shall not apply to amounts paid in settlement of any loss, claim, damage, liability or action arising pursuant to a registration if such settlement is effected without the consent of Selling Holder; and provided further, that no Selling Holder shall be required to undertake liability under this Section 6(b) for any amounts in excess of the proceeds to be received by such Selling Holder from the sale of its securities pursuant to such registration, as reduced by any damages or other amounts that such Selling Holder was otherwise required to pay hereunder.

(c) Third Party Claims. Promptly after the receipt by any party hereto of notice of any claim, action, suit or proceeding by any person who is not a party to this Agreement (collectively, an "Action") which is subject to indemnification hereunder, such party ("Indemnified Party") shall give reasonable written notice to the party from whom indemnification is claimed ("Indemnifying Party"). The Indemnifying Party shall be entitled, at the Indemnifying Party's sole expense and liability, to exercise full control of the defense, compromise or settlement of any such Action unless the Indemnifying Party, within a reasonable time after the giving of such notice by the Indemnified Party, shall (i) admit in writing to the Indemnified Party, the Indemnifying Party's liability to the Indemnified Party for such Action under the terms of this Section 6, (ii) notify the Indemnified Party in writing of the Indemnifying Party's intention to assume the defense thereof and (iii) retain legal counsel reasonably satisfactory to the Indemnified Party to conduct the defense of such Action. The Indemnified Party and the Indemnifying Party shall cooperate with the party assuming the defense, compromise or settlement of any such Action in accordance herewith in any manner that such party reasonably may request. If the Indemnifying Party so assumes the defense of any such Action, the Indemnified Party shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, but the fees and expenses of such counsel shall be the Indemnified Party's sole expense unless (i) the Indemnifying Party has agreed to pay such fees and

expenses, (ii) any relief other than the payment of money damages is sought against the Indemnified Party or (iii) the Indemnified Party shall have been advised by its counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Indemnifying Party, and in any such case the fees and expenses of such separate counsel shall be borne by the Indemnifying Party. No Indemnifying Party shall settle or compromise any such Action in which any relief other than the payment of money damages is sought against any Indemnified Party unless the Indemnified Party consents in writing to such compromise or settlement, which consent shall not be unreasonably

withheld. No Indemnified Party shall settle or compromise any such Action for which it is entitled to indemnification hereunder without the Indemnifying Party's prior written consent, unless the Indemnifying Party shall have failed, after reasonable notice thereof, to undertake control of such Action in the manner provided above in this Section 6.

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

7. Miscellaneous.

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

(i) if to GCI at:

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

(ii) if to MCI, at:

MCI Telecommunications Corporation
1801 Pennsylvania Avenue, NW
Washington, DC 20006
ATTN: Senior Vice President
and Chief Financial Officer
Telecopy: (202) 887-2195

with a copy to:

MCI Telecommunications Corporation
1133 19th Street, NW
Washington, DC 20036
ATTN: Office of the General Counsel

(iii) if to any Holder other than MCI, at the address provided to GCI (and if none provided, to MCI)

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

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

(c) Binding Effect; Benefit. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. Nothing in this Agreement, expressed or implied is intended to confer on any person other than the parties hereto or their respective successors and assigns (including, in the case of MCI, any successor or assign of MCI as the holder of

Registrable Shares), any rights, remedies, obligations or liabilities under or by reason of this Agreement, other than rights conferred upon indemnified persons under Section 6.

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

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

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

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

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

GENERAL COMMUNICATION, INC.

By
John M. Lowber, Senior Vice President

MCI TELECOMMUNICATIONS CORPORATION

By
Name:
Its

VOTING AGREEMENT

THIS VOTING AGREEMENT ("Agreement") is entered into effective on the day of , 1996, by and between Prime II Management, L.P. ("Prime"), as the designated agent for the parties named on Annex 1 attached hereto (collectively, "Prime Sellers"), MCI Telecommunications Corporation, Ronald A. Duncan, Robert M. Walp, and TCI GCI, Inc. (Prime, as designated agent for the Prime Sellers, "Duncan," "Walp," and "TCI GCI," respectively, or individually, "Party" and collectively, "Parties"), all of whom are shareholders of General Communication, Inc., an Alaska corporation ("GCI"), as identified in this Agreement.

WHEREAS, the Parties are as of the date of this Agreement, the owners of the amounts of GCI's Class A and Class B common stock as set forth in this Agreement;

WHEREAS, the Parties desire to combine their votes as shareholders of GCI in the election of certain positions of the Board of Directors ("Board") of GCI and specifically to vote on certain issues as set forth in this Agreement;

WHEREAS, the Parties desire to establish their mutual rights and obligations in regard to the Board and those certain issues to come before the shareholders or before the Board;

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained in this Agreement, the Parties agree as follows:

Section 1. Shares. The shares of GCI's Class A and Class B common stock subject to this Agreement will consist of those shares held by each Party as set forth in this Section 1 and any additional shares of GCI's voting stock acquired in any manner by any one or more of the Parties ("Shares"):

(1) Prime - ( ) shares of Class A common stock;

(2) MCI - 8,251,509 Shares of Class A common stock and 1,275,791 Shares of Class B common stock, which total to an aggregate of 21,009,419 votes for MCI;

(3) Duncan - 852,775 Shares of Class A common stock and 233,708 Shares of Class B common stock, which total to an aggregate of 3,189,855 votes for Duncan;

(4) Walp - 534,616 Shares of Class A common stock and 301,049 Shares of Class B common stock, which total to an aggregate of 3,545,106 votes for Walp; and

(5) TCI GCI - 590,043 Shares of Class B common stock, which totals to an aggregate of 5,900,430 votes for TCI GCI.

Section 2. Voting. (a) All of the Shares will, during the term of this Agreement, be voted as one block in the following matters:

(1) For so long as the full membership on the Board is at least eight, the election to the Board of individuals recommended by a Party ("Nominees"), with the allocation of such recommendations to be in the following amounts and by the following identified Parties:

(A) For recommendations from MCI, two Nominees;

(B) For recommendations from Duncan and Walp, one Nominee from each;

(C) For recommendations from TCI GCI, two Nominees; and

(D) For recommendations from Prime, two (2) nominees, for so long as (i) the Prime Sellers (and their distributees who agree in writing to be bound by the terms of this Agreement) collectively own at least ten percent of the issued and then-outstanding shares of GCI's Class A common stock, and (ii) that certain Management Agreement between Prime and GCI dated of even date herewith ("Prime Management Agreement") is in full force and effect. If either of these conditions are not satisfied, then Prime shall only be entitled to recommend one Nominee. If neither of these conditions are met, Prime shall not be entitled to recommend any Nominee at that time;

(2) To the extent possible, to cause the full membership of the Board to be maintained at not less than eight members;

(3) Other matters to which the Parties unanimously agree.

(b) The Parties will abide by the classification by the Board of a Nominee in accordance with the provisions for classification of the Board as set forth in Article V(b) of GCI's Articles of Incorporation and Section 2(b) of GCI's Article IV of Bylaws which classification was, as of the date of this Agreement, for Nominees allocated to MCI as follows: one in Class I and one in

Class III, and for Nominees allocated to Prime as follows: one in Class II and one in Class III, and for Nominees allocated to TCI GCI as follows: one in Class II and one in Class III.

(c) The Parties understand that to insure the election of their allocated Nominees, the Shares must constitute sufficient voting power to cause those elections and that as new shares are issued by GCI through the exercise of warrants and options,

acquisitions by employee benefit plans, or otherwise, the number of outstanding shares of voting common stock will increase, making the percentage which the Shares represent of the outstanding shares decrease.

(d) The Parties will take such action as is necessary to cause the election to the Board of each Party's Nominee(s).

Section 3. Manner of Voting. Votes, for purposes of this Section 3, will be as determined by written ballot upon each matter to be voted upon. Should such a matter require shareholder action, e.g., election of Nominees to the Board or should the Board choose to present the matter for shareholder consent, approval or ratification, such balloting must take place so that the results are received by GCI at its principal executive offices not less than 120 calendar days in advance of the date of GCI's proxy statement released to security holders in connection with the previous year's annual meeting of security holders.

Section 4. Limitation on Voting. Except as set forth in (a) of Section 2 of this Agreement, the Agreement will not extend to voting upon other questions and matters on which shareholders will have the right to vote under GCI's Articles of Incorporation, GCI's Bylaws of the Company, or the laws of the State of Alaska.

Section 5. Term of Agreement. (a) The term of this Agreement will be through the completion of the annual meeting of GCI's shareholders taking place in June, 2001 or until there is only one Party to the Agreement, whichever occurs first; provided that the Parties may extend the term of this Agreement only upon unanimous vote and written amendment to this Agreement.

(b) Except as provided in (a) and (d) of this Section 5, a Party (other than Prime) will be subject to this Agreement until the Party disposes of more than 25% of the votes represented by the Party's holdings of common stock which equates to the following (adjusted for stock splits) for each party:

1. MCI - 5,252,355 votes;

2. Duncan - 797,464 votes;

3. Walp - 886,277 votes; and

4. TCI GCI - 1,475,108 votes.

(c) Should one party dispose of an amount of its portion of the Shares in excess of the limit as set forth in (b) of this Section 5, each other Party will have the right to withdraw and terminate that Party's rights and obligations under this Agreement by giving written notice to the other Parties.

(d) Anything to the contrary in this Agreement notwithstanding each Party shall remain a Party to this Agreement with respect to its obligation to vote (a) for

Prime's Nominee(s) pursuant to Section 2(a)(1) above, and (b) to maintain at least an eight (8) member Board pursuant to Section 2(a)(2) above only, for so long as either (i) the Prime Sellers (and their distributees who agree in writing to be bound by the terms of this Agreement) collectively own at least ten percent (10%) of the issued and then-outstanding shares of GCI's Class A common stock or (ii) the Prime Management Agreement is in effect. Upon each request, Prime shall, within a reasonable period of time after delivery by GCI to Prime of GCI's shareholders list showing the number of shares of GCI common stock owned by each such shareholder, provide GCI with its certificate, in form and substance reasonably satisfactory to GCI, confirming the Prime Sellers' aggregate, then-current percentage ownership of GCI Class A common stock.

Section 6. Binding Effect. The Parties will, during the term of this Agreement, be fully subject to its provisions. There will be no prohibition against transfer or other assignment of Shares under the terms of this Agreement. Should a Party transfer or otherwise assign Shares, and the new holder of those Shares will not have any rights under, nor be subject to the

terms of, this Agreement, except that any assignee which is an affiliate or subsidiary entity of a Party shall be bound by, and have the benefits of, this Agreement; provided, however, that anything to the contrary in the foregoing notwithstanding, any distributee of a Prime Seller that agrees in writing to be bound by the terms of this Agreement will have rights under and be subject to the terms of this Agreement.

Section 7. GCI's Agreement. GCI agrees (i) to submit the Nominees selected pursuant to Section 2(a) above in its proxy materials delivered to GCI's shareholders in connection with each election of GCI directors; and (ii) not to take any action inconsistent with the agreements of the Parties set forth herein.

Section 8. Notices. Notices required or otherwise given under this Agreement will be given by hand delivery or certified mail to the following addresses, unless otherwise changed by a Party with notice to the other Parties:

To Prime:

Prime II Management, L.P.
600 Congress Avenue, Suite 3000
Austin, Texas 78701
Attn: President

With copies (which shall not constitute notice) to:

Edens Snodgrass Nichols & Breeland, P.C.
2800 Franklin Plaza
111 Congress Avenue
Austin, Texas 78701
ATTN: Patrick K. Breeland

To MCI:

MCI Telecommunications Corporation
1133 19th Street, N.W.
Washington, D.C. 20035
ATTN: Douglas Maine, Chief Financial Officer

To Duncan:

Ronald A. Duncan
President and Chief Executive Officer
General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503

To Walp:

Robert A. Walp
Vice Chairman
General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503

To TCI GCI :

Larry E. Romrell, President
TCI GCI, Inc.
5619 DTC Parkway
Englewood, Colorado 80111

Section 9. Performance. The Parties agree that damages are not an adequate remedy for a breach of the terms of this Agreement. Should a Party be in breach of a term of this Agreement, one or more of the other Parties may seek the specific performance or injunction of that Party under the terms of this Agreement by bringing an appropriate action in a court in Anchorage, Alaska.

Section 10. Governing Law. The terms of this Agreement will be governed by and construed in accordance with the laws of the State of Alaska.

Section 11. Amendments. This Agreement constitutes the entire Agreement between the Parties, and any amendment of it must be in writing and approved by all Parties.

Section 12. Group. Prior to a Party filing a Schedule 13D or an amendment to such a schedule pursuant to the Securities Exchange Act of 1934, the Party will provide a written notice to each of the other Parties within five days after the triggering event under that schedule and at least two days prior to the filing of that schedule or amendment, as the case may be, and further provide to any other Party any information or documentation reasonably requested by that Party in this regard.

Section 13. Termination of Prior Agreement. This Agreement supersedes and replaces in its entirety that certain Voting Agreement dated effective as of March 31, 1993, by and between MCI, Duncan, Walp and TCI GCI, as successor in interest to WestMarc Communications, Inc.

Section 14. Severability. If a court of competent jurisdiction finds any portion of this Agreement invalid or not enforceable, this Agreement shall be automatically reformed to carry out the intent of the Parties as nearly as possible without regard to the portion so invalidated. If this entire Agreement is determined to be limited in duration by a court of competent jurisdiction, the Parties agree to enter into a new Agreement which carries forward the intent of the Parties upon such termination.

IN WITNESS WHEREOF, the Parties set their hands to this Agreement, effective on the first date above written.

PRIME II MANAGEMENT, L.P.
By Prime II Management, Inc.
Its General Partner

By
Name:
Its:

MCI TELECOMMUNICATIONS CORPORATION

By
Name:
Its:

RONALD A. DUNCAN

ROBERT M. WALP

TCI GCI, INC.

By
Name:
Its:

GENERAL COMMUNICATION, INC.

By
Name:
Its:

EXHIBIT "D"
Form of Legal Opinion

[HARTIG, RHODES LETTERHEAD]

, 1996

Anchorage

MCI Telecommunications Corporation
1133 19th Street, NW

Washington, D.C. 20038

RE: Stock Purchase Agreement (the "Agreement") dated as of , 1996 between General Communication, Inc. (the "Company") and MCI Telecommunications Corporation (the "Purchaser")
Our File: 6552-35

Ladies and Gentlemen:

This opinion letter is delivered to you pursuant to Paragraph 8(c)(vii) of the Agreement. Capitalized terms used but not defined in this opinion letter have the meanings given to them in the Agreement.

We have acted as counsel to the Company in connection with the preparation and the execution and delivery of the Agreement and the related documents. In that capacity we have examined the Agreement and the related documents, including, but not limited to, the Registration Rights Agreement, dated of even date herewith, between the

Company and the Purchaser and the Voting Agreement, dated of even date herewith, by and between the Company, Prime II Management, L.P., as the designated agent, the Purchaser, Ronald A. Duncan, Robert M. Walp and TCI GCI, Inc. ("Related Agreements") and such other documents and records, and we have made such other investigations, as we have deemed necessary to enable us to state the opinions expressed below. As to certain factual matters, we have relied upon the representations of the Company and the Purchaser contained in the Agreement and upon certificates of officers of the Company and the Purchaser.

In such examination, we have assumed the genuineness and authenticity of all documents submitted to us as originals, the conformity with genuine and authentic originals of all documents submitted to us as copies, the genuineness of all signatures, the power and authority of each entity which may be a party thereto (other than the Company and its subsidiaries), the authority of each person signing for each such entity (other than the Company and its subsidiaries), and the due organization, existence, qualification and authorization to transact business of each such party (other than the Company and its subsidiaries).

This opinion letter is governed by, and shall be interpreted in accordance with, the Legal Opinion Accord (the "Accord") of the American Bar Association Section of Business Law (1991). As a consequence, it is subject to a number of qualifications, exceptions, definitions, limitations on coverage and other limitations, all as more particularly described in the Accord, and this opinion letter should be read in conjunction therewith. The law covered by the opinions expressed herein is limited to the federal law of the United States (except as provided in the Accord) as currently in effect, and the law of the State of Alaska (except as provided in the Accord) as currently in effect. Furthermore, we express no opinion with respect to: (i) matters governed by the Federal Communications Act of 1934, as amended, and the rules and regulations of the Federal Communications Commission thereunder; or (ii) matters governed by the Federal Aviation Act of 1958, as amended, and the rules and regulations of the Federal Aviation Administration thereunder.

On the basis of our examination and subject to stated qualifications, assumptions and limitations, in our opinion:

1. The Company and each of its subsidiaries are duly organized, validly existing and in good standing under the laws of the State of Alaska, have all requisite corporate power and authority to own their property as now owned and carry on their business as now conducted and are qualified to do business and is in good standing in each jurisdiction in which the conduct of their business or the ownership of their property requires such qualification, except, in each case, where the failure to qualify would not have a material adverse effect on the financial condition or operations of the Company or its subsidiary.

2. The Shares are duly authorized, validly issued, fully paid and nonassessable shares of Common Stock having the rights, preferences, privileges and restrictions set forth in the Articles of Incorporation, will not be subject to any preemptive rights, and, to our knowledge, will be free and clear of any security interest, lien, charge or encumbrance of any nature whatsoever.

3. The execution, delivery and performance by the Company of the Agreement and the Related Agreements are within the corporate powers of the Company, have been duly authorized by all necessary corporate action of the Company, and do not and will not conflict with or constitute a breach of the

terms, conditions or provisions of, or constitute a default under, its Articles of Incorporation and Bylaws or any material contract, undertaking, indenture or other agreement or instrument by which the Company is bound or to which it or any of its assets is subject.

4. The Company is not required, in connection with the execution, delivery, and performance of the Agreement and the Related Agreements to give any notice to or obtain any consent from any lender pursuant to any agreement or instrument for borrowed money of which we have knowledge and to which the Company is a party or by which the property of the Company is bound, except that consent to the issuance of the Shares is required from NationsBank of Texas, N.A. ("NationsBank"), as Administrative Lender under that certain Credit Agreement dated as of April 26, 1996, between GCI Communication Corp. and NationsBank.

5. Registration is not required under the Securities Act or the Alaska Securities Act of 1959, as amended, for the issuance and delivery of the Shares. In expressing the opinion set forth in the foregoing sentence, we have relied, without any independent investigation, on the representations of Purchaser set forth in Paragraphs 5 (c) and (d) of the Agreement and A.S. 45.55.900(b)(7). The applicable exemption from the registration requirements under the Securities Act is set forth in Section 4(2) of the Securities Act. We express no opinions as to the necessity of registering the Shares under the laws of any state, other than the State of Alaska, in connection with the transaction.

6. The Company is not required to make any filings with or give any notice to, or obtain any consents, approvals, or authorizations from, any governmental authority in connection with the execution, delivery and performance by the company of the Agreement and the Related Agreements. The execution, delivery, and performance by the Company of the Agreement and the Related Agreements, do not and will not violate any law, rule, regulation or order of any court or other governmental authority applicable to the Company.

7. The Agreement and the Related Agreements are the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as the enforceability of those agreements may be affected or

limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally or by general principles of equity, whether applied in a proceeding in equity or at law.

8. There is no pending, or to the best of our knowledge, threatened, judicial, administrative or arbitral action, suit, proceeding or claim against or investigation of the Company which questions the validity of the Agreement or the Related Agreements.

The opinions expressed above are subject to and qualified in all respects by the Accord and the following:

We have relied as to factual matters on the representations and warranties of the Company set forth in the Agreement, certificates of officers and other representatives of the Company and the following additional items, and have made no other investigation or inquiry as to such factual matters:

(a) Certificates from the State of Alaska as to the existence and good standing of the Company and its subsidiaries.

(b) Constituent Documents of the Company and its subsidiaries.

We have rendered the foregoing opinion as of the date hereof, and we do not undertake to supplement our opinion with respect to the factual matters or changes in the law which may hereafter occur.

You are hereby notified that (a) we do not consider you to be our client in the matters to which this opinion letter relates, (b) neither the Alaska Code of Professional Responsibility nor current case law clearly articulates the circumstances under which an attorney may give a legal opinion to a person other than the attorney's own client, (c) a court might determine that it is improper to us to issue, and for you to rely upon, a legal opinion issued by us when we have acted as counsel to the Company in connection with the transactions, and (d) you may wish to obtain a legal opinion from your own legal counsel as to the matters addressed in this opinion letter.

We express no opinions herein regarding the enforceability of provisions involving choices or conflicts of law or of provisions of the Registration Rights Agreement purporting to require indemnification of a party for its own action or inaction, to the extent the action or inaction involves negligence.

This opinion is given solely to you and may be relied upon by you only in connection with the Agreement and may not be used or relied upon by you or

any other person or entity for any other purposes whatsoever. This opinion letter may not be quoted, circulated or published, in whole or in part, or furnished to or relied upon by any other party, or otherwise referred to, or be filed with or furnished to any governmental

agency or other person or entity not involved in the Agreement without prior written consent.

Sincerely,

HARTIG, RHODES, NORMAN,
MAHONEY & EDWARDS, P.C.

By:
Robert B. Flint

SCHEDULE 4(c)(i)
GCI's Stock Option Plans, Warrants,
Rights or Convertible Securities

General Communication, Inc. Outstanding Options:

	No. of Shares	Exercise Price
Shares reserved for exercise of options issued pursuant to GCI's Incentive Stock Option Plan	2,233,734	$.75 to $4.50 per share
Shares to be issued pursuant to an option agreement with William C. Behnke, an Officer	85,190	$.001 per share
Shares to be Issued pursuant to an option agreement with John M. Lowber, an Officer	100,000	$.75 per share
Shares to be issued to MCI Telecommunications Corporation	2,000,000	$6.50 per share
Shares to be issued to Prime entities	11,800,000	$6.50 per share
Shares to be issued to Cooke entities	2,923,077	$6.50 per share
Shares to be issuable to the Rock entities pursuant to a $10,000,000 convertible note	1,538,462	$6.50 per share

NOTE: For additional details regarding GCI's Stock Option Plan, please refer to the footnotes in GCI's financial statements in its SEC Forms 10K and 10Q.

SCHEDULE 4(c)(ii)
Voting Agreements

There are no voting trusts or other agreements or understandings to which GCI or any subsidiary is a party, and to GCI's knowledge no other voting trusts exist with respect to the voting of the capital stock of GCI or any of its subsidiaries, except for (i) that Voting Agreement entered into as of March 31, 1993, by and between MCI Telecommunications Corporation ("MCI"), Ronald A. Duncan ("Duncan"), Robert M. Walp ("Walp"), and WestMarc Communications, Inc., all as shareholders of GCI; which is projected to be superseded and replaced in its entirety by (ii) that Voting Agreement to be entered into as of , 1996, by and between Prime II Management, L.P., Prime Venture I Holdings, L.P., Prime Cable Growth Partners, L.P., Alaska Cable, Inc., MCI, Duncan, Walp, TCI GCI, Inc. and GCI.

SCHEDULE 4(c)(iii)
Outstanding Stock Liens

GCI owns the entire equity interest in each of its subsidiaries, and all the outstanding capital stock of each subsidiary of GCI are validly issued, fully paid and nonassessable and are owned by GCI free and clear of all liens, charges, preemptive rights, claims or encumbrances, except as follows:

1. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated as of May 14, 1993, as amended, holds the original Stock Certificates Nos. 1, 2 and 3, for One Thousand (1,000), One Hundred Thousand (100,000) and Ten Thousand (10,000) shares respectively, of Class A Common Stock of GCI Communication Corp. for security purposes only, not as purchaser. GCI is the owner of all of such One Hundred Eleven Thousand (111,000) shares of GCI Communication Corp. stock.

2. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated as of May 14, 1993, as amended, also holds the original Stock Certificate No. 1 for One Hundred (100) shares of GCI Communication Services, Inc., for security purposes only, not as purchaser. GCI is the owner of such One Hundred (100) shares.

3. National Bank of Alaska ("NBA"), as Lender under the Loan Agreement dated December 31, 1992, holds the original Stock Certificate No. 1 for One Hundred (100) shares of the Common Stock of GCI Leasing Co., Inc. for security purposes only, not as purchaser. GCI Communication Services, Inc., is the owner of such 100 shares. NationsBank of Texas, N.A., as Administrative Agent, holds a second lien on such shares.

SCHEDULE 4(h)
Pending Litigation

None.

SCHEDULE 4(l)
Contracts/Agreements to Acquire Equity
Interest in GCI or its Subsidiaries

1. The proposed Common A stock issuance to acquire (i) the ongoing cable television and cable television systems of Prime Cable of Alaska, L.P., pursuant to the terms of the Securities Purchase Agreement dated as of May 2, 1996, among General Communication, Inc., Prime Venture I Holdings, L.P., Prime Cable Growth Partners, L.P., Prime Venture II, L.P., Prime Cable Limited Partnership, Austin Ventures, L.P., William Blair Venture Partners III Limited Partnership, Centennial Fund, II, L.P., Centennial Fund III, L.P., Centennial Business Development Fund, Ltd., BancBoston Capital, Inc., First Chicago Investment Corporation, Madison Dearborn Partners, Prime II Management, L.P., Prime Cable of Alaska, L.P., Alaska Cable, Inc. and Prime Cable Fund I, Inc.

2. The proposed Common A stock issuance to acquire certain ongoing cable television business and cable television systems pursuant to the (i) Asset Purchase Agreements dated as of May 10, 1996, among General Communication, Inc. and McCaw/Rock Homer Cable Systems and McCaw/Rock Seward Cable System respectively; and (ii) the Asset Purchase Agreement, dated May 10, 1996, among General Communication, Inc. and Alaska Cablevision, Inc.

3. The proposed Common A stock issuance to acquire certain ongoing

cable television business and cable television systems pursuant to that Asset Purchase Agreement, dated as of April 15, 1996, among General Communication, Inc., Alaskan Cable Network/Fairbanks, Inc., Alaskan Cable Network/Juneau, Inc. and Alaskan Cable Network/Ketchikan-Sitka, Inc.

SCHEDULE 4(m)(ii)
Requests for Collective Bargaining

None.

SCHEDULE 4(p)
Asset Liens

GCI and its subsidiaries have good title to all material assets on the Balance Sheet, except as set forth in paragraph 4(p)(i) through (iv) of the MCI Stock Purchase Agreement, and except as follows:

1. To secure a debt in the current principal amount of $30,100,000. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated April 26, 1996, holds a security position on substantially all of GCI's and GCI Communication Corp.'s property and equipment, including, without limitation, the stock listed in Schedule 4(c)(iii) hereof, all of GCI Communication Corp.'s fixtures as a transmitting utility on all of its real properties and leasehold estates located both in Alaska and Washington.

2. To secure a debt in the current principal amount of $7,595,595, National Bank of Alaska, as Lender under the Loan Agreement dated December 31, 1992, holds a security interest in GCI Communication Corp.'s undersea fiber operations, as well as a security interest in the lease payments from MCI.

3. There is a capital lease in the current principal amount of $766,049; RDB Partnership holds title to the building occupied by GCI Communication Corp.

4. There is a capital lease in the current principal amount of $143,973; the National Bank of Alaska Leasing Co. holds title to GCI Communication Services, Inc.'s shared hub assets and contract proceeds. However, GCISI has an option to acquire those assets at the end of the capital lease's term.

SCHEDULE 4(q)
Material Contracts

The following is a complete listing of all contracts and agreements existing on the date hereof for GCI and/or its subsidiaries which (i) are with any customer which accounted for greater than 2% of GCI's or any of its subsidiary's revenues for the year ended 12/31/95; (ii) involve contracts that call for annual aggregate expenditures by GCI of greater than $5,000,000; or (iii) involve contracts that call for aggregate expenditures by GCI during the remainder of their respective terms in excess of $10,000,000:

1. Customers which account for greater than 2% of GCI or any of its subsidiary's revenues for the year ended 12/31/95.

a. GCI Communication Services, Inc.: 2% Floor is approx. greater than $20,000/year: Chevron Shared Hub contract; est. $880,000 annual revenues.

b. GCI Communication Corp.: 2% Floor is approx. greater than $1,538,000/year:

i. Carrier Agreement with MCI Telecommunications Corporation;

ii. Service Agreement with US Sprint Communications Company Limited Partnership of Delaware; and

iii. Agreement with British Petroleum.

c. General Communication, Inc. and GCI Leasing Co., Inc.: None.

2. Contracts calling for annual aggregate expenditures by GCI or its subsidiaries of greater than $5,000,000 annually or for aggregate expenditures by GCI during the remainder of their respective terms of greater than $10,000,000.

a. GCI and GCI Communication Corp.:

i. NationsBank of Texas, N.A. These entities owe the current principal amount of $ 30,100,000 to NationsBank of Texas, N.A. as Administrative Agent under the Credit Agreement dated April 26, 1996.

ii. National Bank of Alaska. GCI Communication Corp. owes the current principal amount of $7,595,595, National Bank of

Alaska, as Lender under the Loan Agreement dated December 31, 1992, relating to its undersea fiber operations.

iii. MCI Telecommunications Corporation. The lease agreement between MCI and GCI Leasing Company, Inc., dated December 31, 1992, will result in payments exceeding $10 Million over its term.

iv. Scientific-Atlanta, Inc. The Company's 1996 commitment under its equipment purchase contract with Scientific-Atlanta, Inc. exceeds $5,000,000.

v. Hughes Communications Galaxy, Inc. 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 will exceed $5 Million and the remaining commitment will exceed $10 Million.

SCHEDULE 4(q)(i)
Existing Defaults

None.

SCHEDULE 4(r)(v)
Environmental Notices

None.

SCHEDULE 4(s)
Tax Audits

GCI's 1993 federal income tax return was selected for examination by the Internal Revenue Service ("IRS") during 1995. The examination commenced during the fourth quarter of 1995 and was completed in March, 1996. GCI has received a letter from the agent conducting the examination indicating that no changes are proposed or required.

The IRS is in the process of reviewing GCI's compliance with the federal excise tax on telecommunication services. No substantive issues have been raised at this time.

The Washington State Department of Revenue has notified GCI that it intends to conduct an audit in July, 1996, of Washington state sales, use and business occupation taxes for the period of January, 1992 through March, 1996.

Management believes these examinations will not result in material adjustments and will not have a material impact on GCI's financial statements.

MCI's OFFICER'S CERTIFICATE
(Section 8(b)(iii))

In compliance with Section 8(b)(iii) of the Stock Purchase Agreement dated , 1996, between GENERAL COMMUNICATION, INC. ("GCI") and MCI TELECOMMUNICATIONS CORPORATION ("Agreement") I, the undersigned, certify as follows:

1. I am the duly appointed and acting of MCI and I am authorized to execute this Certificate.

2. The Final Closing Date as defined in the Agreement is , 1996.

3. This representations of MCI set forth in the Agreement are true and correct in all material respects as of the date when made and (unless made as of a specified date) are true and correct in all material respects as if made as of the Final Closing Date.

4. MCI has performed in all material respects its agreements contained in the Agreement required to be performed at or prior to the Final Closing Date.

Dated this day of , 1996.

MCI TELECOMMUNICATIONS CORPORATION

By:
Name:
Its:

GCI's OFFICER'S CERTIFICATE
(Section 8(c)(i), (ii), (iii), (viii) and (ix))

In compliance with Section 8(c)(i), (ii), (iii), (viii) and (ix) of the Stock Purchase Agreement dated , 1996, between GENERAL COMMUNICATION, INC. ("GCI") and MCI TELECOMMUNICATIONS CORPORATION ("Agreement") I, John M. Lowber, certify as follows:

1. I am the duly appointed and acting Secretary of GCI authorized to execute this Certificate.

2. The Final Closing Date as defined in the Agreement is , 1996.

3. This representations of GCI set forth in the Agreement are true and correct in all material respects as of the date when made and (unless made as of a specified date) are true and correct in all material respects as if made as of the Final Closing Date.

4. GCI has performed in all material respects its agreements contained in the Agreement required to be performed at or prior to the Final Closing Date.

5. All applicable consents and approvals (including those of the FCC and any applicable Public Utility Commission which are necessary to consummate the transactions contemplated by the Agreement have been obtained.

6. Attached hereto is a complete copy of a resolution duly adopted by the board of directors of GCI authorizing and approving the execution of the Agreement and the consummation of the transactions contemplated by the Agreement.

Dated this day of , 1996.

GENERAL COMMUNICATION, INC.

By:
John M. Lowber, Secretary

EXHIBIT 2.8

STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement ("Agreement"), dated as of September 13, 1996, is between General Communication, Inc., an Alaska corporation ("GCI"), and MCI Telecommunications Corporation, a Delaware corporation ("MCI").

1. Agreement to Purchase and Sell Shares. On the terms and subject to the conditions contained in this Agreement, on the Final Closing Date, as defined below, GCI agrees to sell to MCI, and MCI agrees to purchase from GCI, two million (2,000,000) shares of GCI's Class A Common Stock ("Shares"). On the Final Closing Date, GCI shall deliver to MCI certificates representing the Shares. The Final Closing Date ("Final Closing Date") shall occur on the fifth (5th) business day after which all franchise transfer and other regulatory consents have been obtained which are required for the full performance of the Securities Purchase and Sale Agreement dated effective as of May 2, 1996 for the purchase and sale of Prime Cable of Alaska, L.P., Alaska Cable, Inc. and Prime Cable Fund I, Inc. (the "Prime SPA").

2. Purchase Price. The purchase price payable for the Shares shall be Thirteen Million Dollars $13,000,000.00 ("Purchase Price"). On the Final Closing Date MCI shall pay to GCI the Purchase Price by wire transfer of immediately available funds to a GCI designated account.

3. Closing. Unless this Agreement and the transactions contemplated hereby shall have been terminated, the closing ("Closing") of this Agreement shall take place at the offices of Hartig, Rhodes, Norman, Mahoney & Edwards, P.C., 717 K Street, Anchorage, Alaska 99501 on or before the fifth (5th) business day following the latest of (i) the full consummation and performance of the Prime SPA, or (ii) the last condition precedent set forth in Section 8 shall have been satisfied or waived, or at such other time or place as MCI and GCI shall mutually agree in writing.

4. Representations and Warranties of GCI. GCI represents and warrants to MCI as follows:

a) Due Organization and Qualification. GCI and each of its subsidiaries are corporations duly organized, validly existing and in good standing under the laws of their respective jurisdictions of incorporation, with corporate power and authority to own, lease and operate their respective properties and to conduct their respective businesses as they are now owned, leased and operated, and conducted. Each of GCI and its subsidiaries is duly qualified as a foreign corporation to do business, and is in good standing, in each jurisdiction where the character of its properties owned or held under lease or the nature of its activities makes such qualification necessary,

except where the failure so to qualify would not have a material adverse effect on GCI and its subsidiaries taken as a whole.

b) Authorization. GCI has the requisite corporate power to enter into this Agreement and to perform its obligations hereunder. The execution and delivery by GCI of, and the performance by GCI of its obligations under this Agreement have been duly authorized by all requisite corporate action of GCI, and this Agreement is a valid and binding agreement of GCI, enforceable against GCI in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally, or by the principles governing the availability of equitable remedies. None of the execution and delivery by GCI of this Agreement, the issuance and sale by GCI of the Shares, the consummation of the transactions contemplated hereby, or the compliance by GCI with the terms, conditions and provisions hereof, will conflict with or result in a breach or violation of any of the terms, conditions, or provisions of GCI's articles of incorporation or by-laws or of any material agreement or instrument to which GCI is a party or by which GCI or any of its material properties may be bound, or constitute, with or without the provision of notice or the passage of time, or both, a default or create a right of termination, cancellation or acceleration thereunder, or result in the creation or imposition of any security interest, mortgage, lien, charge or encumbrance of any nature whatsoever upon GCI or any of its material properties or assets.

c) Capital Stock. As of the date hereof and after the issuance of the Shares as contemplated by this Agreement, the authorized and issued and outstanding capital stock of GCI will be as set forth on the attached Exhibit A, except for such changes (i) resulting from the exercise of stock options, (ii) the purchase of shares contemplated herein, and (iii) the purchase and sale of securities in connection with the Cable Acquisitions (as defined below)..

All of the outstanding shares of Class A Common Stock and Class B Common Stock

listed on the Exhibit A have been or when issued, will be validly issued and outstanding, fully paid, nonassessable and not entitled to any preemptive rights. Except as set forth on Schedule 4(c)(i), there are currently outstanding no options, warrants, rights or convertible securities or other agreements or commitments of any character providing for the issuance of capital stock of GCI or any of its subsidiaries. Except as set forth on the attached Schedule 4(c)(ii), there are no voting trusts and other agreements or understandings to which GCI or any subsidiary is a party, and to GCI's knowledge, no other voting trusts exist with respect to the voting of the capital stock of GCI or any of its subsidiaries.

Except as set forth on the attached Schedule 4(c)(iii), GCI owns the entire equity interest in each of its subsidiaries, and all the outstanding capital stock of each subsidiary of GCI are validly issued, fully paid and nonassessable and are owned by GCI free and clear of all liens, charges, preemptive rights, claims or encumbrances.

d) Issuance of Shares. The Shares, when sold and delivered by GCI to MCI pursuant to this Agreement, will have been duly authorized and validly issued, and will be fully paid and non-assessable, not subject to any preemptive rights and free and clear of any security interest, lien, charge or encumbrance of any nature whatsoever.

e) SEC Reports. GCI has timely filed all forms, reports, statements and schedules with the Commission required to be filed by it pursuant to the Securities Exchange Act of 1934, as amended ("Exchange Act") or other federal securities laws since June 30, 1993, and has heretofore delivered to MCI (in the form filed with the Commission), together with any amendments or supplements thereto, including superseding amendments, its (i) Annual Reports on Form 10-K for the fiscal years ended December 31, 1994 and December 31, 1995, (ii) all definitive proxy statements relating to GCI's meetings of stockholders (whether annual or special) held since March 31, 1993 as filed with the Securities and Exchange Commission ("Commission"), and (iii) all other reports or registration statements filed by GCI pursuant to the Exchange Act and the Securities Act of 1933, as amended ("Securities Act") since March 31, 1993 (collectively, "SEC Reports"). The SEC Reports (i) were prepared in compliance with the applicable requirements of the Securities Act or the Exchange Act, as the case may be, and (ii) did not as of their respective dates contain any untrue statement of material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading. None of the subsidiaries of GCI is required to file any reports, statements, forms or other documents with the Commission.

f) Financial Statements. The audited financial statements of GCI included or incorporated by reference in the SEC Reports and the unaudited interim monthly financial statements for periods subsequent to such audited financial statements (collectively, including the footnotes thereto, "Financial Statements") are correct and complete, were prepared in accordance with generally accepted accounting principles applied on a consistent basis ("GAAP") (except as otherwise stated in the Financial Statements or in the related reports of GCI's independent accountants) and present fairly the consolidated financial position of GCI and its subsidiaries as of the dates thereof, and the results of operations, changes in financial position and the statements of stockholders' equity of GCI and its subsidiaries on a consolidated basis for the periods indicated. No event has occurred since the preparation of the Financial Statements that would require a restatement of the Financial Statements under GAAP. GCI has received no notice of any fact which may form a basis for any claim by a third party which, if asserted, could result in liability affecting GCI not disclosed by or reserved against in GCI's most recent balance sheet. The Financial Statements reflect and at the Closing Date will reflect, the interest of GCI in the assets, liabilities and operations of all subsidiaries of GCI.

Neither GCI nor any of its subsidiaries has any material liability, obligation or commitment of any nature whatsoever (whether known or unknown, due or to become due, accrued, fixed, contingent, liquidated, unliquidated, or otherwise) other than liabilities, obligations or commitments (i) which are accrued or reserved against in the consolidated balance sheet of GCI and its consolidated subsidiaries ("Balance Sheet") as of December 31, 1995 or reflected in the notes thereto, (ii) which (x) arose in the ordinary course of business since such date and (y) do not or would not individually or in the aggregate have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole, or (iii) which are the type that would not be required to be reflected on a consolidated balance sheet of GCI and its subsidiaries or in the notes thereto if such balance sheet were prepared in accordance with GAAP as of the date hereof or as at the Closing Date, as the case may be. From the date of the most recent balance sheet included in the Financial Statements to and including the date hereof, (i) GCI's business has

been operated only in the ordinary course, (ii) GCI has not sold or disposed of any assets other than in the ordinary course of business, (iii) there has not occurred any material adverse change or event in GCI's business, operations, assets, liabilities, financial condition or results of operations compared to the business, operations, assets, liabilities, financial condition or results of operations reflected in the Financial Statements, and (iv) there has not occurred any theft, damage, destruction or loss which has had a material adverse effect on GCI.

g) Related Transactions. Since the date of GCI's 1995 Proxy Statement to the date hereof, GCI has not entered into or otherwise become obligated with respect to any transactions which would require a disclosure pursuant to Item 404 of Regulation S-K in accordance with Items 7(b) or (c) of Schedule 14A under the Exchange Act were GCI to distribute a proxy statement as of the date hereof and the Closing Date.

h) Litigation. Except as set forth on Schedule 4(h), there is no claim, suit, action, governmental investigation or proceeding pending or, to the knowledge of GCI, threatened against or affecting GCI or any of its subsidiaries which (i) seek to restrain or enjoin the consummation of the transactions contemplated by this Agreement, or (ii) if decided adversely to GCI or such subsidiary would have, or would be likely to have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. There is no outstanding order, writ, injunction or decree or, to the knowledge of GCI, any claim or investigation of any court, governmental agency or arbitration tribunal materially and adversely affecting or which can reasonably be expected to materially and adversely affect GCI, any of its subsidiaries, or their respective properties, assets or businesses, franchises, licenses or permits under which they operate, or their ability to operate their respective businesses in the ordinary course.

i) Governmental. No governmental consent, approval, hearing, filing, registration or other action, including the passage of time, is necessary for the

execution and delivery of this Agreement, the issuance and sale of the Shares, or the consummation of the transactions contemplated by this Agreement, other than (i) any applicable consents and/or approvals of the Federal Communications Commission ("FCC"), and (ii) any applicable filings with and consents and/or approvals of state public service commissions, public utility commissions or similar state regulatory bodies ("Public Utility Commissions") under state public utility statutes and similar laws.

j) Absence of Certain Changes. Since December 31, 1995, (i) there has not occurred or arisen any event having, and neither GCI nor any of its subsidiaries has suffered, a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole, (ii) GCI and its subsidiaries have conducted their businesses only in the ordinary course, consistent with past practices, and (iii) neither GCI nor any of its subsidiaries has taken any actions described in Sections 7 a) through e).

k) Fees. Neither GCI nor any of its subsidiaries has paid or become obligated to pay any fee, commission to any broker, finder or intermediary in connection with the transactions contemplated by this Agreement.

l) Certain Agreements. Except as set forth on the attached Schedule 4(l), there are no contracts, agreements, arrangements or understandings to which GCI or any of its subsidiaries, officers, agents or representatives is a party, that create, govern or purport to govern the right of another party to acquire GCI or an equity interest in GCI, or any subsidiary of GCI, or to increase any such equity interest.

m) Labor Relations. Neither GCI nor any of its subsidiaries is a party to any collective bargaining agreement. Since March 31, 1993, neither GCI nor any of its subsidiaries has (i) had any employee strikes, work stoppages, slowdowns or lockouts, or (ii) except as set forth on the attached Schedule 4(m)(ii), received any request for certification of bargaining units or any other requests for collective bargaining.

n) Licenses. GCI and its subsidiaries have all permits, licenses, waivers, authorizations, approvals and certificates of public convenience and necessity ("Licenses") (including, without limitation, Licenses by the FCC and Public Utility Commissions) which are necessary for GCI and its subsidiaries to conduct their operations in the manner heretofore conducted, except for Licenses, the failure of which to obtain would not have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. No event has occurred, been initiated or threatened with respect to the Licenses which permits, or after notice or lapse of time or both would permit, revocation or termination thereof or would result in any material impairment of the rights of the holder of any of the Licenses except for revocations, terminations or impairments that would not, in the aggregate, have a material adverse effect on the business, properties or

financial condition of GCI and its subsidiaries taken as a whole.

o) Employee Benefit Plans. Each employee benefit plan, as such term is defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), of GCI or any subsidiary of GCI ("Pension Plan") and each other employee benefit plan within the meaning of ERISA (collectively with the Pension Plans, ("Plans") complies in all material respects with all applicable requirements of ERISA and the Internal Revenue Code of 1986, as amended ("Code"), and other applicable laws. None of the Plans is a multi-employer plan, as such term is defined in Section 3(37) of ERISA. Each Pension Plan which is intended to be qualified under Section 401(a) of the Code has been determined by the Internal Revenue Service to be qualified and nothing has occurred since the date of any such determination or application which would adversely affect such qualification. Neither GCI nor any subsidiary of GCI, nor any Plan nor any of their respective directors, officers, employees or agents has, with respect to any Plan, engaged in any "prohibited transaction," as such term is defined in Section 4975 of the Code or Section 406 of ERISA, which could result in any taxes or penalties or other liabilities under Section 4975 of the Code or Section 502(i) of ERISA, except taxes, penalties or liabilities which in the aggregate would not have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. No liability to the Pension Benefit Guaranty Corporation has been incurred with respect to any Pension Plan that has not been satisfied in full. No Pension Plan has incurred an "accumulated funding deficiency" within the meaning of the Code. There has been no "reportable event" within the meaning of Section 4043 of ERISA with respect to any Pension Plan. All amounts required by the provisions of any Pension Plan to be contributed have been so contributed.

p) Property and Leases. Except as set forth on the attached Schedule 4(p), GCI and its subsidiaries have good title to all material assets reflected on the Balance Sheet except for (i) liens for current taxes and assessments not yet past due, (ii) inchoate mechanics' and materialmens' liens for construction in progress, (iii) workers', repairmens', warehousemens' and carriers' liens arising out of the ordinary course of business, and (iv) all matters of record, liens and imperfections of title and encumbrances which matters, liens and imperfections would not, in the aggregate, have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole.

q) Material Agreements. Schedule 4(q) attached hereto sets forth a complete listing of all contracts and agreements existing on the date hereof to which GCI or any of its subsidiaries is a party or by which any of their respective properties or assets is bound other than contracts for services purchased under tariffs, which (i) are with any customer which accounted for more than two percent of GCI or any of its subsidiary's revenues for the year ended December 31, 1995, (ii) involve contracts that call for annual aggregate expenditures by GCI in excess of $5,000,000, or (iii) involve contracts that call for aggregate expenditures by GCI during the remainder of their respective term in excess of $10,000,000. All such contracts and agreements

are valid and binding, in full force and effect and enforceable against the parties thereto in accordance with their respective terms. Except as set forth on the attached Schedule 4(q)(i), to GCI's knowledge, there is not under any such contract or agreement any existing default, or event which, after notice of lapse of time, or both, would constitute a default, by GCI or any of its subsidiaries or any other party.

r) Compliance with Laws.

(i) GCI is in material compliance with all applicable laws, rules, regulations, orders, ordinances, and codes of the United States of America, its territories and possessions, and of any state, county, municipality, or other political subdivision or any agency of any of the foregoing having jurisdiction over GCI's business and affairs.

In General.

GCI has constructed, maintained and operated, and is constructing, maintaining and operating, its business (including, without limitation, the real property owned or leased by GCI ("GCI's Real Property")) in material compliance with all applicable laws including the Communications Act, the rules and regulations of the FCC, the APUC (in each case as the same are currently in effect);

(i) All reports, notices, forms and filings, and all fees and payments, required to be given to, filed with, or paid to, any governmental authority by GCI under all applicable laws have been timely and properly given and made by GCI, and are complete and accurate in all material

respects, in each case as required by applicable law;

(ii) GCI has not received any notice (written or oral) from any governmental authority or any other Person that it, or its ownership and operation of its business is in material violation of any applicable law, and GCI knows of no basis for the allegation of any such violations; and

(iii) GCI has complied in all material respects with all applicable legal requirements relating to the employment of labor, including ERISA, continuation coverage requirements with respect to group health plans, and those relating to wages, hours, unemployment compensation, worker's compensation, equal employment opportunity, age and disability discrimination, immigration control and the payment and withholding of taxes, and no reportable event, within the meaning of Title IV of ERISA, has occurred and is continuing with respect to any "employee benefit plan" or "multiemployer plan" (as those terms are defined in ERISA) maintained by GCI or its affiliates (as defined in Section 407(d)(7) of ERISA). No prohibited transaction, within the meaning of Title I of ERISA, has occurred with respect to any such employee benefit plan or multiemployer plan, and no material accumulated funding deficiency (as defined

in Title I of ERISA) or withdrawal liability (as defined in Title IV of ERISA) exists with respect to any such employee benefit plan or multiemployer plan.

(iv) To GCI's knowledge, except as set forth in Schedule 4(r)(v): (i) GCI has not received any notice (written or oral) from any governmental authority or other Person that the Person giving such notice is investigating whether, or has determined that there are, any violations of Environmental Laws by GCI, or violations of Environmental Law due to activities on, or affecting, or related to GCI's Real Property, (ii) none of GCI's Real Property has previously been used by any Person for the generation, production, emission, manufacture, handling, processing, treatment, storage, transportation, disposal or discharge of any Hazardous Substances, (iii) GCI has not used, generated, produced, emitted, manufactured, handled, possessed, treated, stored, transported, disposed or discharged, and does not presently use, generate, produce, emit, manufacture, handle, possess, treat, store, transport, dispose or discharge, any Hazardous Substances on, into or from GCI's Real Property, (iv) GCI is in compliance in all material respects with all laws applicable to its own (as distinguished from other Persons') use, generation, production, emission, manufacturing, treatment, storage, transportation, disposal, and discharge of any Hazardous Substances on, into or from GCI's Real Property, (v) there are no above ground or underground storage tanks, or any Equipment containing polychlorinated biphenyls, on GCI's Real Property, (vi) no release of Hazardous Substances outside GCI's Real Property has entered or threatens to enter any of GCI's Real Property, nor is there any pending or threatened claim based on Environmental Laws which arises from any condition of the land surrounding any of GCI's Real Property, (vii) no Real Property has been used at any time as a gasoline service station or any other facility for storing, pumping, dispensing or producing gasoline or any other petroleum products or wastes, (viii) no building or other structure on any of GCI's Real Property contains asbestos, and (ix) there are no incinerators, septic tanks or cesspools on GCI's Real Property and all waste is discharged into a public sanitary sewer system. GCI has provided MCI with complete and correct copies of (A) all studies, reports, surveys or other materials in GCI's possession or of which GCI has knowledge and to which GCI has access relating to the presence or alleged presence of Hazardous Substances at, on or affecting GCI's Real Property, (B) all notices or other materials in GCI's possession or of which GCI has knowledge and to which GCI has access that were received from any governmental authority having the power to administer or enforce any Environmental Laws relating to current or past ownership, use or operation of the real property or activities at or affecting GCI's Real Property and (C) all materials in GCI's possession or to which GCI has access relating to any claim, allegation or action by any private third party under any Environmental Law. The representations and warranties in this Section 4(r) are the only representations and warranties given by GCI with respect to the Environmental Law compliance of GCI and its business.

s) Tax Returns and Other Reports. GCI has duly and timely filed in proper form all federal, state, local, and foreign, income, franchise, sales, use,

property, excise, payroll, and other tax returns and other reports (whether or not relating to taxes) required to be filed by law with the appropriate governmental authority, and, to the extent applicable, has paid or made provision for payment of all taxes, fees, and assessments of whatever nature including penalties and interest, if any, which are due with respect to any aspect of its business or any of its properties. Except as set forth on Schedule 4(s), there are no tax audits pending and no outstanding agreements or waivers

extending the statutory period of limitations applicable to any relevant tax return.

t) Transfer Taxes. There are no sales, use, transfer, excise, or license taxes, fees, or charges applicable with respect to the transactions contemplated by this Agreement.

u) Disclosure. No written statement in this Agreement or in any agreement or other document delivered pursuant to this Agreement by or on behalf of GCI contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading. None of the periodic filings made by GCI with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, since January 1, 1995, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

v) Investment Company. GCI is not an "investment company" or a company "controlled" by an investment company within the meaning of the Investment Company Act of 1940, as amended (the "Act"), and GCI has not relied on rule 3a-2 under the Act as a means of excluding it from the definition of an "investment company" under the Act at any time within the three (3) year period preceding the Closing Date.

w) No Insolvency. As of even date and as of the Closing Date, GCI is not and shall not be insolvent.

5. Representations and Warranties of MCI. MCI represents and warrants to GCI as follows:

a) Due Organization. MCI is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, with corporate power to own its properties and to conduct its business as now owned and conducted.

b) Authorization. MCI has the requisite corporate power to enter into this Agreement and to perform its obligations hereunder. The execution and delivery by MCI of, and the performance by MCI of its obligations under this Agreement have been duly authorized by all requisite corporate action of MCI and this Agreement

is a valid and binding agreement of MCI, enforceable against MCI in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally or by the principles governing the availability of equitable remedies.

c) Purchase for Investment; Existing Shareholder. MCI is purchasing the Shares for investment for its own account and not with a view to or for sale in connection with any distribution thereof within the meaning of the Securities Act. MCI is an existing security holder of shares of issued and outstanding common stock of GCI and no commission or other remuneration shall be paid by MCI, directly or indirectly, in connection with MCI's purchase of Shares.

d) No Registration of Shares. MCI understands that (i) the Shares have not been registered under the Securities Act or under any state securities laws and are being issued in reliance on the exemptions from the registration and prospectus delivery requirements of the Securities Act which are set forth in Sections 4(2) and 4(6) of the Securities Act and the regulations promulgated thereunder and in reliance on exemptions from the registration requirements of applicable state securities laws; and (ii) the Shares cannot be transferred without compliance with the registration requirements of the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available, and (iii) the reliance of GCI upon the aforesaid exemptions is predicated in part upon MCI's representations and warranties.

e) Residence. The jurisdiction in which MCI's principal executive offices are located is in the District of Columbia.

f) Accredited Investor. MCI is an "accredited investor" as defined in Rule 501 promulgated under the Securities Act.

g) Availability of Information. GCI has made available to MCI the opportunity to ask questions of, and to receive answers from, GCI's officers and directors, and any other person acting on their behalf, concerning the terms and conditions of this Agreement and the transactions contemplated herein and to obtain any other information requested by MCI to the extent GCI possesses such information or can acquire it without unreasonable effort or expense. MCI has been afforded the opportunity to inspect, and to have its auditors or other agents inspect, the books and records of GCI. The

furnishing of such information, the opportunity to inspect and any inspection so undertaken by MCI shall not affect MCI's right to rely on the representations and warranties of GCI set forth in this Agreement.

h) Disclosure. No written statement in this Agreement or in any agreement or other document delivered pursuant to this Agreement by or on behalf of MCI contains any untrue statement of a material fact or omits to state a material fact

necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading.

i) Investment Company. MCI is not an "investment company" or a company "controlled" by an investment company within the meaning of the Investment Company Act of 1940, as amended (the "Act"), and MCI has not relied on rule 3a-2 under the Act as a means of excluding it from the definition of an "investment company" under the Act at any time within the three (3) year period preceding the Closing Date.

j) No Insolvency. As of even date and as of the Closing Date, MCI is not and shall not be insolvent.

6. Restrictive Legend. The certificates representing the Shares shall bear a legend substantially to the effect of the following:

> "The securities represented by this certificate have been issued without registration under the Securities Act of 1933, as amended, or any state securities laws and may not be offered, sold or otherwise disposed of, unless the securities are registered under such act and applicable state securities laws or exemptions from the registration requirements thereof are available for the transaction."

7. Additional Agreements. During the period from the date of this Agreement to the Final Closing Date:

a) Interim Operations. GCI shall, and shall cause its subsidiaries to, conduct their respective business only in the ordinary course, and maintain, keep and preserve their respective assets and properties in good condition and repair, ordinary wear and tear excepted.

b) Certificate and By-laws. GCI shall not, and shall not permit any of its subsidiaries to, make or propose any change or amendment in their respective Certificates of Incorporation or By-laws.

c) Capital Stock. Except in connection with the Cable Acquisitions (as defined below), GCI shall not, and shall not permit any of its subsidiaries to, issue, pledge or sell any shares of capital stock or any other securities of any of them or issue any securities convertible into, or exchangeable for or representing the right to purchase or receive, or enter into any contract with respect to the issuance of, any shares of capital stock or any other securities of any of them (other than pursuant to this Agreement or the exercise of stock options outstanding on the date hereof), or enter into any contract with respect to the purchase or voting of shares of their capital stock or

adjust, split, combine, reclassify any of their securities, or make any other material changes in their capital structures.

d) Dividends. GCI shall not declare, set aside, pay or make any dividend or other distribution or payment (whether in cash, stock or property) with respect to, or purchase or redeem, any shares of capital stock.

e) Assets; Mergers; Etc. GCI shall not, and shall not permit any of its subsidiaries to, encumber, sell, lease or otherwise dispose of or acquire any material assets, or encumber, sell, lease or otherwise dispose of assets having a value in excess of $3,000,000 in the aggregate, or enter into any merger or other agreement providing for the acquisition of any material assets of GCI or any of its subsidiaries by any third party or acquire (by merger, consolidation, or acquisition of stock or assets) any corporation, partnership or other business organization or division thereof or enter any contract, agreement, commitment or arrangement to do any of the foregoing, except under: (i) the Prime SPA, (ii) the Alaskan Cable Network Asset Purchase Agreement, dated April 15, 1996, and (iii) the Alaska Cablevision, Inc. and McCaw/Rock Associates Asset Purchase Agreements, dated May 10, 1996 ((i), (ii) and (iii) above collectively, "Cable Acquisitions").

f) Access to Information. GCI shall, and shall cause its subsidiaries, officers, directors, employees and agents-to, afford MCI

access at all reasonable times to their officers, employees, agents, properties, books, records and contracts, and shall furnish MCI all financial, operating and other data and information as MCI may reasonably request.

g) Certain Filings, Consents and Arrangements. MCI and GCI shall (i) cooperate with one another in promptly (x) determining whether any filings are required to be made or consents, approvals, permits or authorizations are required to be obtained under any federal or state law or regulation or any consents, approvals or waivers are required to be obtained from other parties to loan agreements or other contracts material to GCI's business in connection with the transaction contemplated by this Agreement, and (y) making any such filings, furnishing information required in connection therewith and seeking timely response to obtain any such consents, permits, authorizations, approvals or waivers; and (ii) as promptly as practicable, file with the Federal Trade Commission and the Department of Justice the notification and report forms, if required.

h) Amendments to Prime SPA. GCI shall not amend, modify or alter, in any manner whatsoever, the Prime SPA without the prior written consent of MCI.

8. Conditions.

a) Conditions to Obligations of MCI and GCI. The obligations of MCI and GCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The consummation of the transactions contemplated by this Agreement shall not be precluded by any order, decree or preliminary or permanent injunction of a federal or state court of competent jurisdiction; and

(ii) The consummation of the transactions contemplated under the Prime SPA.

b) Conditions to Obligations of GCI. The obligations of GCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The representations of MCI set forth in this Agreement shall have been true and correct in all material respects when made and (unless made as of a specified date) shall be true and correct in all material respects as if made as of the Final Closing Date;

(ii) MCI shall have performed in all material respects its agreements contained in this Agreement required to be performed at or prior to the Final Closing Date;

(iii) GCI shall have received a certificate of an officer of MCI, dated as of the Final Closing Date, certifying as to the fulfillment of the matters contained in paragraphs (i) and (ii) of this Section 8 b); and

(iv) GCI shall have received from MCI the amount of $13,000,000.00 by wire transfer of immediately available funds.

c) Conditions to Obligations of MCI. The obligations of MCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The representations of GCI set forth in this Agreement shall have been true and correct in all material respects when made and (unless made as of a specified date) shall be true and correct in all material respects as if made as of the Final Closing Date;

(ii) GCI shall have performed in all material respects its agreements contained in this Agreement required to be performed at or prior to the Final Closing Date;

(iii) All applicable consents and approvals (including those of the FCC and any applicable Public Utility Commission) which are necessary to consummate the transactions contemplated by this Agreement, shall have been obtained;

(iv) MCI shall have received from GCI certificates representing the Shares, registered in MCI's name and with all the

necessary documentary stock transfer stamps annexed thereto;

(v) MCI shall have received a certified copy of GCI's articles of incorporation and by-laws, as amended as of the Final Closing Date and a certificate of good standing for GCI from its jurisdiction of incorporation dated as of a date on or after January 1, 1996;

(vi) MCI shall have received (a) the Registration Rights Agreement attached as Exhibit B executed by a duly authorized officer of GCI dated as of the Final Closing Date, and (b) the Voting Agreement attached as Exhibit C executed by a duly authorized officer of all the parties thereto dated as of the Final Closing Date;

(vii) MCI shall have received an opinion of Hartig, Rhodes, Norman, Mahoney & Edwards, P.C., counsel to GCI, dated as of the Final Closing Date in the form of Exhibit D;

(viii) MCI shall have received a certificate of the Secretary or Assistant Secretary of GCI, dated as of the Final Closing Date, certifying that attached thereto is a complete copy of a resolution duly adopted by the board of directors of GCI authorizing and approving the execution of this Agreement and the consummation of the transactions contemplated by this Agreement;

(ix) MCI shall have received a certificate of an officer of GCI, dated as of the Final Closing Date, certifying as to the fulfillment of the matters contained in paragraphs (i) through (iii) of this Section 8 c);

(x) the Prime SPA shall not have been amended, modified or altered without the prior written consent of MCI; and

(xi) GCI shall not have issued, in the aggregate, more than 18,000,000 shares of its Class A Common Stock in connection with the Cable Acquisitions and the price per share for any share of Class A Common Stock issued in connection therewith shall have been at least $6.50.

9. Termination. This Agreement and the transactions contemplated hereby may be terminated at any time prior to the Closing Date:

a) by the mutual written consent of MCI and GCI;

b) by MCI and GCI if either is prohibited by an order or injunction (other than an injunction on a temporary or preliminary basis) of a court of competent jurisdiction from consummating the transactions contemplated by this Agreement and all means of appeal and all appeals from such order or injunction have been finally exhausted;

c) by MCI or GCI if the Final Closing Date shall not have occurred on or before December 31, 1996; provided, however, that the right to terminate under this paragraph c) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause of the failure of the Closing to occur on or before such date.

In the event of termination, no party hereto shall have any liability or further obligation to the other party hereto, except that nothing herein will relieve any party from any breach of this Agreement.

10. Survival of Representations, Warranties and Covenants. All representations, warranties and covenants contained herein shall survive the execution of this Agreement and the consummation of the transactions contemplated hereby.

11. Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. MCI shall have the right to assign to any direct or indirect subsidiary of MCI or its parent, MCI Communications Corporation, any and all rights and obligations of MCI under this Agreement.

12. Notices. Any notice or other communication provided for herein or given hereunder to a party hereto shall be in writing and shall be given by personal delivery, by telex, telecopier or by mail (registered or certified mail, postage prepaid, return receipt requested) to the respective parties as follows:

If to GCI:

General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503
Attn: Chief Financial Officer

If to MCI:

MCI Telecommunications Corporation
1801 Pennsylvania Avenue, NW
Washington, DC 20006
Attn: Vice President Corporate Development

With a copy to:

MCI Telecommunications Corporation
1133 19th Street, NW
Washington, DC 20036
Attn: Office of the General Counsel (0596/003)

or to such other address with respect to a party as such party shall notify the other in writing. Any such notice shall be deemed given upon receipt.

13. Amendment; Waiver. This Agreement may not be amended except by a writing duly signed by the parties. No party may waive any of the terms or conditions of this Agreement except by a duly signed writing referring to the specific provision to be waived.

14. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Alaska, without regard to the conflict of laws and rules thereof.

15. Entire Agreement. This Agreement (including the Exhibits and Schedules hereto) constitutes the entire agreement with respect to the transactions contemplated hereby, and supersedes all other and prior agreements and understandings, both written and oral, among the parties to this Agreement.

16. Expenses. Each party hereto shall pay its own expenses incident to preparing for, entering into and carrying out this Agreement and the consummation of the transactions contemplated hereby.

17. Captions. The Section and Paragraph captions herein are for convenience only, do not constitute part of this Agreement, and shall not be deemed to limit or otherwise affect any of the provisions hereof.

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

19. Cable Acquisitions. GCI agrees that it will not, at any time, issue, in the aggregate, more than 18,000,000 shares of its Class A Common Stock in connection with the Cable Acquisitions and the price per share for any share of Class A Common Stock issued in connection therewith shall have been at least $6.50.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered on the day and year first written above.

GENERAL COMMUNICATION, INC.

By /s/
John M. Lowber
Its: Senior Vice President

MCI TELECOMMUNICATIONS
CORPORATION

By /s/
Name:
Its:

<TABLE>

ATTACHMENT
Table of Contents

<CAPTION>
<S> <C>
I..

Exhibit A	-	Capital Stock....550
Exhibit B	-	Registration Rights Agreement....551
Exhibit C	-	Voting Agreement....564
Exhibit D	-	Opinion of Hartig Rhodes Norman Mahoney & Edwards, P.C....571

II....

Schedule 4(c)(i)	-	Options, Warrants, Rights or Convertible Securities....576
Schedule 4(c)(ii)	-	Voting Agreements....577
Schedule 4(c)(iii)	-	Ownership and Outstanding Capital Stock of each GCI subsidiary....578
Schedule 4(h)	-	Pending Litigation....579
Schedule 4(l)	-	Equity Agreements....580
Schedule 4(m)(ii)	-	Collective Bargaining Requests....581
Schedule 4(p)	-	Asset Liens....582
Schedule 4(q)	-	Material Contracts....583
Schedule 4(q)(i)	-	Existing Defaults....585
Schedule 4(r)(v)	-	Environmental Notices....586
Schedule 4(s)	-	Tax Audits....587

III....

Section 8(b)(iii)	-	MCI's Officer's Certificate....588
Section 8((c)(i)	-	GCI's Officer's Certificate....589
Section 8(c)(ii)	-	GCI's Officer's Certificate....589
Section 8(c)(iii)	-	GCI's Officer's Certificate....589
Section 8(c)(viii)	-	GCI's Officer's Certificate....589
Section 8(c)(ix)	-	GCI's Officer's Certificate....589

</TABLE>

EXHIBIT A
Capital Stock

As of the date hereof and after the issuance of the Shares as contemplated by this Agreement, the authorized and issued and outstanding capital stock of GCI will be as follows, except for such changes resulting from the exercise of stock options, warrants and common stock contemplated herein:

	Authorized Shares
Class A Common	50,000,000
Class B Common	10,000,000
Preferred	1,000,000

	Issued Shares As of 07/15/96	After Issuance of MCI Shares	After Issuance of Prime/Rock/Cooke Shares
Class A Common	19,768,1501 (1)	21,768,1501	38,029,1501
Class B Common	4,159,657	4,159,657	4,159,657
Preferred	-0-	-0-	-0-

(1) Includes 120,111 treasury shares.

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement ("Agreement"), dated as of this day of , 1996, is between General Communication, Inc., an Alaska corporation ("GCI"), and MCI Telecommunications Corporation, a Delaware corporation ("MCI").

RECITALS

A. MCI has acquired Two Million (2,000,000) shares of GCI's Class A Common Stock, no par value. All such shares of GCI's Class A Common Stock which MCI now owns and any securities issued in exchange for or in respect of such stock, whether pursuant to a stock dividend, stock split, stock reclassification or otherwise are collectively referred to in this Agreement as the "Registrable Shares."

B. GCI desires to grant registration rights to MCI and any successor or assign of MCI as the holder of all or any portion of the Registrable Shares. MCI and such successors and assigns are referred to in this Agreement as the "Holders," or, individually as a "Holder."

AGREEMENT

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

1. Demand Registration.

(a) Following the expiration of a one hundred eighty (180) day "stand still period" after the date hereof and then only if required to permit resales of the Registrable Shares by Holders, Holders shall at any time and from time to time, have the right to require registration under the Securities Act of 1933, as amended ("Securities Act"), of all or any portion of the Registrable Shares on the terms and subject to the conditions set forth in this Agreement.

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

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

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

(e) Notwithstanding the foregoing, GCI shall not be obligated to effect a registration pursuant to this Section 1 during the period starting with the date sixty (60) days prior to GCI's estimated date of filing of, and ending on a date six (6) months following the effective date of, a registration statement pertaining to an underwritten public offering of equity

securities for GCI's account, provided that (i) GCI is actively employing in good faith all reasonable efforts to cause such registration statement to become effective and that GCI's estimate of the date of filing on such registration statement is made in good faith, and (ii) GCI shall furnish to the Holders a certificate signed by GCI's President stating that in the Board of Directors' good-faith judgment, it would be seriously detrimental to GCI or its shareholders for a Registration Statement to be filed in the near future; and in such event, GCI's obligations to file a Registration Statement shall be deferred for a period not to exceed six (6) months.

2. Incidental Registration. Each time that GCI proposes to register any of its equity securities under the Securities Act (other than a registration effected

solely to implement an employee benefit or stock option plan or to sell shares obtained under an employee benefit or stock option plan or a transaction to which Rule 145 or any other similar rule of the Commission under the Securities Act is applicable), GCI will give written notice to the Holders of its intention to do so. Each of the Selling Holders may give GCI a written request to register all or some of its Registrable Shares in the registration described in GCI's written notice as set forth in the foregoing sentence, provided that such written request is given within twenty (20) days after receipt of any such GCI notice. Such request will state (i) the amount of Registrable Shares to be disposed of and the intended method of disposition of such Registrable Shares, and (ii) any other information GCI reasonably requests to properly effect the registration of such Registrable Shares. Upon receipt of such request, GCI will use its best efforts promptly to cause all such Registrable Shares intended to be disposed of to be registered under the Securities Act so as to permit their sale or other disposition (in accordance with the intended methods set forth in the request for registration), unless the sale is a firmly underwritten public offering and GCI determines reasonably and in good faith in writing that the inclusion of such securities would adversely affect the offering or materially increase the offering's costs. In which case such securities and all other securities to be registered, other than those to be offered for GCI's account, shall be excluded to the extent the underwriter determines. The total number of secondary shares included in such registration shall be shared pro rata by all security holders having contractual registration rights based upon the amount of GCI's securities requested by such security holders to be sold thereunder. GCI's obligations under this Section 2 shall apply to a registration to be effected for securities to be sold for GCI's account as well as a registration statement which includes securities to be offered for the account of other holders of GCI equity securities having contractual registration rights; however, the registration rights granted pursuant to the provisions of this Section 2 are subject to the registration rights granted by GCI pursuant to (a) the Registration Rights Agreement dated as of January 18, 1991, between GCI and WestMarc Communications, Inc., (b) the Registration Rights Agreement dated as of March 31, 1993, between GCI and MCI, (c) the Registration Rights Agreement of even date between GCI and the owners of Prime Cable of Alaska, L.P., (d) the Registration Rights Agreement of even date between GCI and the owners of Alaskan Cable Network, Inc., and (e) the Registration Rights Agreement of even date between GCI and the owners of Alaska Cablevision, Inc., the effect of which agreements is that all parties hereto and thereto have pro rata piggy-back registration rights.

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

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

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

attorneys and accountants, and all transfer taxes and brokerage and underwriters' discounts and commissions directly attributable to the Registrable Shares being offered and sold by such Selling Holder.

4. Limitations on Registration Rights. Notwithstanding the provisions of Section 1 of this Agreement, GCI shall not be required to effect any registration under that Section if (i) the request(s) for registration cover an aggregate number of Registrable Shares having an aggregate Market Value of less than One Million Five Hundred Thousand Dollars ($1,500,000.00) as of the date of the last of such requests, (ii) GCI has previously filed two (2) registration statements under the Securities Act pursuant to Section 1, (iii) GCI, in order to comply with such request, would be required to (A) undergo a special interim audit or (B) prepare and file with the Commission, sooner than would otherwise be required, pro forma or other financial statements relating to any proposed transaction, or (iv) if, in the opinion of counsel to GCI, the form of which opinion of counsel shall be acceptable to the Holders, a registration is not required in order to permit resale by Holders. The first demand registration under this Agreement may be requested only by the Holders of a minimum of thirty percent (30%) of the Registrable Shares. "Market Value" as used in this Agreement shall mean, as to each class of Registrable Shares at any date, the average of the daily closing prices for such class of Registrable Shares, for the ten (10) consecutive trading days before the day in question. The closing price for shares of such class for each day shall be the last reported sale price regular way, or, in case no such reported sale takes place on such day, the average of the reported closing bid and asked prices regular way, in either case on the composite tape, or if the shares of such class are not quoted on the composite tape, on the principal United States securities exchange registered under the Securities Exchange Act of 1934, as amended ("Exchange Act"), on which shares of such class are listed or admitted to trading, or if they are not listed or admitted to trading on any such exchange, the closing sale price (or the average of the quoted closing bid and asked price if no sale is reported) as reported by the National Association of Securities Dealers Automated Quotation System ("NASDAQ") or any comparable system, or if the shares

of such class are not quoted on NASDAQ or any comparable system, the average of the closing bid and asked prices as furnished by any market maker in the securities of such class who is a member of the National Association of Securities Dealers, Inc., or in the absence of such closing bid and asked price, as determined by such other method as GCI's Board of Directors shall from time to time deem to be fair.

5. Obligations with Respect to Registration.

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

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

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

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

(iv) Furnish at GCI's expense to the Selling Holders such number of copies of a preliminary, final, supplemental or amended

prospectus, in conformity with the requirements of the Securities Act and the rules and regulations

promulgated thereunder, as may reasonably be required in order to facilitate the disposition of the Registrable Shares covered by a Registration Statement, but only while GCI is required under the provisions hereof to cause a Registration Statement to remain effective; and

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

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

(vii) Cause all such Registrable Shares to be listed on each securities exchange on which similar securities issued by GCI are then listed and to be qualified for trading on each system on which similar securities issued by GCI are from time to time qualified;

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

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

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

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

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

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

efforts to promptly obtain the withdrawal of such order.

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

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

(ii) During such time as the Selling Holder may be engaged in a distribution of the Registration Shares, such Selling Holder shall comply with Rules 10b-2, 10b-6 and 10b-7 promulgated under the Exchange Act and pursuant thereto it

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

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

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

6. Indemnification.

(a) By GCI. In the event of any registration under the Securities Act of any Registrable Shares pursuant to this Agreement, GCI shall indemnify and hold harmless any Selling Holder, any underwriter of such Selling Holder, each officer, director, employee or agent of such Selling Holder, and each other person, if any, who controls such Selling Holder or underwriter within the meaning of Section 15 of the Securities Act, against any losses, costs, claims, damages or liabilities, joint or several (or actions in respect thereof) ("Losses"), incurred by or to which each such indemnified party may become subject, under the Securities Act or otherwise, but only to the extent such Losses arise out of or based upon (i) any untrue statement or alleged untrue statement of any material fact contained, on the effective date thereof, in any Registration Statement under which such Registrable Shares were registered under the Securities Act, in any preliminary prospectus (if used prior to the effective date of such Registration Statement) or in any final prospectus or in any post effective amendment or supplement thereto (if used during the period GCI is required to keep the Registration Statement effective) ("Disclosure Documents"), (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading or (iii) any violation of any federal or state securities laws or rules or regulations thereunder committed by GCI in connection with the performance of its obligations under this Agreement; and GCI will reimburse each such indemnified party for all legal or other expenses reasonably incurred by such party

in connection with investigating or defending any such claims, including, subject to such indemnified party's compliance with the provisions of the last sentence of subsection (c) of this Section 6, any amounts paid in settlement of any litigation, commenced or threatened, so long as GCI's counsel agrees with the reasonableness of such settlement; provided, however, that GCI shall not be liable to an indemnified party in any such case to the extent that any such Losses arise out of or are based upon (i) an untrue statement or alleged untrue statement or omission or alleged omission (x) made in any such Disclosure

Documents in reliance upon and in conformity with written information furnished to GCI by or on behalf of such indemnified party specifically for use in the preparation thereof, (y) made in any preliminary or summary prospectus if a copy of the final prospectus was not delivered to the person alleging any loss, claim, damage or liability for which Losses arise at or prior to the written confirmation of the sale of such Registrable Shares to such person and the untrue statement or omission concerned had been corrected in such final prospectus or (z) made in any prospectus used by such indemnified party if a court of competent jurisdiction finally determines that at the time of such use such indemnified party had actual knowledge of such untrue statement or omission or (ii) the delivery by an indemnified party of any prospectus after such time as GCI has advised such indemnified party in writing that the filing of a post-effective amendment or supplement thereto is required, except the prospectus as so amended or supplemented, or the delivery of any prospectus after such time as GCI's obligation to keep the same current and effective has expired.

(b) By the Selling Holders. In the event of any registration under the Securities Act of any Registrable Shares pursuant to this Agreement, each Selling Holder shall, and shall cause any underwriter retained by it who participates in the offering to agree to, indemnify and hold harmless GCI, each of its directors, each of its officers who have signed the Registration Statement and each other person, if any, who controls GCI within the meaning of Section 15 of the Securities Act, against any Losses, joint or several, incurred by or to which such indemnified party may become subject under the Securities Act or otherwise, but only to the extent such Losses arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in any of the Disclosure Documents or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading, if the statement or omission was in reliance upon and in conformity with written information furnished to GCI by such indemnifying party specifically for use in the preparation thereof, (ii) the delivery by such indemnifying party of any prospectus after such time as GCI has advised such indemnifying party in writing that the filing of a post-effective amendment or supplement thereto is required, except the prospectus as so amended or supplemented, or after such time as the obligation of GCI to keep the Registration Statement effective and current has expired or (iii) any violation by such indemnifying party of its obligations under Section 5(b) of this Agreement or any information given or representation made by such indemnifying party in connection with the sale of the Selling Holder's Registrable Shares which is not contained in and not in conformity with the prospectus (as amended or

supplemented at the time of the giving of such information or making of such representation); and each Selling Holder shall, and shall cause any underwriter retained by it who participates in the offering to agree to, reimburse each such indemnified party for all legal or other expenses reasonably incurred by such party in connection with investigating or defending any such claim, including, subject to such indemnified party's compliance with the provisions of the last sentence of subsection (c) of this Section 6, any amounts paid in settlement of any litigation, commenced or threatened; provided, however, that the indemnity agreement contained in this Section 6(b) shall not apply to amounts paid in settlement of any loss, claim, damage, liability or action arising pursuant to a registration if such settlement is effected without the consent of Selling Holder; and provided further, that no Selling Holder shall be required to undertake liability under this Section 6(b) for any amounts in excess of the proceeds to be received by such Selling Holder from the sale of its securities pursuant to such registration, as reduced by any damages or other amounts that such Selling Holder was otherwise required to pay hereunder.

(c) Third Party Claims. Promptly after the receipt by any party hereto of notice of any claim, action, suit or proceeding by any person who is not a party to this Agreement (collectively, an "Action") which is subject to indemnification hereunder, such party ("Indemnified Party") shall give reasonable written notice to the party from whom indemnification is claimed ("Indemnifying Party"). The Indemnifying Party shall be entitled, at the Indemnifying Party's sole expense and liability, to exercise full control of the defense, compromise or settlement of any such Action unless the Indemnifying Party, within a reasonable time after the giving of such notice by the Indemnified Party, shall (i) admit in writing to the Indemnified Party, the Indemnifying Party's liability to the Indemnified Party for such Action under the terms of this Section 6, (ii) notify the Indemnified Party in writing of the Indemnifying Party's intention to assume the defense thereof and (iii) retain legal counsel reasonably satisfactory to the Indemnified Party to conduct the defense of such Action. The Indemnified Party and the Indemnifying Party shall cooperate with the party assuming the defense, compromise or settlement of any such Action in accordance herewith in any manner that such party reasonably may request. If the Indemnifying Party so assumes the defense of any such Action, the Indemnified Party shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, but the fees and expenses of such counsel shall be the Indemnified Party's sole expense unless (i) the Indemnifying Party has agreed to pay such fees and

expenses, (ii) any relief other than the payment of money damages is sought against the Indemnified Party or (iii) the Indemnified Party shall have been advised by its counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Indemnifying Party, and in any such case the fees and expenses of such separate counsel shall be borne by the Indemnifying Party. No Indemnifying Party shall settle or compromise any such Action in which any relief other than the payment of money damages is sought against any Indemnified Party unless the Indemnified Party consents in writing to such compromise or settlement, which consent shall not be unreasonably

withheld. No Indemnified Party shall settle or compromise any such Action for which it is entitled to indemnification hereunder without the Indemnifying Party's prior written consent, unless the Indemnifying Party shall have failed, after reasonable notice thereof, to undertake control of such Action in the manner provided above in this Section 6.

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

7. Miscellaneous.

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

(i) if to GCI at:

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

(ii) if to MCI, at:

MCI Telecommunications Corporation
1801 Pennsylvania Avenue, NW
Washington, DC 20006
ATTN: Senior Vice President
and Chief Financial Officer
Telecopy: (202) 887-2195

with a copy to:

MCI Telecommunications Corporation
1133 19th Street, NW
Washington, DC 20036
ATTN: Office of the General Counsel

(iii) if to any Holder other than MCI, at the address provided to GCI (and if none provided, to MCI)

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

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

(c) Binding Effect; Benefit. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. Nothing in this Agreement, expressed or implied is intended to confer on any person other than the parties hereto or their respective successors and assigns (including, in the case of MCI, any successor or assign of MCI as the holder of

Registrable Shares), any rights, remedies, obligations or liabilities under or by reason of this Agreement, other than rights conferred upon indemnified persons under Section 6.

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

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

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

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

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

GENERAL COMMUNICATION, INC.

By
John M. Lowber, Senior Vice President

MCI TELECOMMUNICATIONS CORPORATION

By
Name:
Its

VOTING AGREEMENT

THIS VOTING AGREEMENT ("Agreement") is entered into effective on the day of , 1996, by and between Prime II Management, L.P. ("Prime"), as the designated agent for the parties named on Annex 1 attached hereto (collectively, "Prime Sellers"), MCI Telecommunications Corporation, Ronald A. Duncan, Robert M. Walp, and TCI GCI, Inc. (Prime, as designated agent for the Prime Sellers, "Duncan," "Walp," and "TCI GCI," respectively, or individually, "Party" and collectively, "Parties"), all of whom are shareholders of General Communication, Inc., an Alaska corporation ("GCI"), as identified in this Agreement.

WHEREAS, the Parties are as of the date of this Agreement, the owners of the amounts of GCI's Class A and Class B common stock as set forth in this Agreement;

WHEREAS, the Parties desire to combine their votes as shareholders of GCI in the election of certain positions of the Board of Directors ("Board") of GCI and specifically to vote on certain issues as set forth in this Agreement;

WHEREAS, the Parties desire to establish their mutual rights and obligations in regard to the Board and those certain issues to come before the shareholders or before the Board;

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained in this Agreement, the Parties agree as follows:

Section 1. Shares. The shares of GCI's Class A and Class B common stock subject to this Agreement will consist of those shares held by each Party as set forth in this Section 1 and any additional shares of GCI's voting stock acquired in any manner by any one or more of the Parties ("Shares"):

(1) Prime - ( ) shares of Class A common stock;

(2) MCI - 8,251,509 Shares of Class A common stock and 1,275,791 Shares of Class B common stock, which total to an aggregate of 21,009,419 votes for MCI;

(3) Duncan - 852,775 Shares of Class A common stock and 233,708 Shares of Class B common stock, which total to an aggregate of 3,189,855 votes for Duncan;

(4) Walp - 534,616 Shares of Class A common stock and 301,049 Shares of Class B common stock, which total to an aggregate of 3,545,106 votes for Walp; and

(5) TCI GCI - 590,043 Shares of Class B common stock, which totals to an aggregate of 5,900,430 votes for TCI GCI.

Section 2. Voting. (a) All of the Shares will, during the term of this Agreement, be voted as one block in the following matters:

(1) For so long as the full membership on the Board is at least eight, the election to the Board of individuals recommended by a Party ("Nominees"), with the allocation of such recommendations to be in the following amounts and by the following identified Parties:

(A) For recommendations from MCI, two Nominees;

(B) For recommendations from Duncan and Walp, one Nominee from each;

(C) For recommendations from TCI GCI, two Nominees; and

(D) For recommendations from Prime, two (2) nominees, for so long as (i) the Prime Sellers (and their distributees who agree in writing to be bound by the terms of this Agreement) collectively own at least ten percent of the issued and then-outstanding shares of GCI's Class A common stock, and (ii) that certain Management Agreement between Prime and GCI dated of even date herewith ("Prime Management Agreement") is in full force and effect. If either of these conditions are not satisfied, then Prime shall only be entitled to recommend one Nominee. If neither of these conditions are met, Prime shall not be entitled to recommend any Nominee at that time;

(2) To the extent possible, to cause the full membership of the Board to be maintained at not less than eight members;

(3) Other matters to which the Parties unanimously agree.

(b) The Parties will abide by the classification by the Board of a Nominee in accordance with the provisions for classification of the Board as set forth in Article V(b) of GCI's Articles of Incorporation and Section 2(b) of GCI's Article IV of Bylaws which classification was, as of the date of this Agreement, for Nominees allocated to MCI as follows: one in Class I and one in

Class III, and for Nominees allocated to Prime as follows: one in Class II and one in Class III, and for Nominees allocated to TCI GCI as follows: one in Class II and one in Class III.

(c) The Parties understand that to insure the election of their allocated Nominees, the Shares must constitute sufficient voting power to cause those elections and that as new shares are issued by GCI through the exercise of warrants and options,

acquisitions by employee benefit plans, or otherwise, the number of outstanding shares of voting common stock will increase, making the percentage which the Shares represent of the outstanding shares decrease.

(d) The Parties will take such action as is necessary to cause the election to the Board of each Party's Nominee(s).

Section 3. Manner of Voting. Votes, for purposes of this Section 3, will be as determined by written ballot upon each matter to be voted upon. Should such a matter require shareholder action, e.g., election of Nominees to the Board or should the Board choose to present the matter for shareholder consent, approval or ratification, such balloting must take place so that the results are received by GCI at its principal executive offices not less than 120 calendar days in advance of the date of GCI's proxy statement released to security holders in connection with the previous year's annual meeting of security holders.

Section 4. Limitation on Voting. Except as set forth in (a) of Section 2 of this Agreement, the Agreement will not extend to voting upon other questions and matters on which shareholders will have the right to vote under GCI's Articles of Incorporation, GCI's Bylaws of the Company, or the laws of the State of Alaska.

Section 5. Term of Agreement. (a) The term of this Agreement will be through the completion of the annual meeting of GCI's shareholders taking place in June, 2001 or until there is only one Party to the Agreement, whichever occurs first; provided that the Parties may extend the term of this Agreement only upon unanimous vote and written amendment to this Agreement.

(b) Except as provided in (a) and (d) of this Section 5, a Party (other than Prime) will be subject to this Agreement until the Party disposes of more than 25% of the votes represented by the Party's holdings of common stock which equates to the following (adjusted for stock splits) for each party:

1. MCI - 5,252,355 votes;

2. Duncan - 797,464 votes;

3. Walp - 886,277 votes; and

4. TCI GCI - 1,475,108 votes.

(c) Should one party dispose of an amount of its portion of the Shares in excess of the limit as set forth in (b) of this Section 5, each other Party will have the right to withdraw and terminate that Party's rights and obligations under this Agreement by giving written notice to the other Parties.

(d) Anything to the contrary in this Agreement notwithstanding each Party shall remain a Party to this Agreement with respect to its obligation to vote (a) for

Prime's Nominee(s) pursuant to Section 2(a)(1) above, and (b) to maintain at least an eight (8) member Board pursuant to Section 2(a)(2) above only, for so long as either (i) the Prime Sellers (and their distributees who agree in writing to be bound by the terms of this Agreement) collectively own at least ten percent (10%) of the issued and then-outstanding shares of GCI's Class A common stock or (ii) the Prime Management Agreement is in effect. Upon each request, Prime shall, within a reasonable period of time after delivery by GCI to Prime of GCI's shareholders list showing the number of shares of GCI common stock owned by each such shareholder, provide GCI with its certificate, in form and substance reasonably satisfactory to GCI, confirming the Prime Sellers' aggregate, then-current percentage ownership of GCI Class A common stock.

Section 6. Binding Effect. The Parties will, during the term of this Agreement, be fully subject to its provisions. There will be no prohibition against transfer or other assignment of Shares under the terms of this Agreement. Should a Party transfer or otherwise assign Shares, and the new holder of those Shares will not have any rights under, nor be subject to the

terms of, this Agreement, except that any assignee which is an affiliate or subsidiary entity of a Party shall be bound by, and have the benefits of, this Agreement; provided, however, that anything to the contrary in the foregoing notwithstanding, any distributee of a Prime Seller that agrees in writing to be bound by the terms of this Agreement will have rights under and be subject to the terms of this Agreement.

Section 7. GCI's Agreement. GCI agrees (i) to submit the Nominees selected pursuant to Section 2(a) above in its proxy materials delivered to GCI's shareholders in connection with each election of GCI directors; and (ii) not to take any action inconsistent with the agreements of the Parties set forth herein.

Section 8. Notices. Notices required or otherwise given under this Agreement will be given by hand delivery or certified mail to the following addresses, unless otherwise changed by a Party with notice to the other Parties:

To Prime:

Prime II Management, L.P.
600 Congress Avenue, Suite 3000
Austin, Texas 78701
Attn: President

With copies (which shall not constitute notice) to:

Edens Snodgrass Nichols & Breeland, P.C.
2800 Franklin Plaza
111 Congress Avenue
Austin, Texas 78701
ATTN: Patrick K. Breeland

To MCI:

MCI Telecommunications Corporation
1133 19th Street, N.W.
Washington, D.C. 20035
ATTN: Douglas Maine, Chief Financial Officer

To Duncan:

Ronald A. Duncan
President and Chief Executive Officer
General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503

To Walp:

Robert A. Walp
Vice Chairman
General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503

To TCI GCI :

Larry E. Romrell, President
TCI GCI, Inc.
5619 DTC Parkway
Englewood, Colorado 80111

Section 9. Performance. The Parties agree that damages are not an adequate remedy for a breach of the terms of this Agreement. Should a Party be in breach of a term of this Agreement, one or more of the other Parties may seek the specific performance or injunction of that Party under the terms of this Agreement by bringing an appropriate action in a court in Anchorage, Alaska.

Section 10. Governing Law. The terms of this Agreement will be governed by and construed in accordance with the laws of the State of Alaska.

Section 11. Amendments. This Agreement constitutes the entire Agreement between the Parties, and any amendment of it must be in writing and approved by all Parties.

Section 12. Group. Prior to a Party filing a Schedule 13D or an amendment to such a schedule pursuant to the Securities Exchange Act of 1934, the Party will provide a written notice to each of the other Parties within five days after the triggering event under that schedule and at least two days prior to the filing of that schedule or amendment, as the case may be, and further provide to any other Party any information or documentation reasonably requested by that Party in this regard.

Section 13. Termination of Prior Agreement. This Agreement supersedes and replaces in its entirety that certain Voting Agreement dated effective as of March 31, 1993, by and between MCI, Duncan, Walp and TCI GCI, as successor in interest to WestMarc Communications, Inc.

Section 14. Severability. If a court of competent jurisdiction finds any portion of this Agreement invalid or not enforceable, this Agreement shall be automatically reformed to carry out the intent of the Parties as nearly as possible without regard to the portion so invalidated. If this entire Agreement is determined to be limited in duration by a court of competent jurisdiction, the Parties agree to enter into a new Agreement which carries forward the intent of the Parties upon such termination.

IN WITNESS WHEREOF, the Parties set their hands to this Agreement, effective on the first date above written.

PRIME II MANAGEMENT, L.P.
By Prime II Management, Inc.
Its General Partner

By
Name:
Its:

MCI TELECOMMUNICATIONS CORPORATION

By
Name:
Its:

RONALD A. DUNCAN

ROBERT M. WALP

TCI GCI, INC.

By
Name:
Its:

GENERAL COMMUNICATION, INC.

By
Name:
Its:

EXHIBIT "D"
Form of Legal Opinion

[HARTIG, RHODES LETTERHEAD]

, 1996

Anchorage

MCI Telecommunications Corporation
1133 19th Street, NW

Washington, D.C. 20038

RE: Stock Purchase Agreement (the "Agreement") dated as of , 1996 between General Communication, Inc. (the "Company") and MCI Telecommunications Corporation (the "Purchaser")
Our File: 6552-35

Ladies and Gentlemen:

This opinion letter is delivered to you pursuant to Paragraph 8(c)(vii) of the Agreement. Capitalized terms used but not defined in this opinion letter have the meanings given to them in the Agreement.

We have acted as counsel to the Company in connection with the preparation and the execution and delivery of the Agreement and the related documents. In that capacity we have examined the Agreement and the related documents, including, but not limited to, the Registration Rights Agreement, dated of even date herewith, between the

Company and the Purchaser and the Voting Agreement, dated of even date herewith, by and between the Company, Prime II Management, L.P., as the designated agent, the Purchaser, Ronald A. Duncan, Robert M. Walp and TCI GCI, Inc. ("Related Agreements") and such other documents and records, and we have made such other investigations, as we have deemed necessary to enable us to state the opinions expressed below. As to certain factual matters, we have relied upon the representations of the Company and the Purchaser contained in the Agreement and upon certificates of officers of the Company and the Purchaser.

In such examination, we have assumed the genuineness and authenticity of all documents submitted to us as originals, the conformity with genuine and authentic originals of all documents submitted to us as copies, the genuineness of all signatures, the power and authority of each entity which may be a party thereto (other than the Company and its subsidiaries), the authority of each person signing for each such entity (other than the Company and its subsidiaries), and the due organization, existence, qualification and authorization to transact business of each such party (other than the Company and its subsidiaries).

This opinion letter is governed by, and shall be interpreted in accordance with, the Legal Opinion Accord (the "Accord") of the American Bar Association Section of Business Law (1991). As a consequence, it is subject to a number of qualifications, exceptions, definitions, limitations on coverage and other limitations, all as more particularly described in the Accord, and this opinion letter should be read in conjunction therewith. The law covered by the opinions expressed herein is limited to the federal law of the United States (except as provided in the Accord) as currently in effect, and the law of the State of Alaska (except as provided in the Accord) as currently in effect. Furthermore, we express no opinion with respect to: (i) matters governed by the Federal Communications Act of 1934, as amended, and the rules and regulations of the Federal Communications Commission thereunder; or (ii) matters governed by the Federal Aviation Act of 1958, as amended, and the rules and regulations of the Federal Aviation Administration thereunder.

On the basis of our examination and subject to stated qualifications, assumptions and limitations, in our opinion:

1. The Company and each of its subsidiaries are duly organized, validly existing and in good standing under the laws of the State of Alaska, have all requisite corporate power and authority to own their property as now owned and carry on their business as now conducted and are qualified to do business and is in good standing in each jurisdiction in which the conduct of their business or the ownership of their property requires such qualification, except, in each case, where the failure to qualify would not have a material adverse effect on the financial condition or operations of the Company or its subsidiary.

2. The Shares are duly authorized, validly issued, fully paid and nonassessable shares of Common Stock having the rights, preferences, privileges and restrictions set forth in the Articles of Incorporation, will not be subject to any preemptive rights, and, to our knowledge, will be free and clear of any security interest, lien, charge or encumbrance of any nature whatsoever.

3. The execution, delivery and performance by the Company of the Agreement and the Related Agreements are within the corporate powers of the Company, have been duly authorized by all necessary corporate action of the Company, and do not and will not conflict with or constitute a breach of the

terms, conditions or provisions of, or constitute a default under, its Articles of Incorporation and Bylaws or any material contract, undertaking, indenture or other agreement or instrument by which the Company is bound or to which it or any of its assets is subject.

4. The Company is not required, in connection with the execution, delivery, and performance of the Agreement and the Related Agreements to give any notice to or obtain any consent from any lender pursuant to any agreement or instrument for borrowed money of which we have knowledge and to which the Company is a party or by which the property of the Company is bound, except that consent to the issuance of the Shares is required from NationsBank of Texas, N.A. ("NationsBank"), as Administrative Lender under that certain Credit Agreement dated as of April 26, 1996, between GCI Communication Corp. and NationsBank.

5. Registration is not required under the Securities Act or the Alaska Securities Act of 1959, as amended, for the issuance and delivery of the Shares. In expressing the opinion set forth in the foregoing sentence, we have relied, without any independent investigation, on the representations of Purchaser set forth in Paragraphs 5 (c) and (d) of the Agreement and A.S. 45.55.900(b)(7). The applicable exemption from the registration requirements under the Securities Act is set forth in Section 4(2) of the Securities Act. We express no opinions as to the necessity of registering the Shares under the laws of any state, other than the State of Alaska, in connection with the transaction.

6. The Company is not required to make any filings with or give any notice to, or obtain any consents, approvals, or authorizations from, any governmental authority in connection with the execution, delivery and performance by the company of the Agreement and the Related Agreements. The execution, delivery, and performance by the Company of the Agreement and the Related Agreements, do not and will not violate any law, rule, regulation or order of any court or other governmental authority applicable to the Company.

7. The Agreement and the Related Agreements are the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as the enforceability of those agreements may be affected or

limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally or by general principles of equity, whether applied in a proceeding in equity or at law.

8. There is no pending, or to the best of our knowledge, threatened, judicial, administrative or arbitral action, suit, proceeding or claim against or investigation of the Company which questions the validity of the Agreement or the Related Agreements.

The opinions expressed above are subject to and qualified in all respects by the Accord and the following:

We have relied as to factual matters on the representations and warranties of the Company set forth in the Agreement, certificates of officers and other representatives of the Company and the following additional items, and have made no other investigation or inquiry as to such factual matters:

(a) Certificates from the State of Alaska as to the existence and good standing of the Company and its subsidiaries.

(b) Constituent Documents of the Company and its subsidiaries.

We have rendered the foregoing opinion as of the date hereof, and we do not undertake to supplement our opinion with respect to the factual matters or changes in the law which may hereafter occur.

You are hereby notified that (a) we do not consider you to be our client in the matters to which this opinion letter relates, (b) neither the Alaska Code of Professional Responsibility nor current case law clearly articulates the circumstances under which an attorney may give a legal opinion to a person other than the attorney's own client, (c) a court might determine that it is improper to us to issue, and for you to rely upon, a legal opinion issued by us when we have acted as counsel to the Company in connection with the transactions, and (d) you may wish to obtain a legal opinion from your own legal counsel as to the matters addressed in this opinion letter.

We express no opinions herein regarding the enforceability of provisions involving choices or conflicts of law or of provisions of the Registration Rights Agreement purporting to require indemnification of a party for its own action or inaction, to the extent the action or inaction involves negligence.

This opinion is given solely to you and may be relied upon by you only in connection with the Agreement and may not be used or relied upon by you or

any other person or entity for any other purposes whatsoever. This opinion letter may not be quoted, circulated or published, in whole or in part, or furnished to or relied upon by any other party, or otherwise referred to, or be filed with or furnished to any governmental

agency or other person or entity not involved in the Agreement without prior written consent.

Sincerely,

HARTIG, RHODES, NORMAN,
MAHONEY & EDWARDS, P.C.

By:
Robert B. Flint

SCHEDULE 4(c)(i)
GCI's Stock Option Plans, Warrants,
Rights or Convertible Securities

General Communication, Inc. Outstanding Options:

	No. of Shares	Exercise Price
Shares reserved for exercise of options issued pursuant to GCI's Incentive Stock Option Plan	2,233,734	$.75 to $4.50 per share
Shares to be issued pursuant to an option agreement with William C. Behnke, an Officer	85,190	$.001 per share
Shares to be Issued pursuant to an option agreement with John M. Lowber, an Officer	100,000	$.75 per share
Shares to be issued to MCI Telecommunications Corporation	2,000,000	$6.50 per share
Shares to be issued to Prime entities	11,800,000	$6.50 per share
Shares to be issued to Cooke entities	2,923,077	$6.50 per share
Shares to be issuable to the Rock entities pursuant to a $10,000,000 convertible note	1,538,462	$6.50 per share

NOTE: For additional details regarding GCI's Stock Option Plan, please refer to the footnotes in GCI's financial statements in its SEC Forms 10K and 10Q.

SCHEDULE 4(c)(ii)
Voting Agreements

There are no voting trusts or other agreements or understandings to which GCI or any subsidiary is a party, and to GCI's knowledge no other voting trusts exist with respect to the voting of the capital stock of GCI or any of its subsidiaries, except for (i) that Voting Agreement entered into as of March 31, 1993, by and between MCI Telecommunications Corporation ("MCI"), Ronald A. Duncan ("Duncan"), Robert M. Walp ("Walp"), and WestMarc Communications, Inc., all as shareholders of GCI; which is projected to be superseded and replaced in its entirety by (ii) that Voting Agreement to be entered into as of , 1996, by and between Prime II Management, L.P., Prime Venture I Holdings, L.P., Prime Cable Growth Partners, L.P., Alaska Cable, Inc., MCI, Duncan, Walp, TCI GCI, Inc. and GCI.

SCHEDULE 4(c)(iii)
Outstanding Stock Liens

GCI owns the entire equity interest in each of its subsidiaries, and all the outstanding capital stock of each subsidiary of GCI are validly issued, fully paid and nonassessable and are owned by GCI free and clear of all liens, charges, preemptive rights, claims or encumbrances, except as follows:

1. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated as of May 14, 1993, as amended, holds the original Stock Certificates Nos. 1, 2 and 3, for One Thousand (1,000), One Hundred Thousand (100,000) and Ten Thousand (10,000) shares respectively, of Class A Common Stock of GCI Communication Corp. for security purposes only, not as purchaser. GCI is the owner of all of such One Hundred Eleven Thousand (111,000) shares of GCI Communication Corp. stock.

2. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated as of May 14, 1993, as amended, also holds the original Stock Certificate No. 1 for One Hundred (100) shares of GCI Communication Services, Inc., for security purposes only, not as purchaser. GCI is the owner of such One Hundred (100) shares.

3. National Bank of Alaska ("NBA"), as Lender under the Loan Agreement dated December 31, 1992, holds the original Stock Certificate No. 1 for One Hundred (100) shares of the Common Stock of GCI Leasing Co., Inc. for security purposes only, not as purchaser. GCI Communication Services, Inc., is the owner of such 100 shares. NationsBank of Texas, N.A., as Administrative Agent, holds a second lien on such shares.

SCHEDULE 4(h)
Pending Litigation

None.

SCHEDULE 4(l)
Contracts/Agreements to Acquire Equity
Interest in GCI or its Subsidiaries

1. The proposed Common A stock issuance to acquire (i) the ongoing cable television and cable television systems of Prime Cable of Alaska, L.P., pursuant to the terms of the Securities Purchase Agreement dated as of May 2, 1996, among General Communication, Inc., Prime Venture I Holdings, L.P., Prime Cable Growth Partners, L.P., Prime Venture II, L.P., Prime Cable Limited Partnership, Austin Ventures, L.P., William Blair Venture Partners III Limited Partnership, Centennial Fund, II, L.P., Centennial Fund III, L.P., Centennial Business Development Fund, Ltd., BancBoston Capital, Inc., First Chicago Investment Corporation, Madison Dearborn Partners, Prime II Management, L.P., Prime Cable of Alaska, L.P., Alaska Cable, Inc. and Prime Cable Fund I, Inc.

2. The proposed Common A stock issuance to acquire certain ongoing cable television business and cable television systems pursuant to the (i) Asset Purchase Agreements dated as of May 10, 1996, among General Communication, Inc. and McCaw/Rock Homer Cable Systems and McCaw/Rock Seward Cable System respectively; and (ii) the Asset Purchase Agreement, dated May 10, 1996, among General Communication, Inc. and Alaska Cablevision, Inc.

3. The proposed Common A stock issuance to acquire certain ongoing

cable television business and cable television systems pursuant to that Asset Purchase Agreement, dated as of April 15, 1996, among General Communication, Inc., Alaskan Cable Network/Fairbanks, Inc., Alaskan Cable Network/Juneau, Inc. and Alaskan Cable Network/Ketchikan-Sitka, Inc.

SCHEDULE 4(m)(ii)
Requests for Collective Bargaining

None.

SCHEDULE 4(p)
Asset Liens

GCI and its subsidiaries have good title to all material assets on the Balance Sheet, except as set forth in paragraph 4(p)(i) through (iv) of the MCI Stock Purchase Agreement, and except as follows:

1. To secure a debt in the current principal amount of $30,100,000. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated April 26, 1996, holds a security position on substantially all of GCI's and GCI Communication Corp.'s property and equipment, including, without limitation, the stock listed in Schedule 4(c)(iii) hereof, all of GCI Communication Corp.'s fixtures as a transmitting utility on all of its real properties and leasehold estates located both in Alaska and Washington.

2. To secure a debt in the current principal amount of $7,595,595, National Bank of Alaska, as Lender under the Loan Agreement dated December 31, 1992, holds a security interest in GCI Communication Corp.'s undersea fiber operations, as well as a security interest in the lease payments from MCI.

3. There is a capital lease in the current principal amount of $766,049; RDB Partnership holds title to the building occupied by GCI Communication Corp.

4. There is a capital lease in the current principal amount of $143,973; the National Bank of Alaska Leasing Co. holds title to GCI Communication Services, Inc.'s shared hub assets and contract proceeds. However, GCISI has an option to acquire those assets at the end of the capital lease's term.

SCHEDULE 4(q)
Material Contracts

The following is a complete listing of all contracts and agreements existing on the date hereof for GCI and/or its subsidiaries which (i) are with any customer which accounted for greater than 2% of GCI's or any of its subsidiary's revenues for the year ended 12/31/95; (ii) involve contracts that call for annual aggregate expenditures by GCI of greater than $5,000,000; or (iii) involve contracts that call for aggregate expenditures by GCI during the remainder of their respective terms in excess of $10,000,000:

1. Customers which account for greater than 2% of GCI or any of its subsidiary's revenues for the year ended 12/31/95.

a. GCI Communication Services, Inc.: 2% Floor is approx. greater than $20,000/year: Chevron Shared Hub contract; est. $880,000 annual revenues.

b. GCI Communication Corp.: 2% Floor is approx. greater than $1,538,000/year:

i. Carrier Agreement with MCI Telecommunications Corporation;
ii. Service Agreement with US Sprint Communications Company Limited Partnership of Delaware; and
iii. Agreement with British Petroleum.

c. General Communication, Inc. and GCI Leasing Co., Inc.: None.

2. Contracts calling for annual aggregate expenditures by GCI or its subsidiaries of greater than $5,000,000 annually or for aggregate expenditures by GCI during the remainder of their respective terms of greater than $10,000,000.

a. GCI and GCI Communication Corp.:
i. NationsBank of Texas, N.A. These entities owe the current principal amount of $ 30,100,000 to NationsBank of Texas, N.A. as Administrative Agent under the Credit Agreement dated April 26, 1996.

ii. National Bank of Alaska. GCI Communication Corp. owes the current principal amount of $7,595,595, National Bank of

Alaska, as Lender under the Loan Agreement dated December 31, 1992, relating to its undersea fiber operations.

iii. MCI Telecommunications Corporation. The lease agreement between MCI and GCI Leasing Company, Inc., dated December 31, 1992, will result in payments exceeding $10 Million over its term.

iv. Scientific-Atlanta, Inc. The Company's 1996 commitment under its equipment purchase contract with Scientific-Atlanta, Inc. exceeds $5,000,000.

v. Hughes Communications Galaxy, Inc. 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 will exceed $5 Million and the remaining commitment will exceed $10 Million.

SCHEDULE 4(q)(i)
Existing Defaults

None.

SCHEDULE 4(r)(v)
Environmental Notices

None.

SCHEDULE 4(s)
Tax Audits

GCI's 1993 federal income tax return was selected for examination by the Internal Revenue Service ("IRS") during 1995. The examination commenced during the fourth quarter of 1995 and was completed in March, 1996. GCI has received a letter from the agent conducting the examination indicating that no changes are proposed or required.

The IRS is in the process of reviewing GCI's compliance with the federal excise tax on telecommunication services. No substantive issues have been raised at this time.

The Washington State Department of Revenue has notified GCI that it intends to conduct an audit in July, 1996, of Washington state sales, use and business occupation taxes for the period of January, 1992 through March, 1996.

Management believes these examinations will not result in material adjustments and will not have a material impact on GCI's financial statements.

MCI's OFFICER'S CERTIFICATE
(Section 8(b)(iii))

In compliance with Section 8(b)(iii) of the Stock Purchase Agreement dated , 1996, between GENERAL COMMUNICATION, INC. ("GCI") and MCI TELECOMMUNICATIONS CORPORATION ("Agreement") I, the undersigned, certify as follows:

1. I am the duly appointed and acting of MCI and I am authorized to execute this Certificate.

2. The Final Closing Date as defined in the Agreement is , 1996.

3. This representations of MCI set forth in the Agreement are true and correct in all material respects as of the date when made and (unless made as of a specified date) are true and correct in all material respects as if made as of the Final Closing Date.

4. MCI has performed in all material respects its agreements contained in the Agreement required to be performed at or prior to the Final Closing Date.

Dated this day of , 1996.

MCI TELECOMMUNICATIONS CORPORATION

By:
Name:
Its:

GCI's OFFICER'S CERTIFICATE
(Section 8(c)(i), (ii), (iii), (viii) and (ix))

In compliance with Section 8(c)(i), (ii), (iii), (viii) and (ix) of the Stock Purchase Agreement dated , 1996, between GENERAL COMMUNICATION, INC. ("GCI") and MCI TELECOMMUNICATIONS CORPORATION ("Agreement") I, John M. Lowber, certify as follows:

1. I am the duly appointed and acting Secretary of GCI authorized to execute this Certificate.

2. The Final Closing Date as defined in the Agreement is , 1996.

3. This representations of GCI set forth in the Agreement are true and correct in all material respects as of the date when made and (unless made as of a specified date) are true and correct in all material respects as if made as of the Final Closing Date.

4. GCI has performed in all material respects its agreements contained in the Agreement required to be performed at or prior to the Final Closing Date.

5. All applicable consents and approvals (including those of the FCC and any applicable Public Utility Commission which are necessary to consummate the transactions contemplated by the Agreement have been obtained.

6. Attached hereto is a complete copy of a resolution duly adopted by the board of directors of GCI authorizing and approving the execution of the Agreement and the consummation of the transactions contemplated by the Agreement.

Dated this day of , 1996.

GENERAL COMMUNICATION, INC.

By:
John M. Lowber, Secretary

EXHIBIT 2.8

STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement ("Agreement"), dated as of September 13, 1996, is between General Communication, Inc., an Alaska corporation ("GCI"), and MCI Telecommunications Corporation, a Delaware corporation ("MCI").

1. Agreement to Purchase and Sell Shares. On the terms and subject to the conditions contained in this Agreement, on the Final Closing Date, as defined below, GCI agrees to sell to MCI, and MCI agrees to purchase from GCI, two million (2,000,000) shares of GCI's Class A Common Stock ("Shares"). On the Final Closing Date, GCI shall deliver to MCI certificates representing the Shares. The Final Closing Date ("Final Closing Date") shall occur on the fifth (5th) business day after which all franchise transfer and other regulatory consents have been obtained which are required for the full performance of the Securities Purchase and Sale Agreement dated effective as of May 2, 1996 for the purchase and sale of Prime Cable of Alaska, L.P., Alaska Cable, Inc. and Prime Cable Fund I, Inc. (the "Prime SPA").

2. Purchase Price. The purchase price payable for the Shares shall be Thirteen Million Dollars $13,000,000.00 ("Purchase Price"). On the Final Closing Date MCI shall pay to GCI the Purchase Price by wire transfer of immediately available funds to a GCI designated account.

3. Closing. Unless this Agreement and the transactions contemplated hereby shall have been terminated, the closing ("Closing") of this Agreement shall take place at the offices of Hartig, Rhodes, Norman, Mahoney & Edwards, P.C., 717 K Street, Anchorage, Alaska 99501 on or before the fifth (5th) business day following the latest of (i) the full consummation and performance of the Prime SPA, or (ii) the last condition precedent set forth in Section 8 shall have been satisfied or waived, or at such other time or place as MCI and GCI shall mutually agree in writing.

4. Representations and Warranties of GCI. GCI represents and warrants to MCI as follows:

a) Due Organization and Qualification. GCI and each of its subsidiaries are corporations duly organized, validly existing and in good standing under the laws of their respective jurisdictions of incorporation, with corporate power and authority to own, lease and operate their respective properties and to conduct their respective businesses as they are now owned, leased and operated, and conducted. Each of GCI and its subsidiaries is duly qualified as a foreign corporation to do business, and is in good standing, in each jurisdiction where the character of its properties owned or held under lease or the nature of its activities makes such qualification necessary,

except where the failure so to qualify would not have a material adverse effect on GCI and its subsidiaries taken as a whole.

b) Authorization. GCI has the requisite corporate power to enter into this Agreement and to perform its obligations hereunder. The execution and delivery by GCI of, and the performance by GCI of its obligations under this Agreement have been duly authorized by all requisite corporate action of GCI, and this Agreement is a valid and binding agreement of GCI, enforceable against GCI in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally, or by the principles governing the availability of equitable remedies. None of the execution and delivery by GCI of this Agreement, the issuance and sale by GCI of the Shares, the consummation of the transactions contemplated hereby, or the compliance by GCI with the terms, conditions and provisions hereof, will conflict with or result in a breach or violation of any of the terms, conditions, or provisions of GCI's articles of incorporation or by-laws or of any material agreement or instrument to which GCI is a party or by which GCI or any of its material properties may be bound, or constitute, with or without the provision of notice or the passage of time, or both, a default or create a right of termination, cancellation or acceleration thereunder, or result in the creation or imposition of any security interest, mortgage, lien, charge or encumbrance of any nature whatsoever upon GCI or any of its material properties or assets.

c) Capital Stock. As of the date hereof and after the issuance of the Shares as contemplated by this Agreement, the authorized and issued and outstanding capital stock of GCI will be as set forth on the attached Exhibit A, except for such changes (i) resulting from the exercise of stock options, (ii) the purchase of shares contemplated herein, and (iii) the purchase and sale of securities in connection with the Cable Acquisitions (as defined below)..

All of the outstanding shares of Class A Common Stock and Class B Common Stock

listed on the Exhibit A have been or when issued, will be validly issued and outstanding, fully paid, nonassessable and not entitled to any preemptive rights. Except as set forth on Schedule 4(c)(i), there are currently outstanding no options, warrants, rights or convertible securities or other agreements or commitments of any character providing for the issuance of capital stock of GCI or any of its subsidiaries. Except as set forth on the attached Schedule 4(c)(ii), there are no voting trusts and other agreements or understandings to which GCI or any subsidiary is a party, and to GCI's knowledge, no other voting trusts exist with respect to the voting of the capital stock of GCI or any of its subsidiaries.

Except as set forth on the attached Schedule 4(c)(iii), GCI owns the entire equity interest in each of its subsidiaries, and all the outstanding capital stock of each subsidiary of GCI are validly issued, fully paid and nonassessable and are owned by GCI free and clear of all liens, charges, preemptive rights, claims or encumbrances.

d) Issuance of Shares. The Shares, when sold and delivered by GCI to MCI pursuant to this Agreement, will have been duly authorized and validly issued, and will be fully paid and non-assessable, not subject to any preemptive rights and free and clear of any security interest, lien, charge or encumbrance of any nature whatsoever.

e) SEC Reports. GCI has timely filed all forms, reports, statements and schedules with the Commission required to be filed by it pursuant to the Securities Exchange Act of 1934, as amended ("Exchange Act") or other federal securities laws since June 30, 1993, and has heretofore delivered to MCI (in the form filed with the Commission), together with any amendments or supplements thereto, including superseding amendments, its (i) Annual Reports on Form 10-K for the fiscal years ended December 31, 1994 and December 31, 1995, (ii) all definitive proxy statements relating to GCI's meetings of stockholders (whether annual or special) held since March 31, 1993 as filed with the Securities and Exchange Commission ("Commission"), and (iii) all other reports or registration statements filed by GCI pursuant to the Exchange Act and the Securities Act of 1933, as amended ("Securities Act") since March 31, 1993 (collectively, "SEC Reports"). The SEC Reports (i) were prepared in compliance with the applicable requirements of the Securities Act or the Exchange Act, as the case may be, and (ii) did not as of their respective dates contain any untrue statement of material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading. None of the subsidiaries of GCI is required to file any reports, statements, forms or other documents with the Commission.

f) Financial Statements. The audited financial statements of GCI included or incorporated by reference in the SEC Reports and the unaudited interim monthly financial statements for periods subsequent to such audited financial statements (collectively, including the footnotes thereto, "Financial Statements") are correct and complete, were prepared in accordance with generally accepted accounting principles applied on a consistent basis ("GAAP") (except as otherwise stated in the Financial Statements or in the related reports of GCI's independent accountants) and present fairly the consolidated financial position of GCI and its subsidiaries as of the dates thereof, and the results of operations, changes in financial position and the statements of stockholders' equity of GCI and its subsidiaries on a consolidated basis for the periods indicated. No event has occurred since the preparation of the Financial Statements that would require a restatement of the Financial Statements under GAAP. GCI has received no notice of any fact which may form a basis for any claim by a third party which, if asserted, could result in liability affecting GCI not disclosed by or reserved against in GCI's most recent balance sheet. The Financial Statements reflect and at the Closing Date will reflect, the interest of GCI in the assets, liabilities and operations of all subsidiaries of GCI.

Neither GCI nor any of its subsidiaries has any material liability, obligation or commitment of any nature whatsoever (whether known or unknown, due or to become due, accrued, fixed, contingent, liquidated, unliquidated, or otherwise) other than liabilities, obligations or commitments (i) which are accrued or reserved against in the consolidated balance sheet of GCI and its consolidated subsidiaries ("Balance Sheet") as of December 31, 1995 or reflected in the notes thereto, (ii) which (x) arose in the ordinary course of business since such date and (y) do not or would not individually or in the aggregate have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole, or (iii) which are the type that would not be required to be reflected on a consolidated balance sheet of GCI and its subsidiaries or in the notes thereto if such balance sheet were prepared in accordance with GAAP as of the date hereof or as at the Closing Date, as the case may be. From the date of the most recent balance sheet included in the Financial Statements to and including the date hereof, (i) GCI's business has

been operated only in the ordinary course, (ii) GCI has not sold or disposed of any assets other than in the ordinary course of business, (iii) there has not occurred any material adverse change or event in GCI's business, operations, assets, liabilities, financial condition or results of operations compared to the business, operations, assets, liabilities, financial condition or results of operations reflected in the Financial Statements, and (iv) there has not occurred any theft, damage, destruction or loss which has had a material adverse effect on GCI.

g) Related Transactions. Since the date of GCI's 1995 Proxy Statement to the date hereof, GCI has not entered into or otherwise become obligated with respect to any transactions which would require a disclosure pursuant to Item 404 of Regulation S-K in accordance with Items 7(b) or (c) of Schedule 14A under the Exchange Act were GCI to distribute a proxy statement as of the date hereof and the Closing Date.

h) Litigation. Except as set forth on Schedule 4(h), there is no claim, suit, action, governmental investigation or proceeding pending or, to the knowledge of GCI, threatened against or affecting GCI or any of its subsidiaries which (i) seek to restrain or enjoin the consummation of the transactions contemplated by this Agreement, or (ii) if decided adversely to GCI or such subsidiary would have, or would be likely to have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. There is no outstanding order, writ, injunction or decree or, to the knowledge of GCI, any claim or investigation of any court, governmental agency or arbitration tribunal materially and adversely affecting or which can reasonably be expected to materially and adversely affect GCI, any of its subsidiaries, or their respective properties, assets or businesses, franchises, licenses or permits under which they operate, or their ability to operate their respective businesses in the ordinary course.

i) Governmental. No governmental consent, approval, hearing, filing, registration or other action, including the passage of time, is necessary for the

execution and delivery of this Agreement, the issuance and sale of the Shares, or the consummation of the transactions contemplated by this Agreement, other than (i) any applicable consents and/or approvals of the Federal Communications Commission ("FCC"), and (ii) any applicable filings with and consents and/or approvals of state public service commissions, public utility commissions or similar state regulatory bodies ("Public Utility Commissions") under state public utility statutes and similar laws.

j) Absence of Certain Changes. Since December 31, 1995, (i) there has not occurred or arisen any event having, and neither GCI nor any of its subsidiaries has suffered, a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole, (ii) GCI and its subsidiaries have conducted their businesses only in the ordinary course, consistent with past practices, and (iii) neither GCI nor any of its subsidiaries has taken any actions described in Sections 7 a) through e).

k) Fees. Neither GCI nor any of its subsidiaries has paid or become obligated to pay any fee, commission to any broker, finder or intermediary in connection with the transactions contemplated by this Agreement.

l) Certain Agreements. Except as set forth on the attached Schedule 4(l), there are no contracts, agreements, arrangements or understandings to which GCI or any of its subsidiaries, officers, agents or representatives is a party, that create, govern or purport to govern the right of another party to acquire GCI or an equity interest in GCI, or any subsidiary of GCI, or to increase any such equity interest.

m) Labor Relations. Neither GCI nor any of its subsidiaries is a party to any collective bargaining agreement. Since March 31, 1993, neither GCI nor any of its subsidiaries has (i) had any employee strikes, work stoppages, slowdowns or lockouts, or (ii) except as set forth on the attached Schedule 4(m)(ii), received any request for certification of bargaining units or any other requests for collective bargaining.

n) Licenses. GCI and its subsidiaries have all permits, licenses, waivers, authorizations, approvals and certificates of public convenience and necessity ("Licenses") (including, without limitation, Licenses by the FCC and Public Utility Commissions) which are necessary for GCI and its subsidiaries to conduct their operations in the manner heretofore conducted, except for Licenses, the failure of which to obtain would not have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. No event has occurred, been initiated or threatened with respect to the Licenses which permits, or after notice or lapse of time or both would permit, revocation or termination thereof or would result in any material impairment of the rights of the holder of any of the Licenses except for revocations, terminations or impairments that would not, in the aggregate, have a material adverse effect on the business, properties or

financial condition of GCI and its subsidiaries taken as a whole.

o) Employee Benefit Plans. Each employee benefit plan, as such term is defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), of GCI or any subsidiary of GCI ("Pension Plan") and each other employee benefit plan within the meaning of ERISA (collectively with the Pension Plans, ("Plans") complies in all material respects with all applicable requirements of ERISA and the Internal Revenue Code of 1986, as amended ("Code"), and other applicable laws. None of the Plans is a multi-employer plan, as such term is defined in Section 3(37) of ERISA. Each Pension Plan which is intended to be qualified under Section 401(a) of the Code has been determined by the Internal Revenue Service to be qualified and nothing has occurred since the date of any such determination or application which would adversely affect such qualification. Neither GCI nor any subsidiary of GCI, nor any Plan nor any of their respective directors, officers, employees or agents has, with respect to any Plan, engaged in any "prohibited transaction," as such term is defined in Section 4975 of the Code or Section 406 of ERISA, which could result in any taxes or penalties or other liabilities under Section 4975 of the Code or Section 502(i) of ERISA, except taxes, penalties or liabilities which in the aggregate would not have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. No liability to the Pension Benefit Guaranty Corporation has been incurred with respect to any Pension Plan that has not been satisfied in full. No Pension Plan has incurred an "accumulated funding deficiency" within the meaning of the Code. There has been no "reportable event" within the meaning of Section 4043 of ERISA with respect to any Pension Plan. All amounts required by the provisions of any Pension Plan to be contributed have been so contributed.

p) Property and Leases. Except as set forth on the attached Schedule 4(p), GCI and its subsidiaries have good title to all material assets reflected on the Balance Sheet except for (i) liens for current taxes and assessments not yet past due, (ii) inchoate mechanics' and materialmens' liens for construction in progress, (iii) workers', repairmens', warehousemens' and carriers' liens arising out of the ordinary course of business, and (iv) all matters of record, liens and imperfections of title and encumbrances which matters, liens and imperfections would not, in the aggregate, have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole.

q) Material Agreements. Schedule 4(q) attached hereto sets forth a complete listing of all contracts and agreements existing on the date hereof to which GCI or any of its subsidiaries is a party or by which any of their respective properties or assets is bound other than contracts for services purchased under tariffs, which (i) are with any customer which accounted for more than two percent of GCI or any of its subsidiary's revenues for the year ended December 31, 1995, (ii) involve contracts that call for annual aggregate expenditures by GCI in excess of $5,000,000, or (iii) involve contracts that call for aggregate expenditures by GCI during the remainder of their respective term in excess of $10,000,000. All such contracts and agreements

are valid and binding, in full force and effect and enforceable against the parties thereto in accordance with their respective terms. Except as set forth on the attached Schedule 4(q)(i), to GCI's knowledge, there is not under any such contract or agreement any existing default, or event which, after notice of lapse of time, or both, would constitute a default, by GCI or any of its subsidiaries or any other party.

r) Compliance with Laws.

(i) GCI is in material compliance with all applicable laws, rules, regulations, orders, ordinances, and codes of the United States of America, its territories and possessions, and of any state, county, municipality, or other political subdivision or any agency of any of the foregoing having jurisdiction over GCI's business and affairs.

In General.

GCI has constructed, maintained and operated, and is constructing, maintaining and operating, its business (including, without limitation, the real property owned or leased by GCI ("GCI's Real Property")) in material compliance with all applicable laws including the Communications Act, the rules and regulations of the FCC, the APUC (in each case as the same are currently in effect);

(i) All reports, notices, forms and filings, and all fees and payments, required to be given to, filed with, or paid to, any governmental authority by GCI under all applicable laws have been timely and properly given and made by GCI, and are complete and accurate in all material

respects, in each case as required by applicable law;

(ii) GCI has not received any notice (written or oral) from any governmental authority or any other Person that it, or its ownership and operation of its business is in material violation of any applicable law, and GCI knows of no basis for the allegation of any such violations; and

(iii) GCI has complied in all material respects with all applicable legal requirements relating to the employment of labor, including ERISA, continuation coverage requirements with respect to group health plans, and those relating to wages, hours, unemployment compensation, worker's compensation, equal employment opportunity, age and disability discrimination, immigration control and the payment and withholding of taxes, and no reportable event, within the meaning of Title IV of ERISA, has occurred and is continuing with respect to any "employee benefit plan" or "multiemployer plan" (as those terms are defined in ERISA) maintained by GCI or its affiliates (as defined in Section 407(d)(7) of ERISA). No prohibited transaction, within the meaning of Title I of ERISA, has occurred with respect to any such employee benefit plan or multiemployer plan, and no material accumulated funding deficiency (as defined

in Title I of ERISA) or withdrawal liability (as defined in Title IV of ERISA) exists with respect to any such employee benefit plan or multiemployer plan.

(iv) To GCI's knowledge, except as set forth in Schedule 4(r)(v): (i) GCI has not received any notice (written or oral) from any governmental authority or other Person that the Person giving such notice is investigating whether, or has determined that there are, any violations of Environmental Laws by GCI, or violations of Environmental Law due to activities on, or affecting, or related to GCI's Real Property, (ii) none of GCI's Real Property has previously been used by any Person for the generation, production, emission, manufacture, handling, processing, treatment, storage, transportation, disposal or discharge of any Hazardous Substances, (iii) GCI has not used, generated, produced, emitted, manufactured, handled, possessed, treated, stored, transported, disposed or discharged, and does not presently use, generate, produce, emit, manufacture, handle, possess, treat, store, transport, dispose or discharge, any Hazardous Substances on, into or from GCI's Real Property, (iv) GCI is in compliance in all material respects with all laws applicable to its own (as distinguished from other Persons') use, generation, production, emission, manufacturing, treatment, storage, transportation, disposal, and discharge of any Hazardous Substances on, into or from GCI's Real Property, (v) there are no above ground or underground storage tanks, or any Equipment containing polychlorinated biphenyls, on GCI's Real Property, (vi) no release of Hazardous Substances outside GCI's Real Property has entered or threatens to enter any of GCI's Real Property, nor is there any pending or threatened claim based on Environmental Laws which arises from any condition of the land surrounding any of GCI's Real Property, (vii) no Real Property has been used at any time as a gasoline service station or any other facility for storing, pumping, dispensing or producing gasoline or any other petroleum products or wastes, (viii) no building or other structure on any of GCI's Real Property contains asbestos, and (ix) there are no incinerators, septic tanks or cesspools on GCI's Real Property and all waste is discharged into a public sanitary sewer system. GCI has provided MCI with complete and correct copies of (A) all studies, reports, surveys or other materials in GCI's possession or of which GCI has knowledge and to which GCI has access relating to the presence or alleged presence of Hazardous Substances at, on or affecting GCI's Real Property, (B) all notices or other materials in GCI's possession or of which GCI has knowledge and to which GCI has access that were received from any governmental authority having the power to administer or enforce any Environmental Laws relating to current or past ownership, use or operation of the real property or activities at or affecting GCI's Real Property and (C) all materials in GCI's possession or to which GCI has access relating to any claim, allegation or action by any private third party under any Environmental Law. The representations and warranties in this Section 4(r) are the only representations and warranties given by GCI with respect to the Environmental Law compliance of GCI and its business.

s) Tax Returns and Other Reports. GCI has duly and timely filed in proper form all federal, state, local, and foreign, income, franchise, sales, use,

property, excise, payroll, and other tax returns and other reports (whether or not relating to taxes) required to be filed by law with the appropriate governmental authority, and, to the extent applicable, has paid or made provision for payment of all taxes, fees, and assessments of whatever nature including penalties and interest, if any, which are due with respect to any aspect of its business or any of its properties. Except as set forth on Schedule 4(s), there are no tax audits pending and no outstanding agreements or waivers

extending the statutory period of limitations applicable to any relevant tax return.

t) Transfer Taxes. There are no sales, use, transfer, excise, or license taxes, fees, or charges applicable with respect to the transactions contemplated by this Agreement.

u) Disclosure. No written statement in this Agreement or in any agreement or other document delivered pursuant to this Agreement by or on behalf of GCI contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading. None of the periodic filings made by GCI with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, since January 1, 1995, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

v) Investment Company. GCI is not an "investment company" or a company "controlled" by an investment company within the meaning of the Investment Company Act of 1940, as amended (the "Act"), and GCI has not relied on rule 3a-2 under the Act as a means of excluding it from the definition of an "investment company" under the Act at any time within the three (3) year period preceding the Closing Date.

w) No Insolvency. As of even date and as of the Closing Date, GCI is not and shall not be insolvent.

5. Representations and Warranties of MCI. MCI represents and warrants to GCI as follows:

a) Due Organization. MCI is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, with corporate power to own its properties and to conduct its business as now owned and conducted.

b) Authorization. MCI has the requisite corporate power to enter into this Agreement and to perform its obligations hereunder. The execution and delivery by MCI of, and the performance by MCI of its obligations under this Agreement have been duly authorized by all requisite corporate action of MCI and this Agreement

is a valid and binding agreement of MCI, enforceable against MCI in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally or by the principles governing the availability of equitable remedies.

c) Purchase for Investment; Existing Shareholder. MCI is purchasing the Shares for investment for its own account and not with a view to or for sale in connection with any distribution thereof within the meaning of the Securities Act. MCI is an existing security holder of shares of issued and outstanding common stock of GCI and no commission or other remuneration shall be paid by MCI, directly or indirectly, in connection with MCI's purchase of Shares.

d) No Registration of Shares. MCI understands that (i) the Shares have not been registered under the Securities Act or under any state securities laws and are being issued in reliance on the exemptions from the registration and prospectus delivery requirements of the Securities Act which are set forth in Sections 4(2) and 4(6) of the Securities Act and the regulations promulgated thereunder and in reliance on exemptions from the registration requirements of applicable state securities laws; and (ii) the Shares cannot be transferred without compliance with the registration requirements of the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available, and (iii) the reliance of GCI upon the aforesaid exemptions is predicated in part upon MCI's representations and warranties.

e) Residence. The jurisdiction in which MCI's principal executive offices are located is in the District of Columbia.

f) Accredited Investor. MCI is an "accredited investor" as defined in Rule 501 promulgated under the Securities Act.

g) Availability of Information. GCI has made available to MCI the opportunity to ask questions of, and to receive answers from, GCI's officers and directors, and any other person acting on their behalf, concerning the terms and conditions of this Agreement and the transactions contemplated herein and to obtain any other information requested by MCI to the extent GCI possesses such information or can acquire it without unreasonable effort or expense. MCI has been afforded the opportunity to inspect, and to have its auditors or other agents inspect, the books and records of GCI. The

furnishing of such information, the opportunity to inspect and any inspection so undertaken by MCI shall not affect MCI's right to rely on the representations and warranties of GCI set forth in this Agreement.

h) Disclosure. No written statement in this Agreement or in any agreement or other document delivered pursuant to this Agreement by or on behalf of MCI contains any untrue statement of a material fact or omits to state a material fact

necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading.

i) Investment Company. MCI is not an "investment company" or a company "controlled" by an investment company within the meaning of the Investment Company Act of 1940, as amended (the "Act"), and MCI has not relied on rule 3a-2 under the Act as a means of excluding it from the definition of an "investment company" under the Act at any time within the three (3) year period preceding the Closing Date.

j) No Insolvency. As of even date and as of the Closing Date, MCI is not and shall not be insolvent.

6. Restrictive Legend. The certificates representing the Shares shall bear a legend substantially to the effect of the following:

> "The securities represented by this certificate have been issued without registration under the Securities Act of 1933, as amended, or any state securities laws and may not be offered, sold or otherwise disposed of, unless the securities are registered under such act and applicable state securities laws or exemptions from the registration requirements thereof are available for the transaction."

7. Additional Agreements. During the period from the date of this Agreement to the Final Closing Date:

a) Interim Operations. GCI shall, and shall cause its subsidiaries to, conduct their respective business only in the ordinary course, and maintain, keep and preserve their respective assets and properties in good condition and repair, ordinary wear and tear excepted.

b) Certificate and By-laws. GCI shall not, and shall not permit any of its subsidiaries to, make or propose any change or amendment in their respective Certificates of Incorporation or By-laws.

c) Capital Stock. Except in connection with the Cable Acquisitions (as defined below), GCI shall not, and shall not permit any of its subsidiaries to, issue, pledge or sell any shares of capital stock or any other securities of any of them or issue any securities convertible into, or exchangeable for or representing the right to purchase or receive, or enter into any contract with respect to the issuance of, any shares of capital stock or any other securities of any of them (other than pursuant to this Agreement or the exercise of stock options outstanding on the date hereof), or enter into any contract with respect to the purchase or voting of shares of their capital stock or

adjust, split, combine, reclassify any of their securities, or make any other material changes in their capital structures.

d) Dividends. GCI shall not declare, set aside, pay or make any dividend or other distribution or payment (whether in cash, stock or property) with respect to, or purchase or redeem, any shares of capital stock.

e) Assets; Mergers; Etc. GCI shall not, and shall not permit any of its subsidiaries to, encumber, sell, lease or otherwise dispose of or acquire any material assets, or encumber, sell, lease or otherwise dispose of assets having a value in excess of $3,000,000 in the aggregate, or enter into any merger or other agreement providing for the acquisition of any material assets of GCI or any of its subsidiaries by any third party or acquire (by merger, consolidation, or acquisition of stock or assets) any corporation, partnership or other business organization or division thereof or enter any contract, agreement, commitment or arrangement to do any of the foregoing, except under: (i) the Prime SPA, (ii) the Alaskan Cable Network Asset Purchase Agreement, dated April 15, 1996, and (iii) the Alaska Cablevision, Inc. and McCaw/Rock Associates Asset Purchase Agreements, dated May 10, 1996 ((i), (ii) and (iii) above collectively, "Cable Acquisitions").

f) Access to Information. GCI shall, and shall cause its subsidiaries, officers, directors, employees and agents-to, afford MCI

access at all reasonable times to their officers, employees, agents, properties, books, records and contracts, and shall furnish MCI all financial, operating and other data and information as MCI may reasonably request.

g) Certain Filings, Consents and Arrangements. MCI and GCI shall (i) cooperate with one another in promptly (x) determining whether any filings are required to be made or consents, approvals, permits or authorizations are required to be obtained under any federal or state law or regulation or any consents, approvals or waivers are required to be obtained from other parties to loan agreements or other contracts material to GCI's business in connection with the transaction contemplated by this Agreement, and (y) making any such filings, furnishing information required in connection therewith and seeking timely response to obtain any such consents, permits, authorizations, approvals or waivers; and (ii) as promptly as practicable, file with the Federal Trade Commission and the Department of Justice the notification and report forms, if required.

h) Amendments to Prime SPA. GCI shall not amend, modify or alter, in any manner whatsoever, the Prime SPA without the prior written consent of MCI.

8. Conditions.

a) Conditions to Obligations of MCI and GCI. The obligations of MCI and GCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The consummation of the transactions contemplated by this Agreement shall not be precluded by any order, decree or preliminary or permanent injunction of a federal or state court of competent jurisdiction; and

(ii) The consummation of the transactions contemplated under the Prime SPA.

b) Conditions to Obligations of GCI. The obligations of GCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The representations of MCI set forth in this Agreement shall have been true and correct in all material respects when made and (unless made as of a specified date) shall be true and correct in all material respects as if made as of the Final Closing Date;

(ii) MCI shall have performed in all material respects its agreements contained in this Agreement required to be performed at or prior to the Final Closing Date;

(iii) GCI shall have received a certificate of an officer of MCI, dated as of the Final Closing Date, certifying as to the fulfillment of the matters contained in paragraphs (i) and (ii) of this Section 8 b); and

(iv) GCI shall have received from MCI the amount of $13,000,000.00 by wire transfer of immediately available funds.

c) Conditions to Obligations of MCI. The obligations of MCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The representations of GCI set forth in this Agreement shall have been true and correct in all material respects when made and (unless made as of a specified date) shall be true and correct in all material respects as if made as of the Final Closing Date;

(ii) GCI shall have performed in all material respects its agreements contained in this Agreement required to be performed at or prior to the Final Closing Date;

(iii) All applicable consents and approvals (including those of the FCC and any applicable Public Utility Commission) which are necessary to consummate the transactions contemplated by this Agreement, shall have been obtained;

(iv) MCI shall have received from GCI certificates representing the Shares, registered in MCI's name and with all the

necessary documentary stock transfer stamps annexed thereto;

(v) MCI shall have received a certified copy of GCI's articles of incorporation and by-laws, as amended as of the Final Closing Date and a certificate of good standing for GCI from its jurisdiction of incorporation dated as of a date on or after January 1, 1996;

(vi) MCI shall have received (a) the Registration Rights Agreement attached as Exhibit B executed by a duly authorized officer of GCI dated as of the Final Closing Date, and (b) the Voting Agreement attached as Exhibit C executed by a duly authorized officer of all the parties thereto dated as of the Final Closing Date;

(vii) MCI shall have received an opinion of Hartig, Rhodes, Norman, Mahoney & Edwards, P.C., counsel to GCI, dated as of the Final Closing Date in the form of Exhibit D;

(viii) MCI shall have received a certificate of the Secretary or Assistant Secretary of GCI, dated as of the Final Closing Date, certifying that attached thereto is a complete copy of a resolution duly adopted by the board of directors of GCI authorizing and approving the execution of this Agreement and the consummation of the transactions contemplated by this Agreement;

(ix) MCI shall have received a certificate of an officer of GCI, dated as of the Final Closing Date, certifying as to the fulfillment of the matters contained in paragraphs (i) through (iii) of this Section 8 c);

(x) the Prime SPA shall not have been amended, modified or altered without the prior written consent of MCI; and

(xi) GCI shall not have issued, in the aggregate, more than 18,000,000 shares of its Class A Common Stock in connection with the Cable Acquisitions and the price per share for any share of Class A Common Stock issued in connection therewith shall have been at least $6.50.

9. Termination. This Agreement and the transactions contemplated hereby may be terminated at any time prior to the Closing Date:

a) by the mutual written consent of MCI and GCI;

b) by MCI and GCI if either is prohibited by an order or injunction (other than an injunction on a temporary or preliminary basis) of a court of competent jurisdiction from consummating the transactions contemplated by this Agreement and all means of appeal and all appeals from such order or injunction have been finally exhausted;

c) by MCI or GCI if the Final Closing Date shall not have occurred on or before December 31, 1996; provided, however, that the right to terminate under this paragraph c) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause of the failure of the Closing to occur on or before such date.

In the event of termination, no party hereto shall have any liability or further obligation to the other party hereto, except that nothing herein will relieve any party from any breach of this Agreement.

10. Survival of Representations, Warranties and Covenants. All representations, warranties and covenants contained herein shall survive the execution of this Agreement and the consummation of the transactions contemplated hereby.

11. Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. MCI shall have the right to assign to any direct or indirect subsidiary of MCI or its parent, MCI Communications Corporation, any and all rights and obligations of MCI under this Agreement.

12. Notices. Any notice or other communication provided for herein or given hereunder to a party hereto shall be in writing and shall be given by personal delivery, by telex, telecopier or by mail (registered or certified mail, postage prepaid, return receipt requested) to the respective parties as follows:

If to GCI:

General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503
Attn: Chief Financial Officer

If to MCI:

MCI Telecommunications Corporation
1801 Pennsylvania Avenue, NW
Washington, DC 20006
Attn: Vice President Corporate Development

With a copy to:

MCI Telecommunications Corporation
1133 19th Street, NW
Washington, DC 20036
Attn: Office of the General Counsel (0596/003)

or to such other address with respect to a party as such party shall notify the other in writing. Any such notice shall be deemed given upon receipt.

13. Amendment; Waiver. This Agreement may not be amended except by a writing duly signed by the parties. No party may waive any of the terms or conditions of this Agreement except by a duly signed writing referring to the specific provision to be waived.

14. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Alaska, without regard to the conflict of laws and rules thereof.

15. Entire Agreement. This Agreement (including the Exhibits and Schedules hereto) constitutes the entire agreement with respect to the transactions contemplated hereby, and supersedes all other and prior agreements and understandings, both written and oral, among the parties to this Agreement.

16. Expenses. Each party hereto shall pay its own expenses incident to preparing for, entering into and carrying out this Agreement and the consummation of the transactions contemplated hereby.

17. Captions. The Section and Paragraph captions herein are for convenience only, do not constitute part of this Agreement, and shall not be deemed to limit or otherwise affect any of the provisions hereof.

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

19. Cable Acquisitions. GCI agrees that it will not, at any time, issue, in the aggregate, more than 18,000,000 shares of its Class A Common Stock in connection with the Cable Acquisitions and the price per share for any share of Class A Common Stock issued in connection therewith shall have been at least $6.50.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered on the day and year first written above.

GENERAL COMMUNICATION, INC.

By /s/
John M. Lowber
Its: Senior Vice President

MCI TELECOMMUNICATIONS
CORPORATION

By /s/
Name:
Its:

<TABLE>

ATTACHMENT
Table of Contents

<CAPTION>
<S> <C>
I...

Exhibit A	-	Capital Stock....550
Exhibit B	-	Registration Rights Agreement....551
Exhibit C	-	Voting Agreement....564
Exhibit D	-	Opinion of Hartig Rhodes Norman Mahoney & Edwards, P.C....571

II....

Schedule 4(c)(i)	-	Options, Warrants, Rights or Convertible Securities....576
Schedule 4(c)(ii)	-	Voting Agreements....577
Schedule 4(c)(iii)	-	Ownership and Outstanding Capital Stock of each GCI subsidiary....578
Schedule 4(h)	-	Pending Litigation....579
Schedule 4(l)	-	Equity Agreements....580
Schedule 4(m)(ii)	-	Collective Bargaining Requests....581
Schedule 4(p)	-	Asset Liens....582
Schedule 4(q)	-	Material Contracts....583
Schedule 4(q)(i)	-	Existing Defaults....585
Schedule 4(r)(v)	-	Environmental Notices....586
Schedule 4(s)	-	Tax Audits....587

III....

Section 8(b)(iii)	-	MCI's Officer's Certificate....588
Section 8((c)(i)	-	GCI's Officer's Certificate....589
Section 8(c)(ii)	-	GCI's Officer's Certificate....589
Section 8(c)(iii)	-	GCI's Officer's Certificate....589
Section 8(c)(viii)	-	GCI's Officer's Certificate....589
Section 8(c)(ix)	-	GCI's Officer's Certificate....589

</TABLE>

EXHIBIT A
Capital Stock

As of the date hereof and after the issuance of the Shares as contemplated by this Agreement, the authorized and issued and outstanding capital stock of GCI will be as follows, except for such changes resulting from the exercise of stock options, warrants and common stock contemplated herein:

	Authorized Shares
Class A Common	50,000,000
Class B Common	10,000,000
Preferred	1,000,000

	Issued Shares As of 07/15/96	After Issuance of MCI Shares	After Issuance of Prime/Rock/Cooke Shares
Class A Common	19,768,1501 (1)	21,768,1501	38,029,1501
Class B Common	4,159,657	4,159,657	4,159,657
Preferred	-0-	-0-	-0-

- ------------------------
(1) Includes 120,111 treasury shares.

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement ("Agreement"), dated as of this day of , 1996, is between General Communication, Inc., an Alaska corporation ("GCI"), and MCI Telecommunications Corporation, a Delaware corporation ("MCI").

RECITALS

A. MCI has acquired Two Million (2,000,000) shares of GCI's Class A Common Stock, no par value. All such shares of GCI's Class A Common Stock which MCI now owns and any securities issued in exchange for or in respect of such stock, whether pursuant to a stock dividend, stock split, stock reclassification or otherwise are collectively referred to in this Agreement as the "Registrable Shares."

B. GCI desires to grant registration rights to MCI and any successor or assign of MCI as the holder of all or any portion of the Registrable Shares. MCI and such successors and assigns are referred to in this Agreement as the "Holders," or, individually as a "Holder."

AGREEMENT

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

1. Demand Registration.

(a) Following the expiration of a one hundred eighty (180) day "stand still period" after the date hereof and then only if required to permit resales of the Registrable Shares by Holders, Holders shall at any time and from time to time, have the right to require registration under the Securities Act of 1933, as amended ("Securities Act"), of all or any portion of the Registrable Shares on the terms and subject to the conditions set forth in this Agreement.

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

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

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

(e) Notwithstanding the foregoing, GCI shall not be obligated to effect a registration pursuant to this Section 1 during the period starting with the date sixty (60) days prior to GCI's estimated date of filing of, and ending on a date six (6) months following the effective date of, a registration statement pertaining to an underwritten public offering of equity

securities for GCI's account, provided that (i) GCI is actively employing in good faith all reasonable efforts to cause such registration statement to become effective and that GCI's estimate of the date of filing on such registration statement is made in good faith, and (ii) GCI shall furnish to the Holders a certificate signed by GCI's President stating that in the Board of Directors' good-faith judgment, it would be seriously detrimental to GCI or its shareholders for a Registration Statement to be filed in the near future; and in such event, GCI's obligations to file a Registration Statement shall be deferred for a period not to exceed six (6) months.

2. Incidental Registration. Each time that GCI proposes to register any of its equity securities under the Securities Act (other than a registration effected

solely to implement an employee benefit or stock option plan or to sell shares obtained under an employee benefit or stock option plan or a transaction to which Rule 145 or any other similar rule of the Commission under the Securities Act is applicable), GCI will give written notice to the Holders of its intention to do so. Each of the Selling Holders may give GCI a written request to register all or some of its Registrable Shares in the registration described in GCI's written notice as set forth in the foregoing sentence, provided that such written request is given within twenty (20) days after receipt of any such GCI notice. Such request will state (i) the amount of Registrable Shares to be disposed of and the intended method of disposition of such Registrable Shares, and (ii) any other information GCI reasonably requests to properly effect the registration of such Registrable Shares. Upon receipt of such request, GCI will use its best efforts promptly to cause all such Registrable Shares intended to be disposed of to be registered under the Securities Act so as to permit their sale or other disposition (in accordance with the intended methods set forth in the request for registration), unless the sale is a firmly underwritten public offering and GCI determines reasonably and in good faith in writing that the inclusion of such securities would adversely affect the offering or materially increase the offering's costs. In which case such securities and all other securities to be registered, other than those to be offered for GCI's account, shall be excluded to the extent the underwriter determines. The total number of secondary shares included in such registration shall be shared pro rata by all security holders having contractual registration rights based upon the amount of GCI's securities requested by such security holders to be sold thereunder. GCI's obligations under this Section 2 shall apply to a registration to be effected for securities to be sold for GCI's account as well as a registration statement which includes securities to be offered for the account of other holders of GCI equity securities having contractual registration rights; however, the registration rights granted pursuant to the provisions of this Section 2 are subject to the registration rights granted by GCI pursuant to (a) the Registration Rights Agreement dated as of January 18, 1991, between GCI and WestMarc Communications, Inc., (b) the Registration Rights Agreement dated as of March 31, 1993, between GCI and MCI, (c) the Registration Rights Agreement of even date between GCI and the owners of Prime Cable of Alaska, L.P., (d) the Registration Rights Agreement of even date between GCI and the owners of Alaskan Cable Network, Inc., and (e) the Registration Rights Agreement of even date between GCI and the owners of Alaska Cablevision, Inc., the effect of which agreements is that all parties hereto and thereto have pro rata piggy-back registration rights.

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

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

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

attorneys and accountants, and all transfer taxes and brokerage and underwriters' discounts and commissions directly attributable to the Registrable Shares being offered and sold by such Selling Holder.

4. Limitations on Registration Rights. Notwithstanding the provisions of Section 1 of this Agreement, GCI shall not be required to effect any registration under that Section if (i) the request(s) for registration cover an aggregate number of Registrable Shares having an aggregate Market Value of less than One Million Five Hundred Thousand Dollars ($1,500,000.00) as of the date of the last of such requests, (ii) GCI has previously filed two (2) registration statements under the Securities Act pursuant to Section 1, (iii) GCI, in order to comply with such request, would be required to (A) undergo a special interim audit or (B) prepare and file with the Commission, sooner than would otherwise be required, pro forma or other financial statements relating to any proposed transaction, or (iv) if, in the opinion of counsel to GCI, the form of which opinion of counsel shall be acceptable to the Holders, a registration is not required in order to permit resale by Holders. The first demand registration under this Agreement may be requested only by the Holders of a minimum of thirty percent (30%) of the Registrable Shares. "Market Value" as used in this Agreement shall mean, as to each class of Registrable Shares at any date, the average of the daily closing prices for such class of Registrable Shares, for the ten (10) consecutive trading days before the day in question. The closing price for shares of such class for each day shall be the last reported sale price regular way, or, in case no such reported sale takes place on such day, the average of the reported closing bid and asked prices regular way, in either case on the composite tape, or if the shares of such class are not quoted on the composite tape, on the principal United States securities exchange registered under the Securities Exchange Act of 1934, as amended ("Exchange Act"), on which shares of such class are listed or admitted to trading, or if they are not listed or admitted to trading on any such exchange, the closing sale price (or the average of the quoted closing bid and asked price if no sale is reported) as reported by the National Association of Securities Dealers Automated Quotation System ("NASDAQ") or any comparable system, or if the shares

of such class are not quoted on NASDAQ or any comparable system, the average of the closing bid and asked prices as furnished by any market maker in the securities of such class who is a member of the National Association of Securities Dealers, Inc., or in the absence of such closing bid and asked price, as determined by such other method as GCI's Board of Directors shall from time to time deem to be fair.

5. Obligations with Respect to Registration.

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

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

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

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

(iv) Furnish at GCI's expense to the Selling Holders such number of copies of a preliminary, final, supplemental or amended

prospectus, in conformity with the requirements of the Securities Act and the rules and regulations

promulgated thereunder, as may reasonably be required in order to facilitate the disposition of the Registrable Shares covered by a Registration Statement, but only while GCI is required under the provisions hereof to cause a Registration Statement to remain effective; and

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

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

(vii) Cause all such Registrable Shares to be listed on each securities exchange on which similar securities issued by GCI are then listed and to be qualified for trading on each system on which similar securities issued by GCI are from time to time qualified;

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

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

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

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

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

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

efforts to promptly obtain the withdrawal of such order.

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

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

(ii) During such time as the Selling Holder may be engaged in a distribution of the Registration Shares, such Selling Holder shall comply with Rules 10b-2, 10b-6 and 10b-7 promulgated under the Exchange Act and pursuant thereto it

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

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

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

6. Indemnification.

(a) By GCI. In the event of any registration under the Securities Act of any Registrable Shares pursuant to this Agreement, GCI shall indemnify and hold harmless any Selling Holder, any underwriter of such Selling Holder, each officer, director, employee or agent of such Selling Holder, and each other person, if any, who controls such Selling Holder or underwriter within the meaning of Section 15 of the Securities Act, against any losses, costs, claims, damages or liabilities, joint or several (or actions in respect thereof) ("Losses"), incurred by or to which each such indemnified party may become subject, under the Securities Act or otherwise, but only to the extent such Losses arise out of or based upon (i) any untrue statement or alleged untrue statement of any material fact contained, on the effective date thereof, in any Registration Statement under which such Registrable Shares were registered under the Securities Act, in any preliminary prospectus (if used prior to the effective date of such Registration Statement) or in any final prospectus or in any post effective amendment or supplement thereto (if used during the period GCI is required to keep the Registration Statement effective) ("Disclosure Documents"), (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading or (iii) any violation of any federal or state securities laws or rules or regulations thereunder committed by GCI in connection with the performance of its obligations under this Agreement; and GCI will reimburse each such indemnified party for all legal or other expenses reasonably incurred by such party

in connection with investigating or defending any such claims, including, subject to such indemnified party's compliance with the provisions of the last sentence of subsection (c) of this Section 6, any amounts paid in settlement of any litigation, commenced or threatened, so long as GCI's counsel agrees with the reasonableness of such settlement; provided, however, that GCI shall not be liable to an indemnified party in any such case to the extent that any such Losses arise out of or are based upon (i) an untrue statement or alleged untrue statement or omission or alleged omission (x) made in any such Disclosure

Documents in reliance upon and in conformity with written information furnished to GCI by or on behalf of such indemnified party specifically for use in the preparation thereof, (y) made in any preliminary or summary prospectus if a copy of the final prospectus was not delivered to the person alleging any loss, claim, damage or liability for which Losses arise at or prior to the written confirmation of the sale of such Registrable Shares to such person and the untrue statement or omission concerned had been corrected in such final prospectus or (z) made in any prospectus used by such indemnified party if a court of competent jurisdiction finally determines that at the time of such use such indemnified party had actual knowledge of such untrue statement or omission or (ii) the delivery by an indemnified party of any prospectus after such time as GCI has advised such indemnified party in writing that the filing of a post-effective amendment or supplement thereto is required, except the prospectus as so amended or supplemented, or the delivery of any prospectus after such time as GCI's obligation to keep the same current and effective has expired.

(b) By the Selling Holders. In the event of any registration under the Securities Act of any Registrable Shares pursuant to this Agreement, each Selling Holder shall, and shall cause any underwriter retained by it who participates in the offering to agree to, indemnify and hold harmless GCI, each of its directors, each of its officers who have signed the Registration Statement and each other person, if any, who controls GCI within the meaning of Section 15 of the Securities Act, against any Losses, joint or several, incurred by or to which such indemnified party may become subject under the Securities Act or otherwise, but only to the extent such Losses arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in any of the Disclosure Documents or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading, if the statement or omission was in reliance upon and in conformity with written information furnished to GCI by such indemnifying party specifically for use in the preparation thereof, (ii) the delivery by such indemnifying party of any prospectus after such time as GCI has advised such indemnifying party in writing that the filing of a post-effective amendment or supplement thereto is required, except the prospectus as so amended or supplemented, or after such time as the obligation of GCI to keep the Registration Statement effective and current has expired or (iii) any violation by such indemnifying party of its obligations under Section 5(b) of this Agreement or any information given or representation made by such indemnifying party in connection with the sale of the Selling Holder's Registrable Shares which is not contained in and not in conformity with the prospectus (as amended or

supplemented at the time of the giving of such information or making of such representation); and each Selling Holder shall, and shall cause any underwriter retained by it who participates in the offering to agree to, reimburse each such indemnified party for all legal or other expenses reasonably incurred by such party in connection with investigating or defending any such claim, including, subject to such indemnified party's compliance with the provisions of the last sentence of subsection (c) of this Section 6, any amounts paid in settlement of any litigation, commenced or threatened; provided, however, that the indemnity agreement contained in this Section 6(b) shall not apply to amounts paid in settlement of any loss, claim, damage, liability or action arising pursuant to a registration if such settlement is effected without the consent of Selling Holder; and provided further, that no Selling Holder shall be required to undertake liability under this Section 6(b) for any amounts in excess of the proceeds to be received by such Selling Holder from the sale of its securities pursuant to such registration, as reduced by any damages or other amounts that such Selling Holder was otherwise required to pay hereunder.

(c) Third Party Claims. Promptly after the receipt by any party hereto of notice of any claim, action, suit or proceeding by any person who is not a party to this Agreement (collectively, an "Action") which is subject to indemnification hereunder, such party ("Indemnified Party") shall give reasonable written notice to the party from whom indemnification is claimed ("Indemnifying Party"). The Indemnifying Party shall be entitled, at the Indemnifying Party's sole expense and liability, to exercise full control of the defense, compromise or settlement of any such Action unless the Indemnifying Party, within a reasonable time after the giving of such notice by the Indemnified Party, shall (i) admit in writing to the Indemnified Party, the Indemnifying Party's liability to the Indemnified Party for such Action under the terms of this Section 6, (ii) notify the Indemnified Party in writing of the Indemnifying Party's intention to assume the defense thereof and (iii) retain legal counsel reasonably satisfactory to the Indemnified Party to conduct the defense of such Action. The Indemnified Party and the Indemnifying Party shall cooperate with the party assuming the defense, compromise or settlement of any such Action in accordance herewith in any manner that such party reasonably may request. If the Indemnifying Party so assumes the defense of any such Action, the Indemnified Party shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, but the fees and expenses of such counsel shall be the Indemnified Party's sole expense unless (i) the Indemnifying Party has agreed to pay such fees and

expenses, (ii) any relief other than the payment of money damages is sought against the Indemnified Party or (iii) the Indemnified Party shall have been advised by its counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Indemnifying Party, and in any such case the fees and expenses of such separate counsel shall be borne by the Indemnifying Party. No Indemnifying Party shall settle or compromise any such Action in which any relief other than the payment of money damages is sought against any Indemnified Party unless the Indemnified Party consents in writing to such compromise or settlement, which consent shall not be unreasonably

withheld. No Indemnified Party shall settle or compromise any such Action for which it is entitled to indemnification hereunder without the Indemnifying Party's prior written consent, unless the Indemnifying Party shall have failed, after reasonable notice thereof, to undertake control of such Action in the manner provided above in this Section 6.

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

7. Miscellaneous.

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

(i) if to GCI at:

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

(ii) if to MCI, at:

MCI Telecommunications Corporation
1801 Pennsylvania Avenue, NW
Washington, DC 20006
ATTN: Senior Vice President
and Chief Financial Officer
Telecopy: (202) 887-2195

with a copy to:

MCI Telecommunications Corporation
1133 19th Street, NW
Washington, DC 20036
ATTN: Office of the General Counsel

(iii) if to any Holder other than MCI, at the address provided to GCI (and if none provided, to MCI)

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

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

(c) Binding Effect; Benefit. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. Nothing in this Agreement, expressed or implied is intended to confer on any person other than the parties hereto or their respective successors and assigns (including, in the case of MCI, any successor or assign of MCI as the holder of

Registrable Shares), any rights, remedies, obligations or liabilities under or by reason of this Agreement, other than rights conferred upon indemnified persons under Section 6.

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

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

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

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

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

GENERAL COMMUNICATION, INC.

By
John M. Lowber, Senior Vice President

MCI TELECOMMUNICATIONS CORPORATION

By
Name:
Its

VOTING AGREEMENT

THIS VOTING AGREEMENT ("Agreement") is entered into effective on the day of , 1996, by and between Prime II Management, L.P. ("Prime"), as the designated agent for the parties named on Annex 1 attached hereto (collectively, "Prime Sellers"), MCI Telecommunications Corporation, Ronald A. Duncan, Robert M. Walp, and TCI GCI, Inc. (Prime, as designated agent for the Prime Sellers, "Duncan," "Walp," and "TCI GCI," respectively, or individually, "Party" and collectively, "Parties"), all of whom are shareholders of General Communication, Inc., an Alaska corporation ("GCI"), as identified in this Agreement.

WHEREAS, the Parties are as of the date of this Agreement, the owners of the amounts of GCI's Class A and Class B common stock as set forth in this Agreement;

WHEREAS, the Parties desire to combine their votes as shareholders of GCI in the election of certain positions of the Board of Directors ("Board") of GCI and specifically to vote on certain issues as set forth in this Agreement;

WHEREAS, the Parties desire to establish their mutual rights and obligations in regard to the Board and those certain issues to come before the shareholders or before the Board;

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained in this Agreement, the Parties agree as follows:

Section 1. Shares. The shares of GCI's Class A and Class B common stock subject to this Agreement will consist of those shares held by each Party as set forth in this Section 1 and any additional shares of GCI's voting stock acquired in any manner by any one or more of the Parties ("Shares"):

(1) Prime - ( ) shares of Class A common stock;

(2) MCI - 8,251,509 Shares of Class A common stock and 1,275,791 Shares of Class B common stock, which total to an aggregate of 21,009,419 votes for MCI;

(3) Duncan - 852,775 Shares of Class A common stock and 233,708 Shares of Class B common stock, which total to an aggregate of 3,189,855 votes for Duncan;

(4) Walp - 534,616 Shares of Class A common stock and 301,049 Shares of Class B common stock, which total to an aggregate of 3,545,106 votes for Walp; and

(5) TCI GCI - 590,043 Shares of Class B common stock, which totals to an aggregate of 5,900,430 votes for TCI GCI.

Section 2. Voting. (a) All of the Shares will, during the term of this Agreement, be voted as one block in the following matters:

(1) For so long as the full membership on the Board is at least eight, the election to the Board of individuals recommended by a Party ("Nominees"), with the allocation of such recommendations to be in the following amounts and by the following identified Parties:

(A) For recommendations from MCI, two Nominees;

(B) For recommendations from Duncan and Walp, one Nominee from each;

(C) For recommendations from TCI GCI, two Nominees; and

(D) For recommendations from Prime, two (2) nominees, for so long as (i) the Prime Sellers (and their distributees who agree in writing to be bound by the terms of this Agreement) collectively own at least ten percent of the issued and then-outstanding shares of GCI's Class A common stock, and (ii) that certain Management Agreement between Prime and GCI dated of even date herewith ("Prime Management Agreement") is in full force and effect. If either of these conditions are not satisfied, then Prime shall only be entitled to recommend one Nominee. If neither of these conditions are met, Prime shall not be entitled to recommend any Nominee at that time;

(2) To the extent possible, to cause the full membership of the Board to be maintained at not less than eight members;

(3) Other matters to which the Parties unanimously agree.

(b) The Parties will abide by the classification by the Board of a Nominee in accordance with the provisions for classification of the Board as set forth in Article V(b) of GCI's Articles of Incorporation and Section 2(b) of GCI's Article IV of Bylaws which classification was, as of the date of this Agreement, for Nominees allocated to MCI as follows: one in Class I and one in

Class III, and for Nominees allocated to Prime as follows: one in Class II and one in Class III, and for Nominees allocated to TCI GCI as follows: one in Class II and one in Class III.

(c) The Parties understand that to insure the election of their allocated Nominees, the Shares must constitute sufficient voting power to cause those elections and that as new shares are issued by GCI through the exercise of warrants and options,

acquisitions by employee benefit plans, or otherwise, the number of outstanding shares of voting common stock will increase, making the percentage which the Shares represent of the outstanding shares decrease.

(d) The Parties will take such action as is necessary to cause the election to the Board of each Party's Nominee(s).

Section 3. Manner of Voting. Votes, for purposes of this Section 3, will be as determined by written ballot upon each matter to be voted upon. Should such a matter require shareholder action, e.g., election of Nominees to the Board or should the Board choose to present the matter for shareholder consent, approval or ratification, such balloting must take place so that the results are received by GCI at its principal executive offices not less than 120 calendar days in advance of the date of GCI's proxy statement released to security holders in connection with the previous year's annual meeting of security holders.

Section 4. Limitation on Voting. Except as set forth in (a) of Section 2 of this Agreement, the Agreement will not extend to voting upon other questions and matters on which shareholders will have the right to vote under GCI's Articles of Incorporation, GCI's Bylaws of the Company, or the laws of the State of Alaska.

Section 5. Term of Agreement. (a) The term of this Agreement will be through the completion of the annual meeting of GCI's shareholders taking place in June, 2001 or until there is only one Party to the Agreement, whichever occurs first; provided that the Parties may extend the term of this Agreement only upon unanimous vote and written amendment to this Agreement.

(b) Except as provided in (a) and (d) of this Section 5, a Party (other than Prime) will be subject to this Agreement until the Party disposes of more than 25% of the votes represented by the Party's holdings of common stock which equates to the following (adjusted for stock splits) for each party:

1. MCI - 5,252,355 votes;

2. Duncan - 797,464 votes;

3. Walp - 886,277 votes; and

4. TCI GCI - 1,475,108 votes.

(c) Should one party dispose of an amount of its portion of the Shares in excess of the limit as set forth in (b) of this Section 5, each other Party will have the right to withdraw and terminate that Party's rights and obligations under this Agreement by giving written notice to the other Parties.

(d) Anything to the contrary in this Agreement notwithstanding each Party shall remain a Party to this Agreement with respect to its obligation to vote (a) for

Prime's Nominee(s) pursuant to Section 2(a)(1) above, and (b) to maintain at least an eight (8) member Board pursuant to Section 2(a)(2) above only, for so long as either (i) the Prime Sellers (and their distributees who agree in writing to be bound by the terms of this Agreement) collectively own at least ten percent (10%) of the issued and then-outstanding shares of GCI's Class A common stock or (ii) the Prime Management Agreement is in effect. Upon each request, Prime shall, within a reasonable period of time after delivery by GCI to Prime of GCI's shareholders list showing the number of shares of GCI common stock owned by each such shareholder, provide GCI with its certificate, in form and substance reasonably satisfactory to GCI, confirming the Prime Sellers' aggregate, then-current percentage ownership of GCI Class A common stock.

Section 6. Binding Effect. The Parties will, during the term of this Agreement, be fully subject to its provisions. There will be no prohibition against transfer or other assignment of Shares under the terms of this Agreement. Should a Party transfer or otherwise assign Shares, and the new holder of those Shares will not have any rights under, nor be subject to the

terms of, this Agreement, except that any assignee which is an affiliate or subsidiary entity of a Party shall be bound by, and have the benefits of, this Agreement; provided, however, that anything to the contrary in the foregoing notwithstanding, any distributee of a Prime Seller that agrees in writing to be bound by the terms of this Agreement will have rights under and be subject to the terms of this Agreement.

Section 7. GCI's Agreement. GCI agrees (i) to submit the Nominees selected pursuant to Section 2(a) above in its proxy materials delivered to GCI's shareholders in connection with each election of GCI directors; and (ii) not to take any action inconsistent with the agreements of the Parties set forth herein.

Section 8. Notices. Notices required or otherwise given under this Agreement will be given by hand delivery or certified mail to the following addresses, unless otherwise changed by a Party with notice to the other Parties:

To Prime:

Prime II Management, L.P.
600 Congress Avenue, Suite 3000
Austin, Texas 78701
Attn: President

With copies (which shall not constitute notice) to:

Edens Snodgrass Nichols & Breeland, P.C.
2800 Franklin Plaza
111 Congress Avenue
Austin, Texas 78701
ATTN: Patrick K. Breeland

To MCI:

MCI Telecommunications Corporation
1133 19th Street, N.W.
Washington, D.C. 20035
ATTN: Douglas Maine, Chief Financial Officer

To Duncan:

Ronald A. Duncan
President and Chief Executive Officer
General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503

To Walp:

Robert A. Walp
Vice Chairman
General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503

To TCI GCI :

Larry E. Romrell, President
TCI GCI, Inc.
5619 DTC Parkway
Englewood, Colorado 80111

Section 9. Performance. The Parties agree that damages are not an adequate remedy for a breach of the terms of this Agreement. Should a Party be in breach of a term of this Agreement, one or more of the other Parties may seek the specific performance or injunction of that Party under the terms of this Agreement by bringing an appropriate action in a court in Anchorage, Alaska.

Section 10. Governing Law. The terms of this Agreement will be governed by and construed in accordance with the laws of the State of Alaska.

Section 11. Amendments. This Agreement constitutes the entire Agreement between the Parties, and any amendment of it must be in writing and approved by all Parties.

Section 12. Group. Prior to a Party filing a Schedule 13D or an amendment to such a schedule pursuant to the Securities Exchange Act of 1934, the Party will provide a written notice to each of the other Parties within five days after the triggering event under that schedule and at least two days prior to the filing of that schedule or amendment, as the case may be, and further provide to any other Party any information or documentation reasonably requested by that Party in this regard.

Section 13. Termination of Prior Agreement. This Agreement supersedes and replaces in its entirety that certain Voting Agreement dated effective as of March 31, 1993, by and between MCI, Duncan, Walp and TCI GCI, as successor in interest to WestMarc Communications, Inc.

Section 14. Severability. If a court of competent jurisdiction finds any portion of this Agreement invalid or not enforceable, this Agreement shall be automatically reformed to carry out the intent of the Parties as nearly as possible without regard to the portion so invalidated. If this entire Agreement is determined to be limited in duration by a court of competent jurisdiction, the Parties agree to enter into a new Agreement which carries forward the intent of the Parties upon such termination.

IN WITNESS WHEREOF, the Parties set their hands to this Agreement, effective on the first date above written.

PRIME II MANAGEMENT, L.P.
By Prime II Management, Inc.
Its General Partner

By
Name:
Its:

MCI TELECOMMUNICATIONS CORPORATION

By
Name:
Its:

RONALD A. DUNCAN

ROBERT M. WALP

TCI GCI, INC.

By
Name:
Its:

GENERAL COMMUNICATION, INC.

By
Name:
Its:

EXHIBIT "D"
Form of Legal Opinion

[HARTIG, RHODES LETTERHEAD]

, 1996

Anchorage

MCI Telecommunications Corporation
1133 19th Street, NW

Washington, D.C. 20038

RE: Stock Purchase Agreement (the "Agreement") dated as of , 1996 between General Communication, Inc. (the "Company") and MCI Telecommunications Corporation (the "Purchaser")
Our File: 6552-35

Ladies and Gentlemen:

This opinion letter is delivered to you pursuant to Paragraph 8(c)(vii) of the Agreement. Capitalized terms used but not defined in this opinion letter have the meanings given to them in the Agreement.

We have acted as counsel to the Company in connection with the preparation and the execution and delivery of the Agreement and the related documents. In that capacity we have examined the Agreement and the related documents, including, but not limited to, the Registration Rights Agreement, dated of even date herewith, between the

Company and the Purchaser and the Voting Agreement, dated of even date herewith, by and between the Company, Prime II Management, L.P., as the designated agent, the Purchaser, Ronald A. Duncan, Robert M. Walp and TCI GCI, Inc. ("Related Agreements") and such other documents and records, and we have made such other investigations, as we have deemed necessary to enable us to state the opinions expressed below. As to certain factual matters, we have relied upon the representations of the Company and the Purchaser contained in the Agreement and upon certificates of officers of the Company and the Purchaser.

In such examination, we have assumed the genuineness and authenticity of all documents submitted to us as originals, the conformity with genuine and authentic originals of all documents submitted to us as copies, the genuineness of all signatures, the power and authority of each entity which may be a party thereto (other than the Company and its subsidiaries), the authority of each person signing for each such entity (other than the Company and its subsidiaries), and the due organization, existence, qualification and authorization to transact business of each such party (other than the Company and its subsidiaries).

This opinion letter is governed by, and shall be interpreted in accordance with, the Legal Opinion Accord (the "Accord") of the American Bar Association Section of Business Law (1991). As a consequence, it is subject to a number of qualifications, exceptions, definitions, limitations on coverage and other limitations, all as more particularly described in the Accord, and this opinion letter should be read in conjunction therewith. The law covered by the opinions expressed herein is limited to the federal law of the United States (except as provided in the Accord) as currently in effect, and the law of the State of Alaska (except as provided in the Accord) as currently in effect. Furthermore, we express no opinion with respect to: (i) matters governed by the Federal Communications Act of 1934, as amended, and the rules and regulations of the Federal Communications Commission thereunder; or (ii) matters governed by the Federal Aviation Act of 1958, as amended, and the rules and regulations of the Federal Aviation Administration thereunder.

On the basis of our examination and subject to stated qualifications, assumptions and limitations, in our opinion:

1. The Company and each of its subsidiaries are duly organized, validly existing and in good standing under the laws of the State of Alaska, have all requisite corporate power and authority to own their property as now owned and carry on their business as now conducted and are qualified to do business and is in good standing in each jurisdiction in which the conduct of their business or the ownership of their property requires such qualification, except, in each case, where the failure to qualify would not have a material adverse effect on the financial condition or operations of the Company or its subsidiary.

2. The Shares are duly authorized, validly issued, fully paid and nonassessable shares of Common Stock having the rights, preferences, privileges and restrictions set forth in the Articles of Incorporation, will not be subject to any preemptive rights, and, to our knowledge, will be free and clear of any security interest, lien, charge or encumbrance of any nature whatsoever.

3. The execution, delivery and performance by the Company of the Agreement and the Related Agreements are within the corporate powers of the Company, have been duly authorized by all necessary corporate action of the Company, and do not and will not conflict with or constitute a breach of the

terms, conditions or provisions of, or constitute a default under, its Articles of Incorporation and Bylaws or any material contract, undertaking, indenture or other agreement or instrument by which the Company is bound or to which it or any of its assets is subject.

4. The Company is not required, in connection with the execution, delivery, and performance of the Agreement and the Related Agreements to give any notice to or obtain any consent from any lender pursuant to any agreement or instrument for borrowed money of which we have knowledge and to which the Company is a party or by which the property of the Company is bound, except that consent to the issuance of the Shares is required from NationsBank of Texas, N.A. ("NationsBank"), as Administrative Lender under that certain Credit Agreement dated as of April 26, 1996, between GCI Communication Corp. and NationsBank.

5. Registration is not required under the Securities Act or the Alaska Securities Act of 1959, as amended, for the issuance and delivery of the Shares. In expressing the opinion set forth in the foregoing sentence, we have relied, without any independent investigation, on the representations of Purchaser set forth in Paragraphs 5 (c) and (d) of the Agreement and A.S. 45.55.900(b)(7). The applicable exemption from the registration requirements under the Securities Act is set forth in Section 4(2) of the Securities Act. We express no opinions as to the necessity of registering the Shares under the laws of any state, other than the State of Alaska, in connection with the transaction.

6. The Company is not required to make any filings with or give any notice to, or obtain any consents, approvals, or authorizations from, any governmental authority in connection with the execution, delivery and performance by the company of the Agreement and the Related Agreements. The execution, delivery, and performance by the Company of the Agreement and the Related Agreements, do not and will not violate any law, rule, regulation or order of any court or other governmental authority applicable to the Company.

7. The Agreement and the Related Agreements are the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as the enforceability of those agreements may be affected or

limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally or by general principles of equity, whether applied in a proceeding in equity or at law.

8. There is no pending, or to the best of our knowledge, threatened, judicial, administrative or arbitral action, suit, proceeding or claim against or investigation of the Company which questions the validity of the Agreement or the Related Agreements.

The opinions expressed above are subject to and qualified in all respects by the Accord and the following:

We have relied as to factual matters on the representations and warranties of the Company set forth in the Agreement, certificates of officers and other representatives of the Company and the following additional items, and have made no other investigation or inquiry as to such factual matters:

(a) Certificates from the State of Alaska as to the existence and good standing of the Company and its subsidiaries.

(b) Constituent Documents of the Company and its subsidiaries.

We have rendered the foregoing opinion as of the date hereof, and we do not undertake to supplement our opinion with respect to the factual matters or changes in the law which may hereafter occur.

You are hereby notified that (a) we do not consider you to be our client in the matters to which this opinion letter relates, (b) neither the Alaska Code of Professional Responsibility nor current case law clearly articulates the circumstances under which an attorney may give a legal opinion to a person other than the attorney's own client, (c) a court might determine that it is improper to us to issue, and for you to rely upon, a legal opinion issued by us when we have acted as counsel to the Company in connection with the transactions, and (d) you may wish to obtain a legal opinion from your own legal counsel as to the matters addressed in this opinion letter.

We express no opinions herein regarding the enforceability of provisions involving choices or conflicts of law or of provisions of the Registration Rights Agreement purporting to require indemnification of a party for its own action or inaction, to the extent the action or inaction involves negligence.

This opinion is given solely to you and may be relied upon by you only in connection with the Agreement and may not be used or relied upon by you or

any other person or entity for any other purposes whatsoever. This opinion letter may not be quoted, circulated or published, in whole or in part, or furnished to or relied upon by any other party, or otherwise referred to, or be filed with or furnished to any governmental

agency or other person or entity not involved in the Agreement without prior written consent.

Sincerely,

HARTIG, RHODES, NORMAN,
MAHONEY & EDWARDS, P.C.

By:
Robert B. Flint

SCHEDULE 4(c)(i)
GCI's Stock Option Plans, Warrants,
Rights or Convertible Securities

General Communication, Inc. Outstanding Options:

	No. of Shares	Exercise Price
Shares reserved for exercise of options issued pursuant to GCI's Incentive Stock Option Plan	2,233,734	$.75 to $4.50 per share
Shares to be issued pursuant to an option agreement with William C. Behnke, an Officer	85,190	$.001 per share
Shares to be Issued pursuant to an option agreement with John M. Lowber, an Officer	100,000	$.75 per share
Shares to be issued to MCI Telecommunications Corporation	2,000,000	$6.50 per share
Shares to be issued to Prime entities	11,800,000	$6.50 per share
Shares to be issued to Cooke entities	2,923,077	$6.50 per share
Shares to be issuable to the Rock entities pursuant to a $10,000,000 convertible note	1,538,462	$6.50 per share

NOTE: For additional details regarding GCI's Stock Option Plan, please refer to the footnotes in GCI's financial statements in its SEC Forms 10K and 10Q.

SCHEDULE 4(c)(ii)
Voting Agreements

There are no voting trusts or other agreements or understandings to which GCI or any subsidiary is a party, and to GCI's knowledge no other voting trusts exist with respect to the voting of the capital stock of GCI or any of its subsidiaries, except for (i) that Voting Agreement entered into as of March 31, 1993, by and between MCI Telecommunications Corporation ("MCI"), Ronald A. Duncan ("Duncan"), Robert M. Walp ("Walp"), and WestMarc Communications, Inc., all as shareholders of GCI; which is projected to be superseded and replaced in its entirety by (ii) that Voting Agreement to be entered into as of , 1996, by and between Prime II Management, L.P., Prime Venture I Holdings, L.P., Prime Cable Growth Partners, L.P., Alaska Cable, Inc., MCI, Duncan, Walp, TCI GCI, Inc. and GCI.

SCHEDULE 4(c)(iii)
Outstanding Stock Liens

GCI owns the entire equity interest in each of its subsidiaries, and all the outstanding capital stock of each subsidiary of GCI are validly issued, fully paid and nonassessable and are owned by GCI free and clear of all liens, charges, preemptive rights, claims or encumbrances, except as follows:

1. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated as of May 14, 1993, as amended, holds the original Stock Certificates Nos. 1, 2 and 3, for One Thousand (1,000), One Hundred Thousand (100,000) and Ten Thousand (10,000) shares respectively, of Class A Common Stock of GCI Communication Corp. for security purposes only, not as purchaser. GCI is the owner of all of such One Hundred Eleven Thousand (111,000) shares of GCI Communication Corp. stock.

2. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated as of May 14, 1993, as amended, also holds the original Stock Certificate No. 1 for One Hundred (100) shares of GCI Communication Services, Inc., for security purposes only, not as purchaser. GCI is the owner of such One Hundred (100) shares.

3. National Bank of Alaska ("NBA"), as Lender under the Loan Agreement dated December 31, 1992, holds the original Stock Certificate No. 1 for One Hundred (100) shares of the Common Stock of GCI Leasing Co., Inc. for security purposes only, not as purchaser. GCI Communication Services, Inc., is the owner of such 100 shares. NationsBank of Texas, N.A., as Administrative Agent, holds a second lien on such shares.

SCHEDULE 4(h)
Pending Litigation

None.

SCHEDULE 4(l)
Contracts/Agreements to Acquire Equity
Interest in GCI or its Subsidiaries

1. The proposed Common A stock issuance to acquire (i) the ongoing cable television and cable television systems of Prime Cable of Alaska, L.P., pursuant to the terms of the Securities Purchase Agreement dated as of May 2, 1996, among General Communication, Inc., Prime Venture I Holdings, L.P., Prime Cable Growth Partners, L.P., Prime Venture II, L.P., Prime Cable Limited Partnership, Austin Ventures, L.P., William Blair Venture Partners III Limited Partnership, Centennial Fund, II, L.P., Centennial Fund III, L.P., Centennial Business Development Fund, Ltd., BancBoston Capital, Inc., First Chicago Investment Corporation, Madison Dearborn Partners, Prime II Management, L.P., Prime Cable of Alaska, L.P., Alaska Cable, Inc. and Prime Cable Fund I, Inc.

2. The proposed Common A stock issuance to acquire certain ongoing cable television business and cable television systems pursuant to the (i) Asset Purchase Agreements dated as of May 10, 1996, among General Communication, Inc. and McCaw/Rock Homer Cable Systems and McCaw/Rock Seward Cable System respectively; and (ii) the Asset Purchase Agreement, dated May 10, 1996, among General Communication, Inc. and Alaska Cablevision, Inc.

3. The proposed Common A stock issuance to acquire certain ongoing

cable television business and cable television systems pursuant to that Asset Purchase Agreement, dated as of April 15, 1996, among General Communication, Inc., Alaskan Cable Network/Fairbanks, Inc., Alaskan Cable Network/Juneau, Inc. and Alaskan Cable Network/Ketchikan-Sitka, Inc.

SCHEDULE 4(m)(ii)
Requests for Collective Bargaining

None.

SCHEDULE 4(p)
Asset Liens

GCI and its subsidiaries have good title to all material assets on the Balance Sheet, except as set forth in paragraph 4(p)(i) through (iv) of the MCI Stock Purchase Agreement, and except as follows:

1. To secure a debt in the current principal amount of $30,100,000. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated April 26, 1996, holds a security position on substantially all of GCI's and GCI Communication Corp.'s property and equipment, including, without limitation, the stock listed in Schedule 4(c)(iii) hereof, all of GCI Communication Corp.'s fixtures as a transmitting utility on all of its real properties and leasehold estates located both in Alaska and Washington.

2. To secure a debt in the current principal amount of $7,595,595, National Bank of Alaska, as Lender under the Loan Agreement dated December 31, 1992, holds a security interest in GCI Communication Corp.'s undersea fiber operations, as well as a security interest in the lease payments from MCI.

3. There is a capital lease in the current principal amount of $766,049; RDB Partnership holds title to the building occupied by GCI Communication Corp.

4. There is a capital lease in the current principal amount of $143,973; the National Bank of Alaska Leasing Co. holds title to GCI Communication Services, Inc.'s shared hub assets and contract proceeds. However, GCISI has an option to acquire those assets at the end of the capital lease's term.

SCHEDULE 4(q)
Material Contracts

The following is a complete listing of all contracts and agreements existing on the date hereof for GCI and/or its subsidiaries which (i) are with any customer which accounted for greater than 2% of GCI's or any of its subsidiary's revenues for the year ended 12/31/95; (ii) involve contracts that call for annual aggregate expenditures by GCI of greater than $5,000,000; or (iii) involve contracts that call for aggregate expenditures by GCI during the remainder of their respective terms in excess of $10,000,000:

1. Customers which account for greater than 2% of GCI or any of its subsidiary's revenues for the year ended 12/31/95.

a. GCI Communication Services, Inc.: 2% Floor is approx. greater than $20,000/year: Chevron Shared Hub contract; est. $880,000 annual revenues.

b. GCI Communication Corp.: 2% Floor is approx. greater than $1,538,000/year:

i. Carrier Agreement with MCI Telecommunications Corporation;
ii. Service Agreement with US Sprint Communications Company Limited Partnership of Delaware; and
iii. Agreement with British Petroleum.

c. General Communication, Inc. and GCI Leasing Co., Inc.: None.

2. Contracts calling for annual aggregate expenditures by GCI or its subsidiaries of greater than $5,000,000 annually or for aggregate expenditures by GCI during the remainder of their respective terms of greater than $10,000,000.

a. GCI and GCI Communication Corp.:

i. NationsBank of Texas, N.A. These entities owe the current principal amount of $ 30,100,000 to NationsBank of Texas, N.A. as Administrative Agent under the Credit Agreement dated April 26, 1996.

ii. National Bank of Alaska. GCI Communication Corp. owes the current principal amount of $7,595,595, National Bank of

Alaska, as Lender under the Loan Agreement dated December 31, 1992, relating to its undersea fiber operations.

iii. MCI Telecommunications Corporation. The lease agreement between MCI and GCI Leasing Company, Inc., dated December 31, 1992, will result in payments exceeding $10 Million over its term.

iv. Scientific-Atlanta, Inc. The Company's 1996 commitment under its equipment purchase contract with Scientific-Atlanta, Inc. exceeds $5,000,000.

v. Hughes Communications Galaxy, Inc. 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 will exceed $5 Million and the remaining commitment will exceed $10 Million.

SCHEDULE 4(q)(i)
Existing Defaults

None.

SCHEDULE 4(r)(v)
Environmental Notices

None.

SCHEDULE 4(s)
Tax Audits

GCI's 1993 federal income tax return was selected for examination by the Internal Revenue Service ("IRS") during 1995. The examination commenced during the fourth quarter of 1995 and was completed in March, 1996. GCI has received a letter from the agent conducting the examination indicating that no changes are proposed or required.

The IRS is in the process of reviewing GCI's compliance with the federal excise tax on telecommunication services. No substantive issues have been raised at this time.

The Washington State Department of Revenue has notified GCI that it intends to conduct an audit in July, 1996, of Washington state sales, use and business occupation taxes for the period of January, 1992 through March, 1996.

Management believes these examinations will not result in material adjustments and will not have a material impact on GCI's financial statements.

MCI's OFFICER'S CERTIFICATE
(Section 8(b)(iii))

In compliance with Section 8(b)(iii) of the Stock Purchase Agreement dated , 1996, between GENERAL COMMUNICATION, INC. ("GCI") and MCI TELECOMMUNICATIONS CORPORATION ("Agreement") I, the undersigned, certify as follows:

1. I am the duly appointed and acting of MCI and I am authorized to execute this Certificate.

2. The Final Closing Date as defined in the Agreement is , 1996.

3. This representations of MCI set forth in the Agreement are true and correct in all material respects as of the date when made and (unless made as of a specified date) are true and correct in all material respects as if made as of the Final Closing Date.

4. MCI has performed in all material respects its agreements contained in the Agreement required to be performed at or prior to the Final Closing Date.

Dated this day of , 1996.

MCI TELECOMMUNICATIONS CORPORATION

By:
Name:
Its:

GCI's OFFICER'S CERTIFICATE
(Section 8(c)(i), (ii), (iii), (viii) and (ix))

In compliance with Section 8(c)(i), (ii), (iii), (viii) and (ix) of the Stock Purchase Agreement dated , 1996, between GENERAL COMMUNICATION, INC. ("GCI") and MCI TELECOMMUNICATIONS CORPORATION ("Agreement") I, John M. Lowber, certify as follows:

1. I am the duly appointed and acting Secretary of GCI authorized to execute this Certificate.

2. The Final Closing Date as defined in the Agreement is , 1996.

3. This representations of GCI set forth in the Agreement are true and correct in all material respects as of the date when made and (unless made as of a specified date) are true and correct in all material respects as if made as of the Final Closing Date.

4. GCI has performed in all material respects its agreements contained in the Agreement required to be performed at or prior to the Final Closing Date.

5. All applicable consents and approvals (including those of the FCC and any applicable Public Utility Commission which are necessary to consummate the transactions contemplated by the Agreement have been obtained.

6. Attached hereto is a complete copy of a resolution duly adopted by the board of directors of GCI authorizing and approving the execution of the Agreement and the consummation of the transactions contemplated by the Agreement.

Dated this day of , 1996.

GENERAL COMMUNICATION, INC.

By:
John M. Lowber, Secretary

EXHIBIT 2.8

STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement ("Agreement"), dated as of September 13, 1996, is between General Communication, Inc., an Alaska corporation ("GCI"), and MCI Telecommunications Corporation, a Delaware corporation ("MCI").

1. Agreement to Purchase and Sell Shares. On the terms and subject to the conditions contained in this Agreement, on the Final Closing Date, as defined below, GCI agrees to sell to MCI, and MCI agrees to purchase from GCI, two million (2,000,000) shares of GCI's Class A Common Stock ("Shares"). On the Final Closing Date, GCI shall deliver to MCI certificates representing the Shares. The Final Closing Date ("Final Closing Date") shall occur on the fifth (5th) business day after which all franchise transfer and other regulatory consents have been obtained which are required for the full performance of the Securities Purchase and Sale Agreement dated effective as of May 2, 1996 for the purchase and sale of Prime Cable of Alaska, L.P., Alaska Cable, Inc. and Prime Cable Fund I, Inc. (the "Prime SPA").

2. Purchase Price. The purchase price payable for the Shares shall be Thirteen Million Dollars $13,000,000.00 ("Purchase Price"). On the Final Closing Date MCI shall pay to GCI the Purchase Price by wire transfer of immediately available funds to a GCI designated account.

3. Closing. Unless this Agreement and the transactions contemplated hereby shall have been terminated, the closing ("Closing") of this Agreement shall take place at the offices of Hartig, Rhodes, Norman, Mahoney & Edwards, P.C., 717 K Street, Anchorage, Alaska 99501 on or before the fifth (5th) business day following the latest of (i) the full consummation and performance of the Prime SPA, or (ii) the last condition precedent set forth in Section 8 shall have been satisfied or waived, or at such other time or place as MCI and GCI shall mutually agree in writing.

4. Representations and Warranties of GCI. GCI represents and warrants to MCI as follows:

a) Due Organization and Qualification. GCI and each of its subsidiaries are corporations duly organized, validly existing and in good standing under the laws of their respective jurisdictions of incorporation, with corporate power and authority to own, lease and operate their respective properties and to conduct their respective businesses as they are now owned, leased and operated, and conducted. Each of GCI and its subsidiaries is duly qualified as a foreign corporation to do business, and is in good standing, in each jurisdiction where the character of its properties owned or held under lease or the nature of its activities makes such qualification necessary,

except where the failure so to qualify would not have a material adverse effect on GCI and its subsidiaries taken as a whole.

b) Authorization. GCI has the requisite corporate power to enter into this Agreement and to perform its obligations hereunder. The execution and delivery by GCI of, and the performance by GCI of its obligations under this Agreement have been duly authorized by all requisite corporate action of GCI, and this Agreement is a valid and binding agreement of GCI, enforceable against GCI in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally, or by the principles governing the availability of equitable remedies. None of the execution and delivery by GCI of this Agreement, the issuance and sale by GCI of the Shares, the consummation of the transactions contemplated hereby, or the compliance by GCI with the terms, conditions and provisions hereof, will conflict with or result in a breach or violation of any of the terms, conditions, or provisions of GCI's articles of incorporation or by-laws or of any material agreement or instrument to which GCI is a party or by which GCI or any of its material properties may be bound, or constitute, with or without the provision of notice or the passage of time, or both, a default or create a right of termination, cancellation or acceleration thereunder, or result in the creation or imposition of any security interest, mortgage, lien, charge or encumbrance of any nature whatsoever upon GCI or any of its material properties or assets.

c) Capital Stock. As of the date hereof and after the issuance of the Shares as contemplated by this Agreement, the authorized and issued and outstanding capital stock of GCI will be as set forth on the attached Exhibit A, except for such changes (i) resulting from the exercise of stock options, (ii) the purchase of shares contemplated herein, and (iii) the purchase and sale of securities in connection with the Cable Acquisitions (as defined below)..

All of the outstanding shares of Class A Common Stock and Class B Common Stock

listed on the Exhibit A have been or when issued, will be validly issued and outstanding, fully paid, nonassessable and not entitled to any preemptive rights. Except as set forth on Schedule 4(c)(i), there are currently outstanding no options, warrants, rights or convertible securities or other agreements or commitments of any character providing for the issuance of capital stock of GCI or any of its subsidiaries. Except as set forth on the attached Schedule 4(c)(ii), there are no voting trusts and other agreements or understandings to which GCI or any subsidiary is a party, and to GCI's knowledge, no other voting trusts exist with respect to the voting of the capital stock of GCI or any of its subsidiaries.

Except as set forth on the attached Schedule 4(c)(iii), GCI owns the entire equity interest in each of its subsidiaries, and all the outstanding capital stock of each subsidiary of GCI are validly issued, fully paid and nonassessable and are owned by GCI free and clear of all liens, charges, preemptive rights, claims or encumbrances.

d) Issuance of Shares. The Shares, when sold and delivered by GCI to MCI pursuant to this Agreement, will have been duly authorized and validly issued, and will be fully paid and non-assessable, not subject to any preemptive rights and free and clear of any security interest, lien, charge or encumbrance of any nature whatsoever.

e) SEC Reports. GCI has timely filed all forms, reports, statements and schedules with the Commission required to be filed by it pursuant to the Securities Exchange Act of 1934, as amended ("Exchange Act") or other federal securities laws since June 30, 1993, and has heretofore delivered to MCI (in the form filed with the Commission), together with any amendments or supplements thereto, including superseding amendments, its (i) Annual Reports on Form 10-K for the fiscal years ended December 31, 1994 and December 31, 1995, (ii) all definitive proxy statements relating to GCI's meetings of stockholders (whether annual or special) held since March 31, 1993 as filed with the Securities and Exchange Commission ("Commission"), and (iii) all other reports or registration statements filed by GCI pursuant to the Exchange Act and the Securities Act of 1933, as amended ("Securities Act") since March 31, 1993 (collectively, "SEC Reports"). The SEC Reports (i) were prepared in compliance with the applicable requirements of the Securities Act or the Exchange Act, as the case may be, and (ii) did not as of their respective dates contain any untrue statement of material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading. None of the subsidiaries of GCI is required to file any reports, statements, forms or other documents with the Commission.

f) Financial Statements. The audited financial statements of GCI included or incorporated by reference in the SEC Reports and the unaudited interim monthly financial statements for periods subsequent to such audited financial statements (collectively, including the footnotes thereto, "Financial Statements") are correct and complete, were prepared in accordance with generally accepted accounting principles applied on a consistent basis ("GAAP") (except as otherwise stated in the Financial Statements or in the related reports of GCI's independent accountants) and present fairly the consolidated financial position of GCI and its subsidiaries as of the dates thereof, and the results of operations, changes in financial position and the statements of stockholders' equity of GCI and its subsidiaries on a consolidated basis for the periods indicated. No event has occurred since the preparation of the Financial Statements that would require a restatement of the Financial Statements under GAAP. GCI has received no notice of any fact which may form a basis for any claim by a third party which, if asserted, could result in liability affecting GCI not disclosed by or reserved against in GCI's most recent balance sheet. The Financial Statements reflect and at the Closing Date will reflect, the interest of GCI in the assets, liabilities and operations of all subsidiaries of GCI.

Neither GCI nor any of its subsidiaries has any material liability, obligation or commitment of any nature whatsoever (whether known or unknown, due or to become due, accrued, fixed, contingent, liquidated, unliquidated, or otherwise) other than liabilities, obligations or commitments (i) which are accrued or reserved against in the consolidated balance sheet of GCI and its consolidated subsidiaries ("Balance Sheet") as of December 31, 1995 or reflected in the notes thereto, (ii) which (x) arose in the ordinary course of business since such date and (y) do not or would not individually or in the aggregate have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole, or (iii) which are the type that would not be required to be reflected on a consolidated balance sheet of GCI and its subsidiaries or in the notes thereto if such balance sheet were prepared in accordance with GAAP as of the date hereof or as at the Closing Date, as the case may be. From the date of the most recent balance sheet included in the Financial Statements to and including the date hereof, (i) GCI's business has

been operated only in the ordinary course, (ii) GCI has not sold or disposed of any assets other than in the ordinary course of business, (iii) there has not occurred any material adverse change or event in GCI's business, operations, assets, liabilities, financial condition or results of operations compared to the business, operations, assets, liabilities, financial condition or results of operations reflected in the Financial Statements, and (iv) there has not occurred any theft, damage, destruction or loss which has had a material adverse effect on GCI.

g) Related Transactions. Since the date of GCI's 1995 Proxy Statement to the date hereof, GCI has not entered into or otherwise become obligated with respect to any transactions which would require a disclosure pursuant to Item 404 of Regulation S-K in accordance with Items 7(b) or (c) of Schedule 14A under the Exchange Act were GCI to distribute a proxy statement as of the date hereof and the Closing Date.

h) Litigation. Except as set forth on Schedule 4(h), there is no claim, suit, action, governmental investigation or proceeding pending or, to the knowledge of GCI, threatened against or affecting GCI or any of its subsidiaries which (i) seek to restrain or enjoin the consummation of the transactions contemplated by this Agreement, or (ii) if decided adversely to GCI or such subsidiary would have, or would be likely to have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. There is no outstanding order, writ, injunction or decree or, to the knowledge of GCI, any claim or investigation of any court, governmental agency or arbitration tribunal materially and adversely affecting or which can reasonably be expected to materially and adversely affect GCI, any of its subsidiaries, or their respective properties, assets or businesses, franchises, licenses or permits under which they operate, or their ability to operate their respective businesses in the ordinary course.

i) Governmental. No governmental consent, approval, hearing, filing, registration or other action, including the passage of time, is necessary for the

execution and delivery of this Agreement, the issuance and sale of the Shares, or the consummation of the transactions contemplated by this Agreement, other than (i) any applicable consents and/or approvals of the Federal Communications Commission ("FCC"), and (ii) any applicable filings with and consents and/or approvals of state public service commissions, public utility commissions or similar state regulatory bodies ("Public Utility Commissions") under state public utility statutes and similar laws.

j) Absence of Certain Changes. Since December 31, 1995, (i) there has not occurred or arisen any event having, and neither GCI nor any of its subsidiaries has suffered, a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole, (ii) GCI and its subsidiaries have conducted their businesses only in the ordinary course, consistent with past practices, and (iii) neither GCI nor any of its subsidiaries has taken any actions described in Sections 7 a) through e).

k) Fees. Neither GCI nor any of its subsidiaries has paid or become obligated to pay any fee, commission to any broker, finder or intermediary in connection with the transactions contemplated by this Agreement.

l) Certain Agreements. Except as set forth on the attached Schedule 4(l), there are no contracts, agreements, arrangements or understandings to which GCI or any of its subsidiaries, officers, agents or representatives is a party, that create, govern or purport to govern the right of another party to acquire GCI or an equity interest in GCI, or any subsidiary of GCI, or to increase any such equity interest.

m) Labor Relations. Neither GCI nor any of its subsidiaries is a party to any collective bargaining agreement. Since March 31, 1993, neither GCI nor any of its subsidiaries has (i) had any employee strikes, work stoppages, slowdowns or lockouts, or (ii) except as set forth on the attached Schedule 4(m)(ii), received any request for certification of bargaining units or any other requests for collective bargaining.

n) Licenses. GCI and its subsidiaries have all permits, licenses, waivers, authorizations, approvals and certificates of public convenience and necessity ("Licenses") (including, without limitation, Licenses by the FCC and Public Utility Commissions) which are necessary for GCI and its subsidiaries to conduct their operations in the manner heretofore conducted, except for Licenses, the failure of which to obtain would not have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. No event has occurred, been initiated or threatened with respect to the Licenses which permits, or after notice or lapse of time or both would permit, revocation or termination thereof or would result in any material impairment of the rights of the holder of any of the Licenses except for revocations, terminations or impairments that would not, in the aggregate, have a material adverse effect on the business, properties or

financial condition of GCI and its subsidiaries taken as a whole.

o) Employee Benefit Plans. Each employee benefit plan, as such term is defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), of GCI or any subsidiary of GCI ("Pension Plan") and each other employee benefit plan within the meaning of ERISA (collectively with the Pension Plans, ("Plans") complies in all material respects with all applicable requirements of ERISA and the Internal Revenue Code of 1986, as amended ("Code"), and other applicable laws. None of the Plans is a multi-employer plan, as such term is defined in Section 3(37) of ERISA. Each Pension Plan which is intended to be qualified under Section 401(a) of the Code has been determined by the Internal Revenue Service to be qualified and nothing has occurred since the date of any such determination or application which would adversely affect such qualification. Neither GCI nor any subsidiary of GCI, nor any Plan nor any of their respective directors, officers, employees or agents has, with respect to any Plan, engaged in any "prohibited transaction," as such term is defined in Section 4975 of the Code or Section 406 of ERISA, which could result in any taxes or penalties or other liabilities under Section 4975 of the Code or Section 502(i) of ERISA, except taxes, penalties or liabilities which in the aggregate would not have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. No liability to the Pension Benefit Guaranty Corporation has been incurred with respect to any Pension Plan that has not been satisfied in full. No Pension Plan has incurred an "accumulated funding deficiency" within the meaning of the Code. There has been no "reportable event" within the meaning of Section 4043 of ERISA with respect to any Pension Plan. All amounts required by the provisions of any Pension Plan to be contributed have been so contributed.

p) Property and Leases. Except as set forth on the attached Schedule 4(p), GCI and its subsidiaries have good title to all material assets reflected on the Balance Sheet except for (i) liens for current taxes and assessments not yet past due, (ii) inchoate mechanics' and materialmens' liens for construction in progress, (iii) workers', repairmens', warehousemens' and carriers' liens arising out of the ordinary course of business, and (iv) all matters of record, liens and imperfections of title and encumbrances which matters, liens and imperfections would not, in the aggregate, have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole.

q) Material Agreements. Schedule 4(q) attached hereto sets forth a complete listing of all contracts and agreements existing on the date hereof to which GCI or any of its subsidiaries is a party or by which any of their respective properties or assets is bound other than contracts for services purchased under tariffs, which (i) are with any customer which accounted for more than two percent of GCI or any of its subsidiary's revenues for the year ended December 31, 1995, (ii) involve contracts that call for annual aggregate expenditures by GCI in excess of $5,000,000, or (iii) involve contracts that call for aggregate expenditures by GCI during the remainder of their respective term in excess of $10,000,000. All such contracts and agreements

are valid and binding, in full force and effect and enforceable against the parties thereto in accordance with their respective terms. Except as set forth on the attached Schedule 4(q)(i), to GCI's knowledge, there is not under any such contract or agreement any existing default, or event which, after notice of lapse of time, or both, would constitute a default, by GCI or any of its subsidiaries or any other party.

r) Compliance with Laws.

(i) GCI is in material compliance with all applicable laws, rules, regulations, orders, ordinances, and codes of the United States of America, its territories and possessions, and of any state, county, municipality, or other political subdivision or any agency of any of the foregoing having jurisdiction over GCI's business and affairs.

In General.

GCI has constructed, maintained and operated, and is constructing, maintaining and operating, its business (including, without limitation, the real property owned or leased by GCI ("GCI's Real Property")) in material compliance with all applicable laws including the Communications Act, the rules and regulations of the FCC, the APUC (in each case as the same are currently in effect);

(i) All reports, notices, forms and filings, and all fees and payments, required to be given to, filed with, or paid to, any governmental authority by GCI under all applicable laws have been timely and properly given and made by GCI, and are complete and accurate in all material

respects, in each case as required by applicable law;

(ii) GCI has not received any notice (written or oral) from any governmental authority or any other Person that it, or its ownership and operation of its business is in material violation of any applicable law, and GCI knows of no basis for the allegation of any such violations; and

(iii) GCI has complied in all material respects with all applicable legal requirements relating to the employment of labor, including ERISA, continuation coverage requirements with respect to group health plans, and those relating to wages, hours, unemployment compensation, worker's compensation, equal employment opportunity, age and disability discrimination, immigration control and the payment and withholding of taxes, and no reportable event, within the meaning of Title IV of ERISA, has occurred and is continuing with respect to any "employee benefit plan" or "multiemployer plan" (as those terms are defined in ERISA) maintained by GCI or its affiliates (as defined in Section 407(d)(7) of ERISA). No prohibited transaction, within the meaning of Title I of ERISA, has occurred with respect to any such employee benefit plan or multiemployer plan, and no material accumulated funding deficiency (as defined

in Title I of ERISA) or withdrawal liability (as defined in Title IV of ERISA) exists with respect to any such employee benefit plan or multiemployer plan.

(iv) To GCI's knowledge, except as set forth in Schedule 4(r)(v): (i) GCI has not received any notice (written or oral) from any governmental authority or other Person that the Person giving such notice is investigating whether, or has determined that there are, any violations of Environmental Laws by GCI, or violations of Environmental Law due to activities on, or affecting, or related to GCI's Real Property, (ii) none of GCI's Real Property has previously been used by any Person for the generation, production, emission, manufacture, handling, processing, treatment, storage, transportation, disposal or discharge of any Hazardous Substances, (iii) GCI has not used, generated, produced, emitted, manufactured, handled, possessed, treated, stored, transported, disposed or discharged, and does not presently use, generate, produce, emit, manufacture, handle, possess, treat, store, transport, dispose or discharge, any Hazardous Substances on, into or from GCI's Real Property, (iv) GCI is in compliance in all material respects with all laws applicable to its own (as distinguished from other Persons') use, generation, production, emission, manufacturing, treatment, storage, transportation, disposal, and discharge of any Hazardous Substances on, into or from GCI's Real Property, (v) there are no above ground or underground storage tanks, or any Equipment containing polychlorinated biphenyls, on GCI's Real Property, (vi) no release of Hazardous Substances outside GCI's Real Property has entered or threatens to enter any of GCI's Real Property, nor is there any pending or threatened claim based on Environmental Laws which arises from any condition of the land surrounding any of GCI's Real Property, (vii) no Real Property has been used at any time as a gasoline service station or any other facility for storing, pumping, dispensing or producing gasoline or any other petroleum products or wastes, (viii) no building or other structure on any of GCI's Real Property contains asbestos, and (ix) there are no incinerators, septic tanks or cesspools on GCI's Real Property and all waste is discharged into a public sanitary sewer system. GCI has provided MCI with complete and correct copies of (A) all studies, reports, surveys or other materials in GCI's possession or of which GCI has knowledge and to which GCI has access relating to the presence or alleged presence of Hazardous Substances at, on or affecting GCI's Real Property, (B) all notices or other materials in GCI's possession or of which GCI has knowledge and to which GCI has access that were received from any governmental authority having the power to administer or enforce any Environmental Laws relating to current or past ownership, use or operation of the real property or activities at or affecting GCI's Real Property and (C) all materials in GCI's possession or to which GCI has access relating to any claim, allegation or action by any private third party under any Environmental Law. The representations and warranties in this Section 4(r) are the only representations and warranties given by GCI with respect to the Environmental Law compliance of GCI and its business.

s) Tax Returns and Other Reports. GCI has duly and timely filed in proper form all federal, state, local, and foreign, income, franchise, sales, use,

property, excise, payroll, and other tax returns and other reports (whether or not relating to taxes) required to be filed by law with the appropriate governmental authority, and, to the extent applicable, has paid or made provision for payment of all taxes, fees, and assessments of whatever nature including penalties and interest, if any, which are due with respect to any aspect of its business or any of its properties. Except as set forth on Schedule 4(s), there are no tax audits pending and no outstanding agreements or waivers

extending the statutory period of limitations applicable to any relevant tax return.

t) Transfer Taxes. There are no sales, use, transfer, excise, or license taxes, fees, or charges applicable with respect to the transactions contemplated by this Agreement.

u) Disclosure. No written statement in this Agreement or in any agreement or other document delivered pursuant to this Agreement by or on behalf of GCI contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading. None of the periodic filings made by GCI with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, since January 1, 1995, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

v) Investment Company. GCI is not an "investment company" or a company "controlled" by an investment company within the meaning of the Investment Company Act of 1940, as amended (the "Act"), and GCI has not relied on rule 3a-2 under the Act as a means of excluding it from the definition of an "investment company" under the Act at any time within the three (3) year period preceding the Closing Date.

w) No Insolvency. As of even date and as of the Closing Date, GCI is not and shall not be insolvent.

5. Representations and Warranties of MCI. MCI represents and warrants to GCI as follows:

a) Due Organization. MCI is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, with corporate power to own its properties and to conduct its business as now owned and conducted.

b) Authorization. MCI has the requisite corporate power to enter into this Agreement and to perform its obligations hereunder. The execution and delivery by MCI of, and the performance by MCI of its obligations under this Agreement have been duly authorized by all requisite corporate action of MCI and this Agreement

is a valid and binding agreement of MCI, enforceable against MCI in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally or by the principles governing the availability of equitable remedies.

c) Purchase for Investment; Existing Shareholder. MCI is purchasing the Shares for investment for its own account and not with a view to or for sale in connection with any distribution thereof within the meaning of the Securities Act. MCI is an existing security holder of shares of issued and outstanding common stock of GCI and no commission or other remuneration shall be paid by MCI, directly or indirectly, in connection with MCI's purchase of Shares.

d) No Registration of Shares. MCI understands that (i) the Shares have not been registered under the Securities Act or under any state securities laws and are being issued in reliance on the exemptions from the registration and prospectus delivery requirements of the Securities Act which are set forth in Sections 4(2) and 4(6) of the Securities Act and the regulations promulgated thereunder and in reliance on exemptions from the registration requirements of applicable state securities laws; and (ii) the Shares cannot be transferred without compliance with the registration requirements of the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available, and (iii) the reliance of GCI upon the aforesaid exemptions is predicated in part upon MCI's representations and warranties.

e) Residence. The jurisdiction in which MCI's principal executive offices are located is in the District of Columbia.

f) Accredited Investor. MCI is an "accredited investor" as defined in Rule 501 promulgated under the Securities Act.

g) Availability of Information. GCI has made available to MCI the opportunity to ask questions of, and to receive answers from, GCI's officers and directors, and any other person acting on their behalf, concerning the terms and conditions of this Agreement and the transactions contemplated herein and to obtain any other information requested by MCI to the extent GCI possesses such information or can acquire it without unreasonable effort or expense. MCI has been afforded the opportunity to inspect, and to have its auditors or other agents inspect, the books and records of GCI. The

furnishing of such information, the opportunity to inspect and any inspection so undertaken by MCI shall not affect MCI's right to rely on the representations and warranties of GCI set forth in this Agreement.

h) Disclosure. No written statement in this Agreement or in any agreement or other document delivered pursuant to this Agreement by or on behalf of MCI contains any untrue statement of a material fact or omits to state a material fact

necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading.

i) Investment Company. MCI is not an "investment company" or a company "controlled" by an investment company within the meaning of the Investment Company Act of 1940, as amended (the "Act"), and MCI has not relied on rule 3a-2 under the Act as a means of excluding it from the definition of an "investment company" under the Act at any time within the three (3) year period preceding the Closing Date.

j) No Insolvency. As of even date and as of the Closing Date, MCI is not and shall not be insolvent.

6. Restrictive Legend. The certificates representing the Shares shall bear a legend substantially to the effect of the following:

> "The securities represented by this certificate have been issued without registration under the Securities Act of 1933, as amended, or any state securities laws and may not be offered, sold or otherwise disposed of, unless the securities are registered under such act and applicable state securities laws or exemptions from the registration requirements thereof are available for the transaction."

7. Additional Agreements. During the period from the date of this Agreement to the Final Closing Date:

a) Interim Operations. GCI shall, and shall cause its subsidiaries to, conduct their respective business only in the ordinary course, and maintain, keep and preserve their respective assets and properties in good condition and repair, ordinary wear and tear excepted.

b) Certificate and By-laws. GCI shall not, and shall not permit any of its subsidiaries to, make or propose any change or amendment in their respective Certificates of Incorporation or By-laws.

c) Capital Stock. Except in connection with the Cable Acquisitions (as defined below), GCI shall not, and shall not permit any of its subsidiaries to, issue, pledge or sell any shares of capital stock or any other securities of any of them or issue any securities convertible into, or exchangeable for or representing the right to purchase or receive, or enter into any contract with respect to the issuance of, any shares of capital stock or any other securities of any of them (other than pursuant to this Agreement or the exercise of stock options outstanding on the date hereof), or enter into any contract with respect to the purchase or voting of shares of their capital stock or

adjust, split, combine, reclassify any of their securities, or make any other material changes in their capital structures.

d) Dividends. GCI shall not declare, set aside, pay or make any dividend or other distribution or payment (whether in cash, stock or property) with respect to, or purchase or redeem, any shares of capital stock.

e) Assets; Mergers; Etc. GCI shall not, and shall not permit any of its subsidiaries to, encumber, sell, lease or otherwise dispose of or acquire any material assets, or encumber, sell, lease or otherwise dispose of assets having a value in excess of $3,000,000 in the aggregate, or enter into any merger or other agreement providing for the acquisition of any material assets of GCI or any of its subsidiaries by any third party or acquire (by merger, consolidation, or acquisition of stock or assets) any corporation, partnership or other business organization or division thereof or enter any contract, agreement, commitment or arrangement to do any of the foregoing, except under: (i) the Prime SPA, (ii) the Alaskan Cable Network Asset Purchase Agreement, dated April 15, 1996, and (iii) the Alaska Cablevision, Inc. and McCaw/Rock Associates Asset Purchase Agreements, dated May 10, 1996 ((i), (ii) and (iii) above collectively, "Cable Acquisitions").

f) Access to Information. GCI shall, and shall cause its subsidiaries, officers, directors, employees and agents-to, afford MCI

access at all reasonable times to their officers, employees, agents, properties, books, records and contracts, and shall furnish MCI all financial, operating and other data and information as MCI may reasonably request.

g) Certain Filings, Consents and Arrangements. MCI and GCI shall (i) cooperate with one another in promptly (x) determining whether any filings are required to be made or consents, approvals, permits or authorizations are required to be obtained under any federal or state law or regulation or any consents, approvals or waivers are required to be obtained from other parties to loan agreements or other contracts material to GCI's business in connection with the transaction contemplated by this Agreement, and (y) making any such filings, furnishing information required in connection therewith and seeking timely response to obtain any such consents, permits, authorizations, approvals or waivers; and (ii) as promptly as practicable, file with the Federal Trade Commission and the Department of Justice the notification and report forms, if required.

h) Amendments to Prime SPA. GCI shall not amend, modify or alter, in any manner whatsoever, the Prime SPA without the prior written consent of MCI.

8. Conditions.

a) Conditions to Obligations of MCI and GCI. The obligations of MCI and GCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The consummation of the transactions contemplated by this Agreement shall not be precluded by any order, decree or preliminary or permanent injunction of a federal or state court of competent jurisdiction; and

(ii) The consummation of the transactions contemplated under the Prime SPA.

b) Conditions to Obligations of GCI. The obligations of GCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The representations of MCI set forth in this Agreement shall have been true and correct in all material respects when made and (unless made as of a specified date) shall be true and correct in all material respects as if made as of the Final Closing Date;

(ii) MCI shall have performed in all material respects its agreements contained in this Agreement required to be performed at or prior to the Final Closing Date;

(iii) GCI shall have received a certificate of an officer of MCI, dated as of the Final Closing Date, certifying as to the fulfillment of the matters contained in paragraphs (i) and (ii) of this Section 8 b); and

(iv) GCI shall have received from MCI the amount of $13,000,000.00 by wire transfer of immediately available funds.

c) Conditions to Obligations of MCI. The obligations of MCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The representations of GCI set forth in this Agreement shall have been true and correct in all material respects when made and (unless made as of a specified date) shall be true and correct in all material respects as if made as of the Final Closing Date;

(ii) GCI shall have performed in all material respects its agreements contained in this Agreement required to be performed at or prior to the Final Closing Date;

(iii) All applicable consents and approvals (including those of the FCC and any applicable Public Utility Commission) which are necessary to consummate the transactions contemplated by this Agreement, shall have been obtained;

(iv) MCI shall have received from GCI certificates representing the Shares, registered in MCI's name and with all the

necessary documentary stock transfer stamps annexed thereto;

(v) MCI shall have received a certified copy of GCI's articles of incorporation and by-laws, as amended as of the Final Closing Date and a certificate of good standing for GCI from its jurisdiction of incorporation dated as of a date on or after January 1, 1996;

(vi) MCI shall have received (a) the Registration Rights Agreement attached as Exhibit B executed by a duly authorized officer of GCI dated as of the Final Closing Date, and (b) the Voting Agreement attached as Exhibit C executed by a duly authorized officer of all the parties thereto dated as of the Final Closing Date;

(vii) MCI shall have received an opinion of Hartig, Rhodes, Norman, Mahoney & Edwards, P.C., counsel to GCI, dated as of the Final Closing Date in the form of Exhibit D;

(viii) MCI shall have received a certificate of the Secretary or Assistant Secretary of GCI, dated as of the Final Closing Date, certifying that attached thereto is a complete copy of a resolution duly adopted by the board of directors of GCI authorizing and approving the execution of this Agreement and the consummation of the transactions contemplated by this Agreement;

(ix) MCI shall have received a certificate of an officer of GCI, dated as of the Final Closing Date, certifying as to the fulfillment of the matters contained in paragraphs (i) through (iii) of this Section 8 c);

(x) the Prime SPA shall not have been amended, modified or altered without the prior written consent of MCI; and

(xi) GCI shall not have issued, in the aggregate, more than 18,000,000 shares of its Class A Common Stock in connection with the Cable Acquisitions and the price per share for any share of Class A Common Stock issued in connection therewith shall have been at least $6.50.

9. Termination. This Agreement and the transactions contemplated hereby may be terminated at any time prior to the Closing Date:

a) by the mutual written consent of MCI and GCI;

b) by MCI and GCI if either is prohibited by an order or injunction (other than an injunction on a temporary or preliminary basis) of a court of competent jurisdiction from consummating the transactions contemplated by this Agreement and all means of appeal and all appeals from such order or injunction have been finally exhausted;

c) by MCI or GCI if the Final Closing Date shall not have occurred on or before December 31, 1996; provided, however, that the right to terminate under this paragraph c) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause of the failure of the Closing to occur on or before such date.

In the event of termination, no party hereto shall have any liability or further obligation to the other party hereto, except that nothing herein will relieve any party from any breach of this Agreement.

10. Survival of Representations, Warranties and Covenants. All representations, warranties and covenants contained herein shall survive the execution of this Agreement and the consummation of the transactions contemplated hereby.

11. Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. MCI shall have the right to assign to any direct or indirect subsidiary of MCI or its parent, MCI Communications Corporation, any and all rights and obligations of MCI under this Agreement.

12. Notices. Any notice or other communication provided for herein or given hereunder to a party hereto shall be in writing and shall be given by personal delivery, by telex, telecopier or by mail (registered or certified mail, postage prepaid, return receipt requested) to the respective parties as follows:

If to GCI:

General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503
Attn: Chief Financial Officer

If to MCI:

MCI Telecommunications Corporation
1801 Pennsylvania Avenue, NW
Washington, DC 20006
Attn: Vice President Corporate Development

With a copy to:

MCI Telecommunications Corporation
1133 19th Street, NW
Washington, DC 20036
Attn: Office of the General Counsel (0596/003)

or to such other address with respect to a party as such party shall notify the other in writing. Any such notice shall be deemed given upon receipt.

13. Amendment; Waiver. This Agreement may not be amended except by a writing duly signed by the parties. No party may waive any of the terms or conditions of this Agreement except by a duly signed writing referring to the specific provision to be waived.

14. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Alaska, without regard to the conflict of laws and rules thereof.

15. Entire Agreement. This Agreement (including the Exhibits and Schedules hereto) constitutes the entire agreement with respect to the transactions contemplated hereby, and supersedes all other and prior agreements and understandings, both written and oral, among the parties to this Agreement.

16. Expenses. Each party hereto shall pay its own expenses incident to preparing for, entering into and carrying out this Agreement and the consummation of the transactions contemplated hereby.

17. Captions. The Section and Paragraph captions herein are for convenience only, do not constitute part of this Agreement, and shall not be deemed to limit or otherwise affect any of the provisions hereof.

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

19. Cable Acquisitions. GCI agrees that it will not, at any time, issue, in the aggregate, more than 18,000,000 shares of its Class A Common Stock in connection with the Cable Acquisitions and the price per share for any share of Class A Common Stock issued in connection therewith shall have been at least $6.50.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered on the day and year first written above.

GENERAL COMMUNICATION, INC.

By /s/
John M. Lowber
Its: Senior Vice President

MCI TELECOMMUNICATIONS
CORPORATION

By /s/
Name:
Its:

<TABLE>

ATTACHMENT
Table of Contents

<CAPTION>
<S> <C>

I..

Exhibit A	-	Capital Stock....550
Exhibit B	-	Registration Rights Agreement....551
Exhibit C	-	Voting Agreement....564
Exhibit D	-	Opinion of Hartig Rhodes Norman Mahoney & Edwards, P.C....571

II....

Schedule 4(c)(i)	-	Options, Warrants, Rights or Convertible Securities....576
Schedule 4(c)(ii)	-	Voting Agreements....577
Schedule 4(c)(iii)	-	Ownership and Outstanding Capital Stock of each GCI subsidiary....578
Schedule 4(h)	-	Pending Litigation....579
Schedule 4(l)	-	Equity Agreements....580
Schedule 4(m)(ii)	-	Collective Bargaining Requests....581
Schedule 4(p)	-	Asset Liens....582
Schedule 4(q)	-	Material Contracts....583
Schedule 4(q)(i)	-	Existing Defaults....585
Schedule 4(r)(v)	-	Environmental Notices....586
Schedule 4(s)	-	Tax Audits....587

III....

Section 8(b)(iii)	-	MCI's Officer's Certificate....588
Section 8((c)(i)	-	GCI's Officer's Certificate....589
Section 8(c)(ii)	-	GCI's Officer's Certificate....589
Section 8(c)(iii)	-	GCI's Officer's Certificate....589
Section 8(c)(viii)	-	GCI's Officer's Certificate....589
Section 8(c)(ix)	-	GCI's Officer's Certificate....589

</TABLE>

EXHIBIT A
Capital Stock

As of the date hereof and after the issuance of the Shares as contemplated by this Agreement, the authorized and issued and outstanding capital stock of GCI will be as follows, except for such changes resulting from the exercise of stock options, warrants and common stock contemplated herein:

	Authorized Shares
Class A Common	50,000,000
Class B Common	10,000,000
Preferred	1,000,000

	Issued Shares As of 07/15/96	After Issuance of MCI Shares	After Issuance of Prime/Rock/Cooke Shares
Class A Common	19,768,1501 (1)	21,768,1501	38,029,1501
Class B Common	4,159,657	4,159,657	4,159,657
Preferred	-0-	-0-	-0-

(1) Includes 120,111 treasury shares.

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement ("Agreement"), dated as of this day of , 1996, is between General Communication, Inc., an Alaska corporation ("GCI"), and MCI Telecommunications Corporation, a Delaware corporation ("MCI").

RECITALS

A. MCI has acquired Two Million (2,000,000) shares of GCI's Class A Common Stock, no par value. All such shares of GCI's Class A Common Stock which MCI now owns and any securities issued in exchange for or in respect of such stock, whether pursuant to a stock dividend, stock split, stock reclassification or otherwise are collectively referred to in this Agreement as the "Registrable Shares."

B. GCI desires to grant registration rights to MCI and any successor or assign of MCI as the holder of all or any portion of the Registrable Shares. MCI and such successors and assigns are referred to in this Agreement as the "Holders," or, individually as a "Holder."

AGREEMENT

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

1. Demand Registration.

(a) Following the expiration of a one hundred eighty (180) day "stand still period" after the date hereof and then only if required to permit resales of the Registrable Shares by Holders, Holders shall at any time and from time to time, have the right to require registration under the Securities Act of 1933, as amended ("Securities Act"), of all or any portion of the Registrable Shares on the terms and subject to the conditions set forth in this Agreement.

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

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

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

(e) Notwithstanding the foregoing, GCI shall not be obligated to effect a registration pursuant to this Section 1 during the period starting with the date sixty (60) days prior to GCI's estimated date of filing of, and ending on a date six (6) months following the effective date of, a registration statement pertaining to an underwritten public offering of equity

securities for GCI's account, provided that (i) GCI is actively employing in good faith all reasonable efforts to cause such registration statement to become effective and that GCI's estimate of the date of filing on such registration statement is made in good faith, and (ii) GCI shall furnish to the Holders a certificate signed by GCI's President stating that in the Board of Directors' good-faith judgment, it would be seriously detrimental to GCI or its shareholders for a Registration Statement to be filed in the near future; and in such event, GCI's obligations to file a Registration Statement shall be deferred for a period not to exceed six (6) months.

2. Incidental Registration. Each time that GCI proposes to register any of its equity securities under the Securities Act (other than a registration effected

solely to implement an employee benefit or stock option plan or to sell shares obtained under an employee benefit or stock option plan or a transaction to which Rule 145 or any other similar rule of the Commission under the Securities Act is applicable), GCI will give written notice to the Holders of its intention to do so. Each of the Selling Holders may give GCI a written request to register all or some of its Registrable Shares in the registration described in GCI's written notice as set forth in the foregoing sentence, provided that such written request is given within twenty (20) days after receipt of any such GCI notice. Such request will state (i) the amount of Registrable Shares to be disposed of and the intended method of disposition of such Registrable Shares, and (ii) any other information GCI reasonably requests to properly effect the registration of such Registrable Shares. Upon receipt of such request, GCI will use its best efforts promptly to cause all such Registrable Shares intended to be disposed of to be registered under the Securities Act so as to permit their sale or other disposition (in accordance with the intended methods set forth in the request for registration), unless the sale is a firmly underwritten public offering and GCI determines reasonably and in good faith in writing that the inclusion of such securities would adversely affect the offering or materially increase the offering's costs. In which case such securities and all other securities to be registered, other than those to be offered for GCI's account, shall be excluded to the extent the underwriter determines. The total number of secondary shares included in such registration shall be shared pro rata by all security holders having contractual registration rights based upon the amount of GCI's securities requested by such security holders to be sold thereunder. GCI's obligations under this Section 2 shall apply to a registration to be effected for securities to be sold for GCI's account as well as a registration statement which includes securities to be offered for the account of other holders of GCI equity securities having contractual registration rights; however, the registration rights granted pursuant to the provisions of this Section 2 are subject to the registration rights granted by GCI pursuant to (a) the Registration Rights Agreement dated as of January 18, 1991, between GCI and WestMarc Communications, Inc., (b) the Registration Rights Agreement dated as of March 31, 1993, between GCI and MCI, (c) the Registration Rights Agreement of even date between GCI and the owners of Prime Cable of Alaska, L.P., (d) the Registration Rights Agreement of even date between GCI and the owners of Alaskan Cable Network, Inc., and (e) the Registration Rights Agreement of even date between GCI and the owners of Alaska Cablevision, Inc., the effect of which agreements is that all parties hereto and thereto have pro rata piggy-back registration rights.

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

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

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

attorneys and accountants, and all transfer taxes and brokerage and underwriters' discounts and commissions directly attributable to the Registrable Shares being offered and sold by such Selling Holder.

4. Limitations on Registration Rights. Notwithstanding the provisions of Section 1 of this Agreement, GCI shall not be required to effect any registration under that Section if (i) the request(s) for registration cover an aggregate number of Registrable Shares having an aggregate Market Value of less than One Million Five Hundred Thousand Dollars ($1,500,000.00) as of the date of the last of such requests, (ii) GCI has previously filed two (2) registration statements under the Securities Act pursuant to Section 1, (iii) GCI, in order to comply with such request, would be required to (A) undergo a special interim audit or (B) prepare and file with the Commission, sooner than would otherwise be required, pro forma or other financial statements relating to any proposed transaction, or (iv) if, in the opinion of counsel to GCI, the form of which opinion of counsel shall be acceptable to the Holders, a registration is not required in order to permit resale by Holders. The first demand registration under this Agreement may be requested only by the Holders of a minimum of thirty percent (30%) of the Registrable Shares. "Market Value" as used in this Agreement shall mean, as to each class of Registrable Shares at any date, the average of the daily closing prices for such class of Registrable Shares, for the ten (10) consecutive trading days before the day in question. The closing price for shares of such class for each day shall be the last reported sale price regular way, or, in case no such reported sale takes place on such day, the average of the reported closing bid and asked prices regular way, in either case on the composite tape, or if the shares of such class are not quoted on the composite tape, on the principal United States securities exchange registered under the Securities Exchange Act of 1934, as amended ("Exchange Act"), on which shares of such class are listed or admitted to trading, or if they are not listed or admitted to trading on any such exchange, the closing sale price (or the average of the quoted closing bid and asked price if no sale is reported) as reported by the National Association of Securities Dealers Automated Quotation System ("NASDAQ") or any comparable system, or if the shares

of such class are not quoted on NASDAQ or any comparable system, the average of the closing bid and asked prices as furnished by any market maker in the securities of such class who is a member of the National Association of Securities Dealers, Inc., or in the absence of such closing bid and asked price, as determined by such other method as GCI's Board of Directors shall from time to time deem to be fair.

5. Obligations with Respect to Registration.

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

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

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

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

(iv) Furnish at GCI's expense to the Selling Holders such number of copies of a preliminary, final, supplemental or amended

prospectus, in conformity with the requirements of the Securities Act and the rules and regulations

promulgated thereunder, as may reasonably be required in order to facilitate the disposition of the Registrable Shares covered by a Registration Statement, but only while GCI is required under the provisions hereof to cause a Registration Statement to remain effective; and

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

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

(vii) Cause all such Registrable Shares to be listed on each securities exchange on which similar securities issued by GCI are then listed and to be qualified for trading on each system on which similar securities issued by GCI are from time to time qualified;

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

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

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

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

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

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

efforts to promptly obtain the withdrawal of such order.

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

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

(ii) During such time as the Selling Holder may be engaged in a distribution of the Registration Shares, such Selling Holder shall comply with Rules 10b-2, 10b-6 and 10b-7 promulgated under the Exchange Act and pursuant thereto it

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

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

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

6. Indemnification.

(a) By GCI. In the event of any registration under the Securities Act of any Registrable Shares pursuant to this Agreement, GCI shall indemnify and hold harmless any Selling Holder, any underwriter of such Selling Holder, each officer, director, employee or agent of such Selling Holder, and each other person, if any, who controls such Selling Holder or underwriter within the meaning of Section 15 of the Securities Act, against any losses, costs, claims, damages or liabilities, joint or several (or actions in respect thereof) ("Losses"), incurred by or to which each such indemnified party may become subject, under the Securities Act or otherwise, but only to the extent such Losses arise out of or based upon (i) any untrue statement or alleged untrue statement of any material fact contained, on the effective date thereof, in any Registration Statement under which such Registrable Shares were registered under the Securities Act, in any preliminary prospectus (if used prior to the effective date of such Registration Statement) or in any final prospectus or in any post effective amendment or supplement thereto (if used during the period GCI is required to keep the Registration Statement effective) ("Disclosure Documents"), (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading or (iii) any violation of any federal or state securities laws or rules or regulations thereunder committed by GCI in connection with the performance of its obligations under this Agreement; and GCI will reimburse each such indemnified party for all legal or other expenses reasonably incurred by such party

in connection with investigating or defending any such claims, including, subject to such indemnified party's compliance with the provisions of the last sentence of subsection (c) of this Section 6, any amounts paid in settlement of any litigation, commenced or threatened, so long as GCI's counsel agrees with the reasonableness of such settlement; provided, however, that GCI shall not be liable to an indemnified party in any such case to the extent that any such Losses arise out of or are based upon (i) an untrue statement or alleged untrue statement or omission or alleged omission (x) made in any such Disclosure

Documents in reliance upon and in conformity with written information furnished to GCI by or on behalf of such indemnified party specifically for use in the preparation thereof, (y) made in any preliminary or summary prospectus if a copy of the final prospectus was not delivered to the person alleging any loss, claim, damage or liability for which Losses arise at or prior to the written confirmation of the sale of such Registrable Shares to such person and the untrue statement or omission concerned had been corrected in such final prospectus or (z) made in any prospectus used by such indemnified party if a court of competent jurisdiction finally determines that at the time of such use such indemnified party had actual knowledge of such untrue statement or omission or (ii) the delivery by an indemnified party of any prospectus after such time as GCI has advised such indemnified party in writing that the filing of a post-effective amendment or supplement thereto is required, except the prospectus as so amended or supplemented, or the delivery of any prospectus after such time as GCI's obligation to keep the same current and effective has expired.

(b) By the Selling Holders. In the event of any registration under the Securities Act of any Registrable Shares pursuant to this Agreement, each Selling Holder shall, and shall cause any underwriter retained by it who participates in the offering to agree to, indemnify and hold harmless GCI, each of its directors, each of its officers who have signed the Registration Statement and each other person, if any, who controls GCI within the meaning of Section 15 of the Securities Act, against any Losses, joint or several, incurred by or to which such indemnified party may become subject under the Securities Act or otherwise, but only to the extent such Losses arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in any of the Disclosure Documents or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading, if the statement or omission was in reliance upon and in conformity with written information furnished to GCI by such indemnifying party specifically for use in the preparation thereof, (ii) the delivery by such indemnifying party of any prospectus after such time as GCI has advised such indemnifying party in writing that the filing of a post-effective amendment or supplement thereto is required, except the prospectus as so amended or supplemented, or after such time as the obligation of GCI to keep the Registration Statement effective and current has expired or (iii) any violation by such indemnifying party of its obligations under Section 5(b) of this Agreement or any information given or representation made by such indemnifying party in connection with the sale of the Selling Holder's Registrable Shares which is not contained in and not in conformity with the prospectus (as amended or

supplemented at the time of the giving of such information or making of such representation); and each Selling Holder shall, and shall cause any underwriter retained by it who participates in the offering to agree to, reimburse each such indemnified party for all legal or other expenses reasonably incurred by such party in connection with investigating or defending any such claim, including, subject to such indemnified party's compliance with the provisions of the last sentence of subsection (c) of this Section 6, any amounts paid in settlement of any litigation, commenced or threatened; provided, however, that the indemnity agreement contained in this Section 6(b) shall not apply to amounts paid in settlement of any loss, claim, damage, liability or action arising pursuant to a registration if such settlement is effected without the consent of Selling Holder; and provided further, that no Selling Holder shall be required to undertake liability under this Section 6(b) for any amounts in excess of the proceeds to be received by such Selling Holder from the sale of its securities pursuant to such registration, as reduced by any damages or other amounts that such Selling Holder was otherwise required to pay hereunder.

(c) Third Party Claims. Promptly after the receipt by any party hereto of notice of any claim, action, suit or proceeding by any person who is not a party to this Agreement (collectively, an "Action") which is subject to indemnification hereunder, such party ("Indemnified Party") shall give reasonable written notice to the party from whom indemnification is claimed ("Indemnifying Party"). The Indemnifying Party shall be entitled, at the Indemnifying Party's sole expense and liability, to exercise full control of the defense, compromise or settlement of any such Action unless the Indemnifying Party, within a reasonable time after the giving of such notice by the Indemnified Party, shall (i) admit in writing to the Indemnified Party, the Indemnifying Party's liability to the Indemnified Party for such Action under the terms of this Section 6, (ii) notify the Indemnified Party in writing of the Indemnifying Party's intention to assume the defense thereof and (iii) retain legal counsel reasonably satisfactory to the Indemnified Party to conduct the defense of such Action. The Indemnified Party and the Indemnifying Party shall cooperate with the party assuming the defense, compromise or settlement of any such Action in accordance herewith in any manner that such party reasonably may request. If the Indemnifying Party so assumes the defense of any such Action, the Indemnified Party shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, but the fees and expenses of such counsel shall be the Indemnified Party's sole expense unless (i) the Indemnifying Party has agreed to pay such fees and

expenses, (ii) any relief other than the payment of money damages is sought against the Indemnified Party or (iii) the Indemnified Party shall have been advised by its counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Indemnifying Party, and in any such case the fees and expenses of such separate counsel shall be borne by the Indemnifying Party. No Indemnifying Party shall settle or compromise any such Action in which any relief other than the payment of money damages is sought against any Indemnified Party unless the Indemnified Party consents in writing to such compromise or settlement, which consent shall not be unreasonably

withheld. No Indemnified Party shall settle or compromise any such Action for which it is entitled to indemnification hereunder without the Indemnifying Party's prior written consent, unless the Indemnifying Party shall have failed, after reasonable notice thereof, to undertake control of such Action in the manner provided above in this Section 6.

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

7. Miscellaneous.

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

(i) if to GCI at:

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

(ii) if to MCI, at:

MCI Telecommunications Corporation
1801 Pennsylvania Avenue, NW
Washington, DC 20006
ATTN: Senior Vice President
and Chief Financial Officer
Telecopy: (202) 887-2195

with a copy to:

MCI Telecommunications Corporation
1133 19th Street, NW
Washington, DC 20036
ATTN: Office of the General Counsel

(iii) if to any Holder other than MCI, at the address provided to GCI (and if none provided, to MCI)

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

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

(c) Binding Effect; Benefit. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. Nothing in this Agreement, expressed or implied is intended to confer on any person other than the parties hereto or their respective successors and assigns (including, in the case of MCI, any successor or assign of MCI as the holder of

Registrable Shares), any rights, remedies, obligations or liabilities under or by reason of this Agreement, other than rights conferred upon indemnified persons under Section 6.

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

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

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

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

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

GENERAL COMMUNICATION, INC.

By
John M. Lowber, Senior Vice President

MCI TELECOMMUNICATIONS CORPORATION

By
Name:
Its

VOTING AGREEMENT

THIS VOTING AGREEMENT ("Agreement") is entered into effective on the day of , 1996, by and between Prime II Management, L.P. ("Prime"), as the designated agent for the parties named on Annex 1 attached hereto (collectively, "Prime Sellers"), MCI Telecommunications Corporation, Ronald A. Duncan, Robert M. Walp, and TCI GCI, Inc. (Prime, as designated agent for the Prime Sellers, "Duncan," "Walp," and "TCI GCI," respectively, or individually, "Party" and collectively, "Parties"), all of whom are shareholders of General Communication, Inc., an Alaska corporation ("GCI"), as identified in this Agreement.

WHEREAS, the Parties are as of the date of this Agreement, the owners of the amounts of GCI's Class A and Class B common stock as set forth in this Agreement;

WHEREAS, the Parties desire to combine their votes as shareholders of GCI in the election of certain positions of the Board of Directors ("Board") of GCI and specifically to vote on certain issues as set forth in this Agreement;

WHEREAS, the Parties desire to establish their mutual rights and obligations in regard to the Board and those certain issues to come before the shareholders or before the Board;

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained in this Agreement, the Parties agree as follows:

Section 1. Shares. The shares of GCI's Class A and Class B common stock subject to this Agreement will consist of those shares held by each Party as set forth in this Section 1 and any additional shares of GCI's voting stock acquired in any manner by any one or more of the Parties ("Shares"):

(1) Prime - ( ) shares of Class A common stock;

(2) MCI - 8,251,509 Shares of Class A common stock and 1,275,791 Shares of Class B common stock, which total to an aggregate of 21,009,419 votes for MCI;

(3) Duncan - 852,775 Shares of Class A common stock and 233,708 Shares of Class B common stock, which total to an aggregate of 3,189,855 votes for Duncan;

(4) Walp - 534,616 Shares of Class A common stock and 301,049 Shares of Class B common stock, which total to an aggregate of 3,545,106 votes for Walp; and

(5) TCI GCI - 590,043 Shares of Class B common stock, which totals to an aggregate of 5,900,430 votes for TCI GCI.

Section 2. Voting. (a) All of the Shares will, during the term of this Agreement, be voted as one block in the following matters:

(1) For so long as the full membership on the Board is at least eight, the election to the Board of individuals recommended by a Party ("Nominees"), with the allocation of such recommendations to be in the following amounts and by the following identified Parties:

(A) For recommendations from MCI, two Nominees;

(B) For recommendations from Duncan and Walp, one Nominee from each;

(C) For recommendations from TCI GCI, two Nominees; and

(D) For recommendations from Prime, two (2) nominees, for so long as (i) the Prime Sellers (and their distributees who agree in writing to be bound by the terms of this Agreement) collectively own at least ten percent of the issued and then-outstanding shares of GCI's Class A common stock, and (ii) that certain Management Agreement between Prime and GCI dated of even date herewith ("Prime Management Agreement") is in full force and effect. If either of these conditions are not satisfied, then Prime shall only be entitled to recommend one Nominee. If neither of these conditions are met, Prime shall not be entitled to recommend any Nominee at that time;

(2) To the extent possible, to cause the full membership of the Board to be maintained at not less than eight members;

(3) Other matters to which the Parties unanimously agree.

(b) The Parties will abide by the classification by the Board of a Nominee in accordance with the provisions for classification of the Board as set forth in Article V(b) of GCI's Articles of Incorporation and Section 2(b) of GCI's Article IV of Bylaws which classification was, as of the date of this Agreement, for Nominees allocated to MCI as follows: one in Class I and one in

Class III, and for Nominees allocated to Prime as follows: one in Class II and one in Class III, and for Nominees allocated to TCI GCI as follows: one in Class II and one in Class III.

(c) The Parties understand that to insure the election of their allocated Nominees, the Shares must constitute sufficient voting power to cause those elections and that as new shares are issued by GCI through the exercise of warrants and options,

acquisitions by employee benefit plans, or otherwise, the number of outstanding shares of voting common stock will increase, making the percentage which the Shares represent of the outstanding shares decrease.

(d) The Parties will take such action as is necessary to cause the election to the Board of each Party's Nominee(s).

Section 3. Manner of Voting. Votes, for purposes of this Section 3, will be as determined by written ballot upon each matter to be voted upon. Should such a matter require shareholder action, e.g., election of Nominees to the Board or should the Board choose to present the matter for shareholder consent, approval or ratification, such balloting must take place so that the results are received by GCI at its principal executive offices not less than 120 calendar days in advance of the date of GCI's proxy statement released to security holders in connection with the previous year's annual meeting of security holders.

Section 4. Limitation on Voting. Except as set forth in (a) of Section 2 of this Agreement, the Agreement will not extend to voting upon other questions and matters on which shareholders will have the right to vote under GCI's Articles of Incorporation, GCI's Bylaws of the Company, or the laws of the State of Alaska.

Section 5. Term of Agreement. (a) The term of this Agreement will be through the completion of the annual meeting of GCI's shareholders taking place in June, 2001 or until there is only one Party to the Agreement, whichever occurs first; provided that the Parties may extend the term of this Agreement only upon unanimous vote and written amendment to this Agreement.

(b) Except as provided in (a) and (d) of this Section 5, a Party (other than Prime) will be subject to this Agreement until the Party disposes of more than 25% of the votes represented by the Party's holdings of common stock which equates to the following (adjusted for stock splits) for each party:

1. MCI - 5,252,355 votes;

2. Duncan - 797,464 votes;

3. Walp - 886,277 votes; and

4. TCI GCI - 1,475,108 votes.

(c) Should one party dispose of an amount of its portion of the Shares in excess of the limit as set forth in (b) of this Section 5, each other Party will have the right to withdraw and terminate that Party's rights and obligations under this Agreement by giving written notice to the other Parties.

(d) Anything to the contrary in this Agreement notwithstanding each Party shall remain a Party to this Agreement with respect to its obligation to vote (a) for

Prime's Nominee(s) pursuant to Section 2(a)(1) above, and (b) to maintain at least an eight (8) member Board pursuant to Section 2(a)(2) above only, for so long as either (i) the Prime Sellers (and their distributees who agree in writing to be bound by the terms of this Agreement) collectively own at least ten percent (10%) of the issued and then-outstanding shares of GCI's Class A common stock or (ii) the Prime Management Agreement is in effect. Upon each request, Prime shall, within a reasonable period of time after delivery by GCI to Prime of GCI's shareholders list showing the number of shares of GCI common stock owned by each such shareholder, provide GCI with its certificate, in form and substance reasonably satisfactory to GCI, confirming the Prime Sellers' aggregate, then-current percentage ownership of GCI Class A common stock.

Section 6. Binding Effect. The Parties will, during the term of this Agreement, be fully subject to its provisions. There will be no prohibition against transfer or other assignment of Shares under the terms of this Agreement. Should a Party transfer or otherwise assign Shares, and the new holder of those Shares will not have any rights under, nor be subject to the

terms of, this Agreement, except that any assignee which is an affiliate or subsidiary entity of a Party shall be bound by, and have the benefits of, this Agreement; provided, however, that anything to the contrary in the foregoing notwithstanding, any distributee of a Prime Seller that agrees in writing to be bound by the terms of this Agreement will have rights under and be subject to the terms of this Agreement.

Section 7. GCI's Agreement. GCI agrees (i) to submit the Nominees selected pursuant to Section 2(a) above in its proxy materials delivered to GCI's shareholders in connection with each election of GCI directors; and (ii) not to take any action inconsistent with the agreements of the Parties set forth herein.

Section 8. Notices. Notices required or otherwise given under this Agreement will be given by hand delivery or certified mail to the following addresses, unless otherwise changed by a Party with notice to the other Parties:

To Prime:

Prime II Management, L.P.
600 Congress Avenue, Suite 3000
Austin, Texas 78701
Attn: President

With copies (which shall not constitute notice) to:

Edens Snodgrass Nichols & Breeland, P.C.
2800 Franklin Plaza
111 Congress Avenue
Austin, Texas 78701
ATTN: Patrick K. Breeland

To MCI:

MCI Telecommunications Corporation
1133 19th Street, N.W.
Washington, D.C. 20035
ATTN: Douglas Maine, Chief Financial Officer

To Duncan:

Ronald A. Duncan
President and Chief Executive Officer
General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503

To Walp:

Robert A. Walp
Vice Chairman
General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503

To TCI GCI :

Larry E. Romrell, President
TCI GCI, Inc.
5619 DTC Parkway
Englewood, Colorado 80111

Section 9. Performance. The Parties agree that damages are not an adequate remedy for a breach of the terms of this Agreement. Should a Party be in breach of a term of this Agreement, one or more of the other Parties may seek the specific performance or injunction of that Party under the terms of this Agreement by bringing an appropriate action in a court in Anchorage, Alaska.

Section 10. Governing Law. The terms of this Agreement will be governed by and construed in accordance with the laws of the State of Alaska.

Section 11. Amendments. This Agreement constitutes the entire Agreement between the Parties, and any amendment of it must be in writing and approved by all Parties.

Section 12. Group. Prior to a Party filing a Schedule 13D or an amendment to such a schedule pursuant to the Securities Exchange Act of 1934, the Party will provide a written notice to each of the other Parties within five days after the triggering event under that schedule and at least two days prior to the filing of that schedule or amendment, as the case may be, and further provide to any other Party any information or documentation reasonably requested by that Party in this regard.

Section 13. Termination of Prior Agreement. This Agreement supersedes and replaces in its entirety that certain Voting Agreement dated effective as of March 31, 1993, by and between MCI, Duncan, Walp and TCI GCI, as successor in interest to WestMarc Communications, Inc.

Section 14. Severability. If a court of competent jurisdiction finds any portion of this Agreement invalid or not enforceable, this Agreement shall be automatically reformed to carry out the intent of the Parties as nearly as possible without regard to the portion so invalidated. If this entire Agreement is determined to be limited in duration by a court of competent jurisdiction, the Parties agree to enter into a new Agreement which carries forward the intent of the Parties upon such termination.

IN WITNESS WHEREOF, the Parties set their hands to this Agreement, effective on the first date above written.

PRIME II MANAGEMENT, L.P.
By Prime II Management, Inc.
Its General Partner

By
Name:
Its:

MCI TELECOMMUNICATIONS CORPORATION

By
Name:
Its:

RONALD A. DUNCAN

ROBERT M. WALP

TCI GCI, INC.

By
Name:
Its:

GENERAL COMMUNICATION, INC.

By
Name:
Its:

EXHIBIT "D"
Form of Legal Opinion

[HARTIG, RHODES LETTERHEAD]

, 1996

Anchorage

MCI Telecommunications Corporation
1133 19th Street, NW

Washington, D.C. 20038

RE: Stock Purchase Agreement (the "Agreement") dated as of , 1996 between General Communication, Inc. (the "Company") and MCI Telecommunications Corporation (the "Purchaser")
Our File: 6552-35

Ladies and Gentlemen:

This opinion letter is delivered to you pursuant to Paragraph 8(c)(vii) of the Agreement. Capitalized terms used but not defined in this opinion letter have the meanings given to them in the Agreement.

We have acted as counsel to the Company in connection with the preparation and the execution and delivery of the Agreement and the related documents. In that capacity we have examined the Agreement and the related documents, including, but not limited to, the Registration Rights Agreement, dated of even date herewith, between the

Company and the Purchaser and the Voting Agreement, dated of even date herewith, by and between the Company, Prime II Management, L.P., as the designated agent, the Purchaser, Ronald A. Duncan, Robert M. Walp and TCI GCI, Inc. ("Related Agreements") and such other documents and records, and we have made such other investigations, as we have deemed necessary to enable us to state the opinions expressed below. As to certain factual matters, we have relied upon the representations of the Company and the Purchaser contained in the Agreement and upon certificates of officers of the Company and the Purchaser.

In such examination, we have assumed the genuineness and authenticity of all documents submitted to us as originals, the conformity with genuine and authentic originals of all documents submitted to us as copies, the genuineness of all signatures, the power and authority of each entity which may be a party thereto (other than the Company and its subsidiaries), the authority of each person signing for each such entity (other than the Company and its subsidiaries), and the due organization, existence, qualification and authorization to transact business of each such party (other than the Company and its subsidiaries).

This opinion letter is governed by, and shall be interpreted in accordance with, the Legal Opinion Accord (the "Accord") of the American Bar Association Section of Business Law (1991). As a consequence, it is subject to a number of qualifications, exceptions, definitions, limitations on coverage and other limitations, all as more particularly described in the Accord, and this opinion letter should be read in conjunction therewith. The law covered by the opinions expressed herein is limited to the federal law of the United States (except as provided in the Accord) as currently in effect, and the law of the State of Alaska (except as provided in the Accord) as currently in effect. Furthermore, we express no opinion with respect to: (i) matters governed by the Federal Communications Act of 1934, as amended, and the rules and regulations of the Federal Communications Commission thereunder; or (ii) matters governed by the Federal Aviation Act of 1958, as amended, and the rules and regulations of the Federal Aviation Administration thereunder.

On the basis of our examination and subject to stated qualifications, assumptions and limitations, in our opinion:

1. The Company and each of its subsidiaries are duly organized, validly existing and in good standing under the laws of the State of Alaska, have all requisite corporate power and authority to own their property as now owned and carry on their business as now conducted and are qualified to do business and is in good standing in each jurisdiction in which the conduct of their business or the ownership of their property requires such qualification, except, in each case, where the failure to qualify would not have a material adverse effect on the financial condition or operations of the Company or its subsidiary.

2. The Shares are duly authorized, validly issued, fully paid and nonassessable shares of Common Stock having the rights, preferences, privileges and restrictions set forth in the Articles of Incorporation, will not be subject to any preemptive rights, and, to our knowledge, will be free and clear of any security interest, lien, charge or encumbrance of any nature whatsoever.

3. The execution, delivery and performance by the Company of the Agreement and the Related Agreements are within the corporate powers of the Company, have been duly authorized by all necessary corporate action of the Company, and do not and will not conflict with or constitute a breach of the

terms, conditions or provisions of, or constitute a default under, its Articles of Incorporation and Bylaws or any material contract, undertaking, indenture or other agreement or instrument by which the Company is bound or to which it or any of its assets is subject.

4. The Company is not required, in connection with the execution, delivery, and performance of the Agreement and the Related Agreements to give any notice to or obtain any consent from any lender pursuant to any agreement or instrument for borrowed money of which we have knowledge and to which the Company is a party or by which the property of the Company is bound, except that consent to the issuance of the Shares is required from NationsBank of Texas, N.A. ("NationsBank"), as Administrative Lender under that certain Credit Agreement dated as of April 26, 1996, between GCI Communication Corp. and NationsBank.

5. Registration is not required under the Securities Act or the Alaska Securities Act of 1959, as amended, for the issuance and delivery of the Shares. In expressing the opinion set forth in the foregoing sentence, we have relied, without any independent investigation, on the representations of Purchaser set forth in Paragraphs 5 (c) and (d) of the Agreement and A.S. 45.55.900(b)(7). The applicable exemption from the registration requirements under the Securities Act is set forth in Section 4(2) of the Securities Act. We express no opinions as to the necessity of registering the Shares under the laws of any state, other than the State of Alaska, in connection with the transaction.

6. The Company is not required to make any filings with or give any notice to, or obtain any consents, approvals, or authorizations from, any governmental authority in connection with the execution, delivery and performance by the company of the Agreement and the Related Agreements. The execution, delivery, and performance by the Company of the Agreement and the Related Agreements, do not and will not violate any law, rule, regulation or order of any court or other governmental authority applicable to the Company.

7. The Agreement and the Related Agreements are the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as the enforceability of those agreements may be affected or

limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally or by general principles of equity, whether applied in a proceeding in equity or at law.

8. There is no pending, or to the best of our knowledge, threatened, judicial, administrative or arbitral action, suit, proceeding or claim against or investigation of the Company which questions the validity of the Agreement or the Related Agreements.

The opinions expressed above are subject to and qualified in all respects by the Accord and the following:

We have relied as to factual matters on the representations and warranties of the Company set forth in the Agreement, certificates of officers and other representatives of the Company and the following additional items, and have made no other investigation or inquiry as to such factual matters:

(a) Certificates from the State of Alaska as to the existence and good standing of the Company and its subsidiaries.

(b) Constituent Documents of the Company and its subsidiaries.

We have rendered the foregoing opinion as of the date hereof, and we do not undertake to supplement our opinion with respect to the factual matters or changes in the law which may hereafter occur.

You are hereby notified that (a) we do not consider you to be our client in the matters to which this opinion letter relates, (b) neither the Alaska Code of Professional Responsibility nor current case law clearly articulates the circumstances under which an attorney may give a legal opinion to a person other than the attorney's own client, (c) a court might determine that it is improper to us to issue, and for you to rely upon, a legal opinion issued by us when we have acted as counsel to the Company in connection with the transactions, and (d) you may wish to obtain a legal opinion from your own legal counsel as to the matters addressed in this opinion letter.

We express no opinions herein regarding the enforceability of provisions involving choices or conflicts of law or of provisions of the Registration Rights Agreement purporting to require indemnification of a party for its own action or inaction, to the extent the action or inaction involves negligence.

This opinion is given solely to you and may be relied upon by you only in connection with the Agreement and may not be used or relied upon by you or

any other person or entity for any other purposes whatsoever. This opinion letter may not be quoted, circulated or published, in whole or in part, or furnished to or relied upon by any other party, or otherwise referred to, or be filed with or furnished to any governmental

agency or other person or entity not involved in the Agreement without prior written consent.

Sincerely,

HARTIG, RHODES, NORMAN,
MAHONEY & EDWARDS, P.C.

By:
Robert B. Flint

SCHEDULE 4(c)(i)
GCI's Stock Option Plans, Warrants,
Rights or Convertible Securities

General Communication, Inc. Outstanding Options:

	No. of Shares	Exercise Price
Shares reserved for exercise of options issued pursuant to GCI's Incentive Stock Option Plan	2,233,734	$.75 to $4.50 per share
Shares to be issued pursuant to an option agreement with William C. Behnke, an Officer	85,190	$.001 per share
Shares to be Issued pursuant to an option agreement with John M. Lowber, an Officer	100,000	$.75 per share
Shares to be issued to MCI Telecommunications Corporation	2,000,000	$6.50 per share
Shares to be issued to Prime entities	11,800,000	$6.50 per share
Shares to be issued to Cooke entities	2,923,077	$6.50 per share
Shares to be issuable to the Rock entities pursuant to a $10,000,000 convertible note	1,538,462	$6.50 per share

NOTE: For additional details regarding GCI's Stock Option Plan, please refer to the footnotes in GCI's financial statements in its SEC Forms 10K and 10Q.

SCHEDULE 4(c)(ii)
Voting Agreements

There are no voting trusts or other agreements or understandings to which GCI or any subsidiary is a party, and to GCI's knowledge no other voting trusts exist with respect to the voting of the capital stock of GCI or any of its subsidiaries, except for (i) that Voting Agreement entered into as of March 31, 1993, by and between MCI Telecommunications Corporation ("MCI"), Ronald A. Duncan ("Duncan"), Robert M. Walp ("Walp"), and WestMarc Communications, Inc., all as shareholders of GCI; which is projected to be superseded and replaced in its entirety by (ii) that Voting Agreement to be entered into as of , 1996, by and between Prime II Management, L.P., Prime Venture I Holdings, L.P., Prime Cable Growth Partners, L.P., Alaska Cable, Inc., MCI, Duncan, Walp, TCI GCI, Inc. and GCI.

SCHEDULE 4(c)(iii)
Outstanding Stock Liens

GCI owns the entire equity interest in each of its subsidiaries, and all the outstanding capital stock of each subsidiary of GCI are validly issued, fully paid and nonassessable and are owned by GCI free and clear of all liens, charges, preemptive rights, claims or encumbrances, except as follows:

1. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated as of May 14, 1993, as amended, holds the original Stock Certificates Nos. 1, 2 and 3, for One Thousand (1,000), One Hundred Thousand (100,000) and Ten Thousand (10,000) shares respectively, of Class A Common Stock of GCI Communication Corp. for security purposes only, not as purchaser. GCI is the owner of all of such One Hundred Eleven Thousand (111,000) shares of GCI Communication Corp. stock.

2. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated as of May 14, 1993, as amended, also holds the original Stock Certificate No. 1 for One Hundred (100) shares of GCI Communication Services, Inc., for security purposes only, not as purchaser. GCI is the owner of such One Hundred (100) shares.

3. National Bank of Alaska ("NBA"), as Lender under the Loan Agreement dated December 31, 1992, holds the original Stock Certificate No. 1 for One Hundred (100) shares of the Common Stock of GCI Leasing Co., Inc. for security purposes only, not as purchaser. GCI Communication Services, Inc., is the owner of such 100 shares. NationsBank of Texas, N.A., as Administrative Agent, holds a second lien on such shares.

SCHEDULE 4(h)
Pending Litigation

None.

SCHEDULE 4(l)
Contracts/Agreements to Acquire Equity
Interest in GCI or its Subsidiaries

1. The proposed Common A stock issuance to acquire (i) the ongoing cable television and cable television systems of Prime Cable of Alaska, L.P., pursuant to the terms of the Securities Purchase Agreement dated as of May 2, 1996, among General Communication, Inc., Prime Venture I Holdings, L.P., Prime Cable Growth Partners, L.P., Prime Venture II, L.P., Prime Cable Limited Partnership, Austin Ventures, L.P., William Blair Venture Partners III Limited Partnership, Centennial Fund, II, L.P., Centennial Fund III, L.P., Centennial Business Development Fund, Ltd., BancBoston Capital, Inc., First Chicago Investment Corporation, Madison Dearborn Partners, Prime II Management, L.P., Prime Cable of Alaska, L.P., Alaska Cable, Inc. and Prime Cable Fund I, Inc.

2. The proposed Common A stock issuance to acquire certain ongoing cable television business and cable television systems pursuant to the (i) Asset Purchase Agreements dated as of May 10, 1996, among General Communication, Inc. and McCaw/Rock Homer Cable Systems and McCaw/Rock Seward Cable System respectively; and (ii) the Asset Purchase Agreement, dated May 10, 1996, among General Communication, Inc. and Alaska Cablevision, Inc.

3. The proposed Common A stock issuance to acquire certain ongoing

cable television business and cable television systems pursuant to that Asset Purchase Agreement, dated as of April 15, 1996, among General Communication, Inc., Alaskan Cable Network/Fairbanks, Inc., Alaskan Cable Network/Juneau, Inc. and Alaskan Cable Network/Ketchikan-Sitka, Inc.

SCHEDULE 4(m)(ii)
Requests for Collective Bargaining

None.

SCHEDULE 4(p)
Asset Liens

GCI and its subsidiaries have good title to all material assets on the Balance Sheet, except as set forth in paragraph 4(p)(i) through (iv) of the MCI Stock Purchase Agreement, and except as follows:

1. To secure a debt in the current principal amount of $30,100,000. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated April 26, 1996, holds a security position on substantially all of GCI's and GCI Communication Corp.'s property and equipment, including, without limitation, the stock listed in Schedule 4(c)(iii) hereof, all of GCI Communication Corp.'s fixtures as a transmitting utility on all of its real properties and leasehold estates located both in Alaska and Washington.

2. To secure a debt in the current principal amount of $7,595,595, National Bank of Alaska, as Lender under the Loan Agreement dated December 31, 1992, holds a security interest in GCI Communication Corp.'s undersea fiber operations, as well as a security interest in the lease payments from MCI.

3. There is a capital lease in the current principal amount of $766,049; RDB Partnership holds title to the building occupied by GCI Communication Corp.

4. There is a capital lease in the current principal amount of $143,973; the National Bank of Alaska Leasing Co. holds title to GCI Communication Services, Inc.'s shared hub assets and contract proceeds. However, GCISI has an option to acquire those assets at the end of the capital lease's term.

SCHEDULE 4(q)
Material Contracts

The following is a complete listing of all contracts and agreements existing on the date hereof for GCI and/or its subsidiaries which (i) are with any customer which accounted for greater than 2% of GCI's or any of its subsidiary's revenues for the year ended 12/31/95; (ii) involve contracts that call for annual aggregate expenditures by GCI of greater than $5,000,000; or (iii) involve contracts that call for aggregate expenditures by GCI during the remainder of their respective terms in excess of $10,000,000:

1. Customers which account for greater than 2% of GCI or any of its subsidiary's revenues for the year ended 12/31/95.

a. GCI Communication Services, Inc.: 2% Floor is approx. greater than $20,000/year: Chevron Shared Hub contract; est. $880,000 annual revenues.

b. GCI Communication Corp.: 2% Floor is approx. greater than $1,538,000/year:

i. Carrier Agreement with MCI Telecommunications Corporation;
ii. Service Agreement with US Sprint Communications Company Limited Partnership of Delaware; and
iii. Agreement with British Petroleum.

c. General Communication, Inc. and GCI Leasing Co., Inc.: None.

2. Contracts calling for annual aggregate expenditures by GCI or its subsidiaries of greater than $5,000,000 annually or for aggregate expenditures by GCI during the remainder of their respective terms of greater than $10,000,000.

a. GCI and GCI Communication Corp.:

i. NationsBank of Texas, N.A. These entities owe the current principal amount of $ 30,100,000 to NationsBank of Texas, N.A. as Administrative Agent under the Credit Agreement dated April 26, 1996.

ii. National Bank of Alaska. GCI Communication Corp. owes the current principal amount of $7,595,595, National Bank of

Alaska, as Lender under the Loan Agreement dated December 31, 1992, relating to its undersea fiber operations.

iii. MCI Telecommunications Corporation. The lease agreement between MCI and GCI Leasing Company, Inc., dated December 31, 1992, will result in payments exceeding $10 Million over its term.

iv. Scientific-Atlanta, Inc. The Company's 1996 commitment under its equipment purchase contract with Scientific-Atlanta, Inc. exceeds $5,000,000.

v. Hughes Communications Galaxy, Inc. 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 will exceed $5 Million and the remaining commitment will exceed $10 Million.

SCHEDULE 4(q)(i)
Existing Defaults

None.

SCHEDULE 4(r)(v)
Environmental Notices

None.

SCHEDULE 4(s)
Tax Audits

GCI's 1993 federal income tax return was selected for examination by the Internal Revenue Service ("IRS") during 1995. The examination commenced during the fourth quarter of 1995 and was completed in March, 1996. GCI has received a letter from the agent conducting the examination indicating that no changes are proposed or required.

The IRS is in the process of reviewing GCI's compliance with the federal excise tax on telecommunication services. No substantive issues have been raised at this time.

The Washington State Department of Revenue has notified GCI that it intends to conduct an audit in July, 1996, of Washington state sales, use and business occupation taxes for the period of January, 1992 through March, 1996.

Management believes these examinations will not result in material adjustments and will not have a material impact on GCI's financial statements.

MCI's OFFICER'S CERTIFICATE
(Section 8(b)(iii))

In compliance with Section 8(b)(iii) of the Stock Purchase Agreement dated , 1996, between GENERAL COMMUNICATION, INC. ("GCI") and MCI TELECOMMUNICATIONS CORPORATION ("Agreement") I, the undersigned, certify as follows:

1. I am the duly appointed and acting of MCI and I am authorized to execute this Certificate.

2. The Final Closing Date as defined in the Agreement is , 1996.

3. This representations of MCI set forth in the Agreement are true and correct in all material respects as of the date when made and (unless made as of a specified date) are true and correct in all material respects as if made as of the Final Closing Date.

4. MCI has performed in all material respects its agreements contained in the Agreement required to be performed at or prior to the Final Closing Date.

Dated this day of , 1996.

MCI TELECOMMUNICATIONS CORPORATION

By:
Name:
Its:

GCI's OFFICER'S CERTIFICATE
(Section 8(c)(i), (ii), (iii), (viii) and (ix))

In compliance with Section 8(c)(i), (ii), (iii), (viii) and (ix) of the Stock Purchase Agreement dated , 1996, between GENERAL COMMUNICATION, INC. ("GCI") and MCI TELECOMMUNICATIONS CORPORATION ("Agreement") I, John M. Lowber, certify as follows:

1. I am the duly appointed and acting Secretary of GCI authorized to execute this Certificate.

2. The Final Closing Date as defined in the Agreement is , 1996.

3. This representations of GCI set forth in the Agreement are true and correct in all material respects as of the date when made and (unless made as of a specified date) are true and correct in all material respects as if made as of the Final Closing Date.

4. GCI has performed in all material respects its agreements contained in the Agreement required to be performed at or prior to the Final Closing Date.

5. All applicable consents and approvals (including those of the FCC and any applicable Public Utility Commission which are necessary to consummate the transactions contemplated by the Agreement have been obtained.

6. Attached hereto is a complete copy of a resolution duly adopted by the board of directors of GCI authorizing and approving the execution of the Agreement and the consummation of the transactions contemplated by the Agreement.

Dated this day of , 1996.

GENERAL COMMUNICATION, INC.

By:
John M. Lowber, Secretary

EXHIBIT 2.8

STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement ("Agreement"), dated as of September 13, 1996, is between General Communication, Inc., an Alaska corporation ("GCI"), and MCI Telecommunications Corporation, a Delaware corporation ("MCI").

1. Agreement to Purchase and Sell Shares. On the terms and subject to the conditions contained in this Agreement, on the Final Closing Date, as defined below, GCI agrees to sell to MCI, and MCI agrees to purchase from GCI, two million (2,000,000) shares of GCI's Class A Common Stock ("Shares"). On the Final Closing Date, GCI shall deliver to MCI certificates representing the Shares. The Final Closing Date ("Final Closing Date") shall occur on the fifth (5th) business day after which all franchise transfer and other regulatory consents have been obtained which are required for the full performance of the Securities Purchase and Sale Agreement dated effective as of May 2, 1996 for the purchase and sale of Prime Cable of Alaska, L.P., Alaska Cable, Inc. and Prime Cable Fund I, Inc. (the "Prime SPA").

2. Purchase Price. The purchase price payable for the Shares shall be Thirteen Million Dollars $13,000,000.00 ("Purchase Price"). On the Final Closing Date MCI shall pay to GCI the Purchase Price by wire transfer of immediately available funds to a GCI designated account.

3. Closing. Unless this Agreement and the transactions contemplated hereby shall have been terminated, the closing ("Closing") of this Agreement shall take place at the offices of Hartig, Rhodes, Norman, Mahoney & Edwards, P.C., 717 K Street, Anchorage, Alaska 99501 on or before the fifth (5th) business day following the latest of (i) the full consummation and performance of the Prime SPA, or (ii) the last condition precedent set forth in Section 8 shall have been satisfied or waived, or at such other time or place as MCI and GCI shall mutually agree in writing.

4. Representations and Warranties of GCI. GCI represents and warrants to MCI as follows:

a) Due Organization and Qualification. GCI and each of its subsidiaries are corporations duly organized, validly existing and in good standing under the laws of their respective jurisdictions of incorporation, with corporate power and authority to own, lease and operate their respective properties and to conduct their respective businesses as they are now owned, leased and operated, and conducted. Each of GCI and its subsidiaries is duly qualified as a foreign corporation to do business, and is in good standing, in each jurisdiction where the character of its properties owned or held under lease or the nature of its activities makes such qualification necessary,

except where the failure so to qualify would not have a material adverse effect on GCI and its subsidiaries taken as a whole.

b) Authorization. GCI has the requisite corporate power to enter into this Agreement and to perform its obligations hereunder. The execution and delivery by GCI of, and the performance by GCI of its obligations under this Agreement have been duly authorized by all requisite corporate action of GCI, and this Agreement is a valid and binding agreement of GCI, enforceable against GCI in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally, or by the principles governing the availability of equitable remedies. None of the execution and delivery by GCI of this Agreement, the issuance and sale by GCI of the Shares, the consummation of the transactions contemplated hereby, or the compliance by GCI with the terms, conditions and provisions hereof, will conflict with or result in a breach or violation of any of the terms, conditions, or provisions of GCI's articles of incorporation or by-laws or of any material agreement or instrument to which GCI is a party or by which GCI or any of its material properties may be bound, or constitute, with or without the provision of notice or the passage of time, or both, a default or create a right of termination, cancellation or acceleration thereunder, or result in the creation or imposition of any security interest, mortgage, lien, charge or encumbrance of any nature whatsoever upon GCI or any of its material properties or assets.

c) Capital Stock. As of the date hereof and after the issuance of the Shares as contemplated by this Agreement, the authorized and issued and outstanding capital stock of GCI will be as set forth on the attached Exhibit A, except for such changes (i) resulting from the exercise of stock options, (ii) the purchase of shares contemplated herein, and (iii) the purchase and sale of securities in connection with the Cable Acquisitions (as defined below)..

All of the outstanding shares of Class A Common Stock and Class B Common Stock

listed on the Exhibit A have been or when issued, will be validly issued and outstanding, fully paid, nonassessable and not entitled to any preemptive rights. Except as set forth on Schedule 4(c)(i), there are currently outstanding no options, warrants, rights or convertible securities or other agreements or commitments of any character providing for the issuance of capital stock of GCI or any of its subsidiaries. Except as set forth on the attached Schedule 4(c)(ii), there are no voting trusts and other agreements or understandings to which GCI or any subsidiary is a party, and to GCI's knowledge, no other voting trusts exist with respect to the voting of the capital stock of GCI or any of its subsidiaries.

Except as set forth on the attached Schedule 4(c)(iii), GCI owns the entire equity interest in each of its subsidiaries, and all the outstanding capital stock of each subsidiary of GCI are validly issued, fully paid and nonassessable and are owned by GCI free and clear of all liens, charges, preemptive rights, claims or encumbrances.

d) Issuance of Shares. The Shares, when sold and delivered by GCI to MCI pursuant to this Agreement, will have been duly authorized and validly issued, and will be fully paid and non-assessable, not subject to any preemptive rights and free and clear of any security interest, lien, charge or encumbrance of any nature whatsoever.

e) SEC Reports. GCI has timely filed all forms, reports, statements and schedules with the Commission required to be filed by it pursuant to the Securities Exchange Act of 1934, as amended ("Exchange Act") or other federal securities laws since June 30, 1993, and has heretofore delivered to MCI (in the form filed with the Commission), together with any amendments or supplements thereto, including superseding amendments, its (i) Annual Reports on Form 10-K for the fiscal years ended December 31, 1994 and December 31, 1995, (ii) all definitive proxy statements relating to GCI's meetings of stockholders (whether annual or special) held since March 31, 1993 as filed with the Securities and Exchange Commission ("Commission"), and (iii) all other reports or registration statements filed by GCI pursuant to the Exchange Act and the Securities Act of 1933, as amended ("Securities Act") since March 31, 1993 (collectively, "SEC Reports"). The SEC Reports (i) were prepared in compliance with the applicable requirements of the Securities Act or the Exchange Act, as the case may be, and (ii) did not as of their respective dates contain any untrue statement of material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading. None of the subsidiaries of GCI is required to file any reports, statements, forms or other documents with the Commission.

f) Financial Statements. The audited financial statements of GCI included or incorporated by reference in the SEC Reports and the unaudited interim monthly financial statements for periods subsequent to such audited financial statements (collectively, including the footnotes thereto, "Financial Statements") are correct and complete, were prepared in accordance with generally accepted accounting principles applied on a consistent basis ("GAAP") (except as otherwise stated in the Financial Statements or in the related reports of GCI's independent accountants) and present fairly the consolidated financial position of GCI and its subsidiaries as of the dates thereof, and the results of operations, changes in financial position and the statements of stockholders' equity of GCI and its subsidiaries on a consolidated basis for the periods indicated. No event has occurred since the preparation of the Financial Statements that would require a restatement of the Financial Statements under GAAP. GCI has received no notice of any fact which may form a basis for any claim by a third party which, if asserted, could result in liability affecting GCI not disclosed by or reserved against in GCI's most recent balance sheet. The Financial Statements reflect and at the Closing Date will reflect, the interest of GCI in the assets, liabilities and operations of all subsidiaries of GCI.

Neither GCI nor any of its subsidiaries has any material liability, obligation or commitment of any nature whatsoever (whether known or unknown, due or to become due, accrued, fixed, contingent, liquidated, unliquidated, or otherwise) other than liabilities, obligations or commitments (i) which are accrued or reserved against in the consolidated balance sheet of GCI and its consolidated subsidiaries ("Balance Sheet") as of December 31, 1995 or reflected in the notes thereto, (ii) which (x) arose in the ordinary course of business since such date and (y) do not or would not individually or in the aggregate have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole, or (iii) which are the type that would not be required to be reflected on a consolidated balance sheet of GCI and its subsidiaries or in the notes thereto if such balance sheet were prepared in accordance with GAAP as of the date hereof or as at the Closing Date, as the case may be. From the date of the most recent balance sheet included in the Financial Statements to and including the date hereof, (i) GCI's business has

been operated only in the ordinary course, (ii) GCI has not sold or disposed of any assets other than in the ordinary course of business, (iii) there has not occurred any material adverse change or event in GCI's business, operations, assets, liabilities, financial condition or results of operations compared to the business, operations, assets, liabilities, financial condition or results of operations reflected in the Financial Statements, and (iv) there has not occurred any theft, damage, destruction or loss which has had a material adverse effect on GCI.

g) Related Transactions. Since the date of GCI's 1995 Proxy Statement to the date hereof, GCI has not entered into or otherwise become obligated with respect to any transactions which would require a disclosure pursuant to Item 404 of Regulation S-K in accordance with Items 7(b) or (c) of Schedule 14A under the Exchange Act were GCI to distribute a proxy statement as of the date hereof and the Closing Date.

h) Litigation. Except as set forth on Schedule 4(h), there is no claim, suit, action, governmental investigation or proceeding pending or, to the knowledge of GCI, threatened against or affecting GCI or any of its subsidiaries which (i) seek to restrain or enjoin the consummation of the transactions contemplated by this Agreement, or (ii) if decided adversely to GCI or such subsidiary would have, or would be likely to have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. There is no outstanding order, writ, injunction or decree or, to the knowledge of GCI, any claim or investigation of any court, governmental agency or arbitration tribunal materially and adversely affecting or which can reasonably be expected to materially and adversely affect GCI, any of its subsidiaries, or their respective properties, assets or businesses, franchises, licenses or permits under which they operate, or their ability to operate their respective businesses in the ordinary course.

i) Governmental. No governmental consent, approval, hearing, filing, registration or other action, including the passage of time, is necessary for the

execution and delivery of this Agreement, the issuance and sale of the Shares, or the consummation of the transactions contemplated by this Agreement, other than (i) any applicable consents and/or approvals of the Federal Communications Commission ("FCC"), and (ii) any applicable filings with and consents and/or approvals of state public service commissions, public utility commissions or similar state regulatory bodies ("Public Utility Commissions") under state public utility statutes and similar laws.

j) Absence of Certain Changes. Since December 31, 1995, (i) there has not occurred or arisen any event having, and neither GCI nor any of its subsidiaries has suffered, a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole, (ii) GCI and its subsidiaries have conducted their businesses only in the ordinary course, consistent with past practices, and (iii) neither GCI nor any of its subsidiaries has taken any actions described in Sections 7 a) through e).

k) Fees. Neither GCI nor any of its subsidiaries has paid or become obligated to pay any fee, commission to any broker, finder or intermediary in connection with the transactions contemplated by this Agreement.

l) Certain Agreements. Except as set forth on the attached Schedule 4(l), there are no contracts, agreements, arrangements or understandings to which GCI or any of its subsidiaries, officers, agents or representatives is a party, that create, govern or purport to govern the right of another party to acquire GCI or an equity interest in GCI, or any subsidiary of GCI, or to increase any such equity interest.

m) Labor Relations. Neither GCI nor any of its subsidiaries is a party to any collective bargaining agreement. Since March 31, 1993, neither GCI nor any of its subsidiaries has (i) had any employee strikes, work stoppages, slowdowns or lockouts, or (ii) except as set forth on the attached Schedule 4(m)(ii), received any request for certification of bargaining units or any other requests for collective bargaining.

n) Licenses. GCI and its subsidiaries have all permits, licenses, waivers, authorizations, approvals and certificates of public convenience and necessity ("Licenses") (including, without limitation, Licenses by the FCC and Public Utility Commissions) which are necessary for GCI and its subsidiaries to conduct their operations in the manner heretofore conducted, except for Licenses, the failure of which to obtain would not have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. No event has occurred, been initiated or threatened with respect to the Licenses which permits, or after notice or lapse of time or both would permit, revocation or termination thereof or would result in any material impairment of the rights of the holder of any of the Licenses except for revocations, terminations or impairments that would not, in the aggregate, have a material adverse effect on the business, properties or

financial condition of GCI and its subsidiaries taken as a whole.

o) Employee Benefit Plans. Each employee benefit plan, as such term is defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), of GCI or any subsidiary of GCI ("Pension Plan") and each other employee benefit plan within the meaning of ERISA (collectively with the Pension Plans, ("Plans") complies in all material respects with all applicable requirements of ERISA and the Internal Revenue Code of 1986, as amended ("Code"), and other applicable laws. None of the Plans is a multi-employer plan, as such term is defined in Section 3(37) of ERISA. Each Pension Plan which is intended to be qualified under Section 401(a) of the Code has been determined by the Internal Revenue Service to be qualified and nothing has occurred since the date of any such determination or application which would adversely affect such qualification. Neither GCI nor any subsidiary of GCI, nor any Plan nor any of their respective directors, officers, employees or agents has, with respect to any Plan, engaged in any "prohibited transaction," as such term is defined in Section 4975 of the Code or Section 406 of ERISA, which could result in any taxes or penalties or other liabilities under Section 4975 of the Code or Section 502(i) of ERISA, except taxes, penalties or liabilities which in the aggregate would not have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. No liability to the Pension Benefit Guaranty Corporation has been incurred with respect to any Pension Plan that has not been satisfied in full. No Pension Plan has incurred an "accumulated funding deficiency" within the meaning of the Code. There has been no "reportable event" within the meaning of Section 4043 of ERISA with respect to any Pension Plan. All amounts required by the provisions of any Pension Plan to be contributed have been so contributed.

p) Property and Leases. Except as set forth on the attached Schedule 4(p), GCI and its subsidiaries have good title to all material assets reflected on the Balance Sheet except for (i) liens for current taxes and assessments not yet past due, (ii) inchoate mechanics' and materialmens' liens for construction in progress, (iii) workers', repairmens', warehousemens' and carriers' liens arising out of the ordinary course of business, and (iv) all matters of record, liens and imperfections of title and encumbrances which matters, liens and imperfections would not, in the aggregate, have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole.

q) Material Agreements. Schedule 4(q) attached hereto sets forth a complete listing of all contracts and agreements existing on the date hereof to which GCI or any of its subsidiaries is a party or by which any of their respective properties or assets is bound other than contracts for services purchased under tariffs, which (i) are with any customer which accounted for more than two percent of GCI or any of its subsidiary's revenues for the year ended December 31, 1995, (ii) involve contracts that call for annual aggregate expenditures by GCI in excess of $5,000,000, or (iii) involve contracts that call for aggregate expenditures by GCI during the remainder of their respective term in excess of $10,000,000. All such contracts and agreements

are valid and binding, in full force and effect and enforceable against the parties thereto in accordance with their respective terms. Except as set forth on the attached Schedule 4(q)(i), to GCI's knowledge, there is not under any such contract or agreement any existing default, or event which, after notice of lapse of time, or both, would constitute a default, by GCI or any of its subsidiaries or any other party.

r) Compliance with Laws.

(i) GCI is in material compliance with all applicable laws, rules, regulations, orders, ordinances, and codes of the United States of America, its territories and possessions, and of any state, county, municipality, or other political subdivision or any agency of any of the foregoing having jurisdiction over GCI's business and affairs.

In General.

GCI has constructed, maintained and operated, and is constructing, maintaining and operating, its business (including, without limitation, the real property owned or leased by GCI ("GCI's Real Property")) in material compliance with all applicable laws including the Communications Act, the rules and regulations of the FCC, the APUC (in each case as the same are currently in effect);

(i) All reports, notices, forms and filings, and all fees and payments, required to be given to, filed with, or paid to, any governmental authority by GCI under all applicable laws have been timely and properly given and made by GCI, and are complete and accurate in all material

respects, in each case as required by applicable law;

(ii) GCI has not received any notice (written or oral) from any governmental authority or any other Person that it, or its ownership and operation of its business is in material violation of any applicable law, and GCI knows of no basis for the allegation of any such violations; and

(iii) GCI has complied in all material respects with all applicable legal requirements relating to the employment of labor, including ERISA, continuation coverage requirements with respect to group health plans, and those relating to wages, hours, unemployment compensation, worker's compensation, equal employment opportunity, age and disability discrimination, immigration control and the payment and withholding of taxes, and no reportable event, within the meaning of Title IV of ERISA, has occurred and is continuing with respect to any "employee benefit plan" or "multiemployer plan" (as those terms are defined in ERISA) maintained by GCI or its affiliates (as defined in Section 407(d)(7) of ERISA). No prohibited transaction, within the meaning of Title I of ERISA, has occurred with respect to any such employee benefit plan or multiemployer plan, and no material accumulated funding deficiency (as defined

in Title I of ERISA) or withdrawal liability (as defined in Title IV of ERISA) exists with respect to any such employee benefit plan or multiemployer plan.

(iv) To GCI's knowledge, except as set forth in Schedule 4(r)(v): (i) GCI has not received any notice (written or oral) from any governmental authority or other Person that the Person giving such notice is investigating whether, or has determined that there are, any violations of Environmental Laws by GCI, or violations of Environmental Law due to activities on, or affecting, or related to GCI's Real Property, (ii) none of GCI's Real Property has previously been used by any Person for the generation, production, emission, manufacture, handling, processing, treatment, storage, transportation, disposal or discharge of any Hazardous Substances, (iii) GCI has not used, generated, produced, emitted, manufactured, handled, possessed, treated, stored, transported, disposed or discharged, and does not presently use, generate, produce, emit, manufacture, handle, possess, treat, store, transport, dispose or discharge, any Hazardous Substances on, into or from GCI's Real Property, (iv) GCI is in compliance in all material respects with all laws applicable to its own (as distinguished from other Persons') use, generation, production, emission, manufacturing, treatment, storage, transportation, disposal, and discharge of any Hazardous Substances on, into or from GCI's Real Property, (v) there are no above ground or underground storage tanks, or any Equipment containing polychlorinated biphenyls, on GCI's Real Property, (vi) no release of Hazardous Substances outside GCI's Real Property has entered or threatens to enter any of GCI's Real Property, nor is there any pending or threatened claim based on Environmental Laws which arises from any condition of the land surrounding any of GCI's Real Property, (vii) no Real Property has been used at any time as a gasoline service station or any other facility for storing, pumping, dispensing or producing gasoline or any other petroleum products or wastes, (viii) no building or other structure on any of GCI's Real Property contains asbestos, and (ix) there are no incinerators, septic tanks or cesspools on GCI's Real Property and all waste is discharged into a public sanitary sewer system. GCI has provided MCI with complete and correct copies of (A) all studies, reports, surveys or other materials in GCI's possession or of which GCI has knowledge and to which GCI has access relating to the presence or alleged presence of Hazardous Substances at, on or affecting GCI's Real Property, (B) all notices or other materials in GCI's possession or of which GCI has knowledge and to which GCI has access that were received from any governmental authority having the power to administer or enforce any Environmental Laws relating to current or past ownership, use or operation of the real property or activities at or affecting GCI's Real Property and (C) all materials in GCI's possession or to which GCI has access relating to any claim, allegation or action by any private third party under any Environmental Law. The representations and warranties in this Section 4(r) are the only representations and warranties given by GCI with respect to the Environmental Law compliance of GCI and its business.

s) Tax Returns and Other Reports. GCI has duly and timely filed in proper form all federal, state, local, and foreign, income, franchise, sales, use,

property, excise, payroll, and other tax returns and other reports (whether or not relating to taxes) required to be filed by law with the appropriate governmental authority, and, to the extent applicable, has paid or made provision for payment of all taxes, fees, and assessments of whatever nature including penalties and interest, if any, which are due with respect to any aspect of its business or any of its properties. Except as set forth on Schedule 4(s), there are no tax audits pending and no outstanding agreements or waivers

extending the statutory period of limitations applicable to any relevant tax return.

t) Transfer Taxes. There are no sales, use, transfer, excise, or license taxes, fees, or charges applicable with respect to the transactions contemplated by this Agreement.

u) Disclosure. No written statement in this Agreement or in any agreement or other document delivered pursuant to this Agreement by or on behalf of GCI contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading. None of the periodic filings made by GCI with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, since January 1, 1995, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

v) Investment Company. GCI is not an "investment company" or a company "controlled" by an investment company within the meaning of the Investment Company Act of 1940, as amended (the "Act"), and GCI has not relied on rule 3a-2 under the Act as a means of excluding it from the definition of an "investment company" under the Act at any time within the three (3) year period preceding the Closing Date.

w) No Insolvency. As of even date and as of the Closing Date, GCI is not and shall not be insolvent.

5. Representations and Warranties of MCI. MCI represents and warrants to GCI as follows:

a) Due Organization. MCI is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, with corporate power to own its properties and to conduct its business as now owned and conducted.

b) Authorization. MCI has the requisite corporate power to enter into this Agreement and to perform its obligations hereunder. The execution and delivery by MCI of, and the performance by MCI of its obligations under this Agreement have been duly authorized by all requisite corporate action of MCI and this Agreement

is a valid and binding agreement of MCI, enforceable against MCI in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally or by the principles governing the availability of equitable remedies.

c) Purchase for Investment; Existing Shareholder. MCI is purchasing the Shares for investment for its own account and not with a view to or for sale in connection with any distribution thereof within the meaning of the Securities Act. MCI is an existing security holder of shares of issued and outstanding common stock of GCI and no commission or other remuneration shall be paid by MCI, directly or indirectly, in connection with MCI's purchase of Shares.

d) No Registration of Shares. MCI understands that (i) the Shares have not been registered under the Securities Act or under any state securities laws and are being issued in reliance on the exemptions from the registration and prospectus delivery requirements of the Securities Act which are set forth in Sections 4(2) and 4(6) of the Securities Act and the regulations promulgated thereunder and in reliance on exemptions from the registration requirements of applicable state securities laws; and (ii) the Shares cannot be transferred without compliance with the registration requirements of the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available, and (iii) the reliance of GCI upon the aforesaid exemptions is predicated in part upon MCI's representations and warranties.

e) Residence. The jurisdiction in which MCI's principal executive offices are located is in the District of Columbia.

f) Accredited Investor. MCI is an "accredited investor" as defined in Rule 501 promulgated under the Securities Act.

g) Availability of Information. GCI has made available to MCI the opportunity to ask questions of, and to receive answers from, GCI's officers and directors, and any other person acting on their behalf, concerning the terms and conditions of this Agreement and the transactions contemplated herein and to obtain any other information requested by MCI to the extent GCI possesses such information or can acquire it without unreasonable effort or expense. MCI has been afforded the opportunity to inspect, and to have its auditors or other agents inspect, the books and records of GCI. The

furnishing of such information, the opportunity to inspect and any inspection so undertaken by MCI shall not affect MCI's right to rely on the representations and warranties of GCI set forth in this Agreement.

h) Disclosure. No written statement in this Agreement or in any agreement or other document delivered pursuant to this Agreement by or on behalf of MCI contains any untrue statement of a material fact or omits to state a material fact

necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading.

i) Investment Company. MCI is not an "investment company" or a company "controlled" by an investment company within the meaning of the Investment Company Act of 1940, as amended (the "Act"), and MCI has not relied on rule 3a-2 under the Act as a means of excluding it from the definition of an "investment company" under the Act at any time within the three (3) year period preceding the Closing Date.

j) No Insolvency. As of even date and as of the Closing Date, MCI is not and shall not be insolvent.

6. Restrictive Legend. The certificates representing the Shares shall bear a legend substantially to the effect of the following:

> "The securities represented by this certificate have been issued without registration under the Securities Act of 1933, as amended, or any state securities laws and may not be offered, sold or otherwise disposed of, unless the securities are registered under such act and applicable state securities laws or exemptions from the registration requirements thereof are available for the transaction."

7. Additional Agreements. During the period from the date of this Agreement to the Final Closing Date:

a) Interim Operations. GCI shall, and shall cause its subsidiaries to, conduct their respective business only in the ordinary course, and maintain, keep and preserve their respective assets and properties in good condition and repair, ordinary wear and tear excepted.

b) Certificate and By-laws. GCI shall not, and shall not permit any of its subsidiaries to, make or propose any change or amendment in their respective Certificates of Incorporation or By-laws.

c) Capital Stock. Except in connection with the Cable Acquisitions (as defined below), GCI shall not, and shall not permit any of its subsidiaries to, issue, pledge or sell any shares of capital stock or any other securities of any of them or issue any securities convertible into, or exchangeable for or representing the right to purchase or receive, or enter into any contract with respect to the issuance of, any shares of capital stock or any other securities of any of them (other than pursuant to this Agreement or the exercise of stock options outstanding on the date hereof), or enter into any contract with respect to the purchase or voting of shares of their capital stock or

adjust, split, combine, reclassify any of their securities, or make any other material changes in their capital structures.

d) Dividends. GCI shall not declare, set aside, pay or make any dividend or other distribution or payment (whether in cash, stock or property) with respect to, or purchase or redeem, any shares of capital stock.

e) Assets; Mergers; Etc. GCI shall not, and shall not permit any of its subsidiaries to, encumber, sell, lease or otherwise dispose of or acquire any material assets, or encumber, sell, lease or otherwise dispose of assets having a value in excess of $3,000,000 in the aggregate, or enter into any merger or other agreement providing for the acquisition of any material assets of GCI or any of its subsidiaries by any third party or acquire (by merger, consolidation, or acquisition of stock or assets) any corporation, partnership or other business organization or division thereof or enter any contract, agreement, commitment or arrangement to do any of the foregoing, except under: (i) the Prime SPA, (ii) the Alaskan Cable Network Asset Purchase Agreement, dated April 15, 1996, and (iii) the Alaska Cablevision, Inc. and McCaw/Rock Associates Asset Purchase Agreements, dated May 10, 1996 ((i), (ii) and (iii) above collectively, "Cable Acquisitions").

f) Access to Information. GCI shall, and shall cause its subsidiaries, officers, directors, employees and agents-to, afford MCI

access at all reasonable times to their officers, employees, agents, properties, books, records and contracts, and shall furnish MCI all financial, operating and other data and information as MCI may reasonably request.

g) Certain Filings, Consents and Arrangements. MCI and GCI shall (i) cooperate with one another in promptly (x) determining whether any filings are required to be made or consents, approvals, permits or authorizations are required to be obtained under any federal or state law or regulation or any consents, approvals or waivers are required to be obtained from other parties to loan agreements or other contracts material to GCI's business in connection with the transaction contemplated by this Agreement, and (y) making any such filings, furnishing information required in connection therewith and seeking timely response to obtain any such consents, permits, authorizations, approvals or waivers; and (ii) as promptly as practicable, file with the Federal Trade Commission and the Department of Justice the notification and report forms, if required.

h) Amendments to Prime SPA. GCI shall not amend, modify or alter, in any manner whatsoever, the Prime SPA without the prior written consent of MCI.

8. Conditions.

a) Conditions to Obligations of MCI and GCI. The obligations of MCI and GCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The consummation of the transactions contemplated by this Agreement shall not be precluded by any order, decree or preliminary or permanent injunction of a federal or state court of competent jurisdiction; and

(ii) The consummation of the transactions contemplated under the Prime SPA.

b) Conditions to Obligations of GCI. The obligations of GCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The representations of MCI set forth in this Agreement shall have been true and correct in all material respects when made and (unless made as of a specified date) shall be true and correct in all material respects as if made as of the Final Closing Date;

(ii) MCI shall have performed in all material respects its agreements contained in this Agreement required to be performed at or prior to the Final Closing Date;

(iii) GCI shall have received a certificate of an officer of MCI, dated as of the Final Closing Date, certifying as to the fulfillment of the matters contained in paragraphs (i) and (ii) of this Section 8 b); and

(iv) GCI shall have received from MCI the amount of $13,000,000.00 by wire transfer of immediately available funds.

c) Conditions to Obligations of MCI. The obligations of MCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The representations of GCI set forth in this Agreement shall have been true and correct in all material respects when made and (unless made as of a specified date) shall be true and correct in all material respects as if made as of the Final Closing Date;

(ii) GCI shall have performed in all material respects its agreements contained in this Agreement required to be performed at or prior to the Final Closing Date;

(iii) All applicable consents and approvals (including those of the FCC and any applicable Public Utility Commission) which are necessary to consummate the transactions contemplated by this Agreement, shall have been obtained;

(iv) MCI shall have received from GCI certificates representing the Shares, registered in MCI's name and with all the

necessary documentary stock transfer stamps annexed thereto;

(v) MCI shall have received a certified copy of GCI's articles of incorporation and by-laws, as amended as of the Final Closing Date and a certificate of good standing for GCI from its jurisdiction of incorporation dated as of a date on or after January 1, 1996;

(vi) MCI shall have received (a) the Registration Rights Agreement attached as Exhibit B executed by a duly authorized officer of GCI dated as of the Final Closing Date, and (b) the Voting Agreement attached as Exhibit C executed by a duly authorized officer of all the parties thereto dated as of the Final Closing Date;

(vii) MCI shall have received an opinion of Hartig, Rhodes, Norman, Mahoney & Edwards, P.C., counsel to GCI, dated as of the Final Closing Date in the form of Exhibit D;

(viii) MCI shall have received a certificate of the Secretary or Assistant Secretary of GCI, dated as of the Final Closing Date, certifying that attached thereto is a complete copy of a resolution duly adopted by the board of directors of GCI authorizing and approving the execution of this Agreement and the consummation of the transactions contemplated by this Agreement;

(ix) MCI shall have received a certificate of an officer of GCI, dated as of the Final Closing Date, certifying as to the fulfillment of the matters contained in paragraphs (i) through (iii) of this Section 8 c);

(x) the Prime SPA shall not have been amended, modified or altered without the prior written consent of MCI; and

(xi) GCI shall not have issued, in the aggregate, more than 18,000,000 shares of its Class A Common Stock in connection with the Cable Acquisitions and the price per share for any share of Class A Common Stock issued in connection therewith shall have been at least $6.50.

9. Termination. This Agreement and the transactions contemplated hereby may be terminated at any time prior to the Closing Date:

a) by the mutual written consent of MCI and GCI;

b) by MCI and GCI if either is prohibited by an order or injunction (other than an injunction on a temporary or preliminary basis) of a court of competent jurisdiction from consummating the transactions contemplated by this Agreement and all means of appeal and all appeals from such order or injunction have been finally exhausted;

c) by MCI or GCI if the Final Closing Date shall not have occurred on or before December 31, 1996; provided, however, that the right to terminate under this paragraph c) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause of the failure of the Closing to occur on or before such date.

In the event of termination, no party hereto shall have any liability or further obligation to the other party hereto, except that nothing herein will relieve any party from any breach of this Agreement.

10. Survival of Representations, Warranties and Covenants. All representations, warranties and covenants contained herein shall survive the execution of this Agreement and the consummation of the transactions contemplated hereby.

11. Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. MCI shall have the right to assign to any direct or indirect subsidiary of MCI or its parent, MCI Communications Corporation, any and all rights and obligations of MCI under this Agreement.

12. Notices. Any notice or other communication provided for herein or given hereunder to a party hereto shall be in writing and shall be given by personal delivery, by telex, telecopier or by mail (registered or certified mail, postage prepaid, return receipt requested) to the respective parties as follows:

If to GCI:

General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503
Attn: Chief Financial Officer

If to MCI:

MCI Telecommunications Corporation
1801 Pennsylvania Avenue, NW
Washington, DC 20006
Attn: Vice President Corporate Development

With a copy to:

MCI Telecommunications Corporation
1133 19th Street, NW
Washington, DC 20036
Attn: Office of the General Counsel (0596/003)

or to such other address with respect to a party as such party shall notify the other in writing. Any such notice shall be deemed given upon receipt.

13. Amendment; Waiver. This Agreement may not be amended except by a writing duly signed by the parties. No party may waive any of the terms or conditions of this Agreement except by a duly signed writing referring to the specific provision to be waived.

14. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Alaska, without regard to the conflict of laws and rules thereof.

15. Entire Agreement. This Agreement (including the Exhibits and Schedules hereto) constitutes the entire agreement with respect to the transactions contemplated hereby, and supersedes all other and prior agreements and understandings, both written and oral, among the parties to this Agreement.

16. Expenses. Each party hereto shall pay its own expenses incident to preparing for, entering into and carrying out this Agreement and the consummation of the transactions contemplated hereby.

17. Captions. The Section and Paragraph captions herein are for convenience only, do not constitute part of this Agreement, and shall not be deemed to limit or otherwise affect any of the provisions hereof.

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

19. Cable Acquisitions. GCI agrees that it will not, at any time, issue, in the aggregate, more than 18,000,000 shares of its Class A Common Stock in connection with the Cable Acquisitions and the price per share for any share of Class A Common Stock issued in connection therewith shall have been at least $6.50.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered on the day and year first written above.

GENERAL COMMUNICATION, INC.

By /s/
John M. Lowber
Its: Senior Vice President

MCI TELECOMMUNICATIONS
CORPORATION

By /s/
Name:
Its:

<TABLE>

ATTACHMENT
Table of Contents

<CAPTION>
<S> <C>
I...

Exhibit A	-	Capital Stock....550
Exhibit B	-	Registration Rights Agreement....551
Exhibit C	-	Voting Agreement....564
Exhibit D	-	Opinion of Hartig Rhodes Norman Mahoney & Edwards, P.C....571

II....

Schedule 4(c)(i)	-	Options, Warrants, Rights or Convertible Securities....576
Schedule 4(c)(ii)	-	Voting Agreements....577
Schedule 4(c)(iii)	-	Ownership and Outstanding Capital Stock of each GCI subsidiary....578
Schedule 4(h)	-	Pending Litigation....579
Schedule 4(l)	-	Equity Agreements....580
Schedule 4(m)(ii)	-	Collective Bargaining Requests....581
Schedule 4(p)	-	Asset Liens....582
Schedule 4(q)	-	Material Contracts....583
Schedule 4(q)(i)	-	Existing Defaults....585
Schedule 4(r)(v)	-	Environmental Notices....586
Schedule 4(s)	-	Tax Audits....587

III....

Section 8(b)(iii)	-	MCI's Officer's Certificate....588
Section 8((c)(i)	-	GCI's Officer's Certificate....589
Section 8(c)(ii)	-	GCI's Officer's Certificate....589
Section 8(c)(iii)	-	GCI's Officer's Certificate....589
Section 8(c)(viii)	-	GCI's Officer's Certificate....589
Section 8(c)(ix)	-	GCI's Officer's Certificate....589

</TABLE>

EXHIBIT A
Capital Stock

As of the date hereof and after the issuance of the Shares as contemplated by this Agreement, the authorized and issued and outstanding capital stock of GCI will be as follows, except for such changes resulting from the exercise of stock options, warrants and common stock contemplated herein:

	Authorized Shares
Class A Common	50,000,000
Class B Common	10,000,000
Preferred	1,000,000

	Issued Shares As of 07/15/96	After Issuance of MCI Shares	After Issuance of Prime/Rock/Cooke Shares
Class A Common	19,768,1501 (1)	21,768,1501	38,029,1501
Class B Common	4,159,657	4,159,657	4,159,657
Preferred	-0-	-0-	-0-

- ------------------------
(1) Includes 120,111 treasury shares.

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement ("Agreement"), dated as of this day of , 1996, is between General Communication, Inc., an Alaska corporation ("GCI"), and MCI Telecommunications Corporation, a Delaware corporation ("MCI").

RECITALS

A. MCI has acquired Two Million (2,000,000) shares of GCI's Class A Common Stock, no par value. All such shares of GCI's Class A Common Stock which MCI now owns and any securities issued in exchange for or in respect of such stock, whether pursuant to a stock dividend, stock split, stock reclassification or otherwise are collectively referred to in this Agreement as the "Registrable Shares."

B. GCI desires to grant registration rights to MCI and any successor or assign of MCI as the holder of all or any portion of the Registrable Shares. MCI and such successors and assigns are referred to in this Agreement as the "Holders," or, individually as a "Holder."

AGREEMENT

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

1. Demand Registration.

(a) Following the expiration of a one hundred eighty (180) day "stand still period" after the date hereof and then only if required to permit resales of the Registrable Shares by Holders, Holders shall at any time and from time to time, have the right to require registration under the Securities Act of 1933, as amended ("Securities Act"), of all or any portion of the Registrable Shares on the terms and subject to the conditions set forth in this Agreement.

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

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

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

(e) Notwithstanding the foregoing, GCI shall not be obligated to effect a registration pursuant to this Section 1 during the period starting with the date sixty (60) days prior to GCI's estimated date of filing of, and ending on a date six (6) months following the effective date of, a registration statement pertaining to an underwritten public offering of equity

securities for GCI's account, provided that (i) GCI is actively employing in good faith all reasonable efforts to cause such registration statement to become effective and that GCI's estimate of the date of filing on such registration statement is made in good faith, and (ii) GCI shall furnish to the Holders a certificate signed by GCI's President stating that in the Board of Directors' good-faith judgment, it would be seriously detrimental to GCI or its shareholders for a Registration Statement to be filed in the near future; and in such event, GCI's obligations to file a Registration Statement shall be deferred for a period not to exceed six (6) months.

2. Incidental Registration. Each time that GCI proposes to register any of its equity securities under the Securities Act (other than a registration effected

solely to implement an employee benefit or stock option plan or to sell shares obtained under an employee benefit or stock option plan or a transaction to which Rule 145 or any other similar rule of the Commission under the Securities Act is applicable), GCI will give written notice to the Holders of its intention to do so. Each of the Selling Holders may give GCI a written request to register all or some of its Registrable Shares in the registration described in GCI's written notice as set forth in the foregoing sentence, provided that such written request is given within twenty (20) days after receipt of any such GCI notice. Such request will state (i) the amount of Registrable Shares to be disposed of and the intended method of disposition of such Registrable Shares, and (ii) any other information GCI reasonably requests to properly effect the registration of such Registrable Shares. Upon receipt of such request, GCI will use its best efforts promptly to cause all such Registrable Shares intended to be disposed of to be registered under the Securities Act so as to permit their sale or other disposition (in accordance with the intended methods set forth in the request for registration), unless the sale is a firmly underwritten public offering and GCI determines reasonably and in good faith in writing that the inclusion of such securities would adversely affect the offering or materially increase the offering's costs. In which case such securities and all other securities to be registered, other than those to be offered for GCI's account, shall be excluded to the extent the underwriter determines. The total number of secondary shares included in such registration shall be shared pro rata by all security holders having contractual registration rights based upon the amount of GCI's securities requested by such security holders to be sold thereunder. GCI's obligations under this Section 2 shall apply to a registration to be effected for securities to be sold for GCI's account as well as a registration statement which includes securities to be offered for the account of other holders of GCI equity securities having contractual registration rights; however, the registration rights granted pursuant to the provisions of this Section 2 are subject to the registration rights granted by GCI pursuant to (a) the Registration Rights Agreement dated as of January 18, 1991, between GCI and WestMarc Communications, Inc., (b) the Registration Rights Agreement dated as of March 31, 1993, between GCI and MCI, (c) the Registration Rights Agreement of even date between GCI and the owners of Prime Cable of Alaska, L.P., (d) the Registration Rights Agreement of even date between GCI and the owners of Alaskan Cable Network, Inc., and (e) the Registration Rights Agreement of even date between GCI and the owners of Alaska Cablevision, Inc., the effect of which agreements is that all parties hereto and thereto have pro rata piggy-back registration rights.

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

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

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

attorneys and accountants, and all transfer taxes and brokerage and underwriters' discounts and commissions directly attributable to the Registrable Shares being offered and sold by such Selling Holder.

4. Limitations on Registration Rights. Notwithstanding the provisions of Section 1 of this Agreement, GCI shall not be required to effect any registration under that Section if (i) the request(s) for registration cover an aggregate number of Registrable Shares having an aggregate Market Value of less than One Million Five Hundred Thousand Dollars ($1,500,000.00) as of the date of the last of such requests, (ii) GCI has previously filed two (2) registration statements under the Securities Act pursuant to Section 1, (iii) GCI, in order to comply with such request, would be required to (A) undergo a special interim audit or (B) prepare and file with the Commission, sooner than would otherwise be required, pro forma or other financial statements relating to any proposed transaction, or (iv) if, in the opinion of counsel to GCI, the form of which opinion of counsel shall be acceptable to the Holders, a registration is not required in order to permit resale by Holders. The first demand registration under this Agreement may be requested only by the Holders of a minimum of thirty percent (30%) of the Registrable Shares. "Market Value" as used in this Agreement shall mean, as to each class of Registrable Shares at any date, the average of the daily closing prices for such class of Registrable Shares, for the ten (10) consecutive trading days before the day in question. The closing price for shares of such class for each day shall be the last reported sale price regular way, or, in case no such reported sale takes place on such day, the average of the reported closing bid and asked prices regular way, in either case on the composite tape, or if the shares of such class are not quoted on the composite tape, on the principal United States securities exchange registered under the Securities Exchange Act of 1934, as amended ("Exchange Act"), on which shares of such class are listed or admitted to trading, or if they are not listed or admitted to trading on any such exchange, the closing sale price (or the average of the quoted closing bid and asked price if no sale is reported) as reported by the National Association of Securities Dealers Automated Quotation System ("NASDAQ") or any comparable system, or if the shares

of such class are not quoted on NASDAQ or any comparable system, the average of the closing bid and asked prices as furnished by any market maker in the securities of such class who is a member of the National Association of Securities Dealers, Inc., or in the absence of such closing bid and asked price, as determined by such other method as GCI's Board of Directors shall from time to time deem to be fair.

5. Obligations with Respect to Registration.

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

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

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

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

(iv) Furnish at GCI's expense to the Selling Holders such number of copies of a preliminary, final, supplemental or amended

prospectus, in conformity with the requirements of the Securities Act and the rules and regulations

promulgated thereunder, as may reasonably be required in order to facilitate the disposition of the Registrable Shares covered by a Registration Statement, but only while GCI is required under the provisions hereof to cause a Registration Statement to remain effective; and

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

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

(vii) Cause all such Registrable Shares to be listed on each securities exchange on which similar securities issued by GCI are then listed and to be qualified for trading on each system on which similar securities issued by GCI are from time to time qualified;

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

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

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

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

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

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

efforts to promptly obtain the withdrawal of such order.

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

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

(ii) During such time as the Selling Holder may be engaged in a distribution of the Registration Shares, such Selling Holder shall comply with Rules 10b-2, 10b-6 and 10b-7 promulgated under the Exchange Act and pursuant thereto it

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

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

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

6. Indemnification.

(a) By GCI. In the event of any registration under the Securities Act of any Registrable Shares pursuant to this Agreement, GCI shall indemnify and hold harmless any Selling Holder, any underwriter of such Selling Holder, each officer, director, employee or agent of such Selling Holder, and each other person, if any, who controls such Selling Holder or underwriter within the meaning of Section 15 of the Securities Act, against any losses, costs, claims, damages or liabilities, joint or several (or actions in respect thereof) ("Losses"), incurred by or to which each such indemnified party may become subject, under the Securities Act or otherwise, but only to the extent such Losses arise out of or based upon (i) any untrue statement or alleged untrue statement of any material fact contained, on the effective date thereof, in any Registration Statement under which such Registrable Shares were registered under the Securities Act, in any preliminary prospectus (if used prior to the effective date of such Registration Statement) or in any final prospectus or in any post effective amendment or supplement thereto (if used during the period GCI is required to keep the Registration Statement effective) ("Disclosure Documents"), (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading or (iii) any violation of any federal or state securities laws or rules or regulations thereunder committed by GCI in connection with the performance of its obligations under this Agreement; and GCI will reimburse each such indemnified party for all legal or other expenses reasonably incurred by such party

in connection with investigating or defending any such claims, including, subject to such indemnified party's compliance with the provisions of the last sentence of subsection (c) of this Section 6, any amounts paid in settlement of any litigation, commenced or threatened, so long as GCI's counsel agrees with the reasonableness of such settlement; provided, however, that GCI shall not be liable to an indemnified party in any such case to the extent that any such Losses arise out of or are based upon (i) an untrue statement or alleged untrue statement or omission or alleged omission (x) made in any such Disclosure

Documents in reliance upon and in conformity with written information furnished to GCI by or on behalf of such indemnified party specifically for use in the preparation thereof, (y) made in any preliminary or summary prospectus if a copy of the final prospectus was not delivered to the person alleging any loss, claim, damage or liability for which Losses arise at or prior to the written confirmation of the sale of such Registrable Shares to such person and the untrue statement or omission concerned had been corrected in such final prospectus or (z) made in any prospectus used by such indemnified party if a court of competent jurisdiction finally determines that at the time of such use such indemnified party had actual knowledge of such untrue statement or omission or (ii) the delivery by an indemnified party of any prospectus after such time as GCI has advised such indemnified party in writing that the filing of a post-effective amendment or supplement thereto is required, except the prospectus as so amended or supplemented, or the delivery of any prospectus after such time as GCI's obligation to keep the same current and effective has expired.

(b) By the Selling Holders. In the event of any registration under the Securities Act of any Registrable Shares pursuant to this Agreement, each Selling Holder shall, and shall cause any underwriter retained by it who participates in the offering to agree to, indemnify and hold harmless GCI, each of its directors, each of its officers who have signed the Registration Statement and each other person, if any, who controls GCI within the meaning of Section 15 of the Securities Act, against any Losses, joint or several, incurred by or to which such indemnified party may become subject under the Securities Act or otherwise, but only to the extent such Losses arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in any of the Disclosure Documents or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading, if the statement or omission was in reliance upon and in conformity with written information furnished to GCI by such indemnifying party specifically for use in the preparation thereof, (ii) the delivery by such indemnifying party of any prospectus after such time as GCI has advised such indemnifying party in writing that the filing of a post-effective amendment or supplement thereto is required, except the prospectus as so amended or supplemented, or after such time as the obligation of GCI to keep the Registration Statement effective and current has expired or (iii) any violation by such indemnifying party of its obligations under Section 5(b) of this Agreement or any information given or representation made by such indemnifying party in connection with the sale of the Selling Holder's Registrable Shares which is not contained in and not in conformity with the prospectus (as amended or

supplemented at the time of the giving of such information or making of such representation); and each Selling Holder shall, and shall cause any underwriter retained by it who participates in the offering to agree to, reimburse each such indemnified party for all legal or other expenses reasonably incurred by such party in connection with investigating or defending any such claim, including, subject to such indemnified party's compliance with the provisions of the last sentence of subsection (c) of this Section 6, any amounts paid in settlement of any litigation, commenced or threatened; provided, however, that the indemnity agreement contained in this Section 6(b) shall not apply to amounts paid in settlement of any loss, claim, damage, liability or action arising pursuant to a registration if such settlement is effected without the consent of Selling Holder; and provided further, that no Selling Holder shall be required to undertake liability under this Section 6(b) for any amounts in excess of the proceeds to be received by such Selling Holder from the sale of its securities pursuant to such registration, as reduced by any damages or other amounts that such Selling Holder was otherwise required to pay hereunder.

(c) Third Party Claims. Promptly after the receipt by any party hereto of notice of any claim, action, suit or proceeding by any person who is not a party to this Agreement (collectively, an "Action") which is subject to indemnification hereunder, such party ("Indemnified Party") shall give reasonable written notice to the party from whom indemnification is claimed ("Indemnifying Party"). The Indemnifying Party shall be entitled, at the Indemnifying Party's sole expense and liability, to exercise full control of the defense, compromise or settlement of any such Action unless the Indemnifying Party, within a reasonable time after the giving of such notice by the Indemnified Party, shall (i) admit in writing to the Indemnified Party, the Indemnifying Party's liability to the Indemnified Party for such Action under the terms of this Section 6, (ii) notify the Indemnified Party in writing of the Indemnifying Party's intention to assume the defense thereof and (iii) retain legal counsel reasonably satisfactory to the Indemnified Party to conduct the defense of such Action. The Indemnified Party and the Indemnifying Party shall cooperate with the party assuming the defense, compromise or settlement of any such Action in accordance herewith in any manner that such party reasonably may request. If the Indemnifying Party so assumes the defense of any such Action, the Indemnified Party shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, but the fees and expenses of such counsel shall be the Indemnified Party's sole expense unless (i) the Indemnifying Party has agreed to pay such fees and

expenses, (ii) any relief other than the payment of money damages is sought against the Indemnified Party or (iii) the Indemnified Party shall have been advised by its counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Indemnifying Party, and in any such case the fees and expenses of such separate counsel shall be borne by the Indemnifying Party. No Indemnifying Party shall settle or compromise any such Action in which any relief other than the payment of money damages is sought against any Indemnified Party unless the Indemnified Party consents in writing to such compromise or settlement, which consent shall not be unreasonably

withheld. No Indemnified Party shall settle or compromise any such Action for which it is entitled to indemnification hereunder without the Indemnifying Party's prior written consent, unless the Indemnifying Party shall have failed, after reasonable notice thereof, to undertake control of such Action in the manner provided above in this Section 6.

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

7. Miscellaneous.

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

(i) if to GCI at:

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

(ii) if to MCI, at:

MCI Telecommunications Corporation
1801 Pennsylvania Avenue, NW
Washington, DC 20006
ATTN: Senior Vice President
and Chief Financial Officer
Telecopy: (202) 887-2195

with a copy to:

MCI Telecommunications Corporation
1133 19th Street, NW
Washington, DC 20036
ATTN: Office of the General Counsel

(iii) if to any Holder other than MCI, at the address provided to GCI (and if none provided, to MCI)

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

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

(c) Binding Effect; Benefit. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. Nothing in this Agreement, expressed or implied is intended to confer on any person other than the parties hereto or their respective successors and assigns (including, in the case of MCI, any successor or assign of MCI as the holder of

Registrable Shares), any rights, remedies, obligations or liabilities under or by reason of this Agreement, other than rights conferred upon indemnified persons under Section 6.

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

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

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

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

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

GENERAL COMMUNICATION, INC.

By
John M. Lowber, Senior Vice President

MCI TELECOMMUNICATIONS CORPORATION

By
Name:
Its

VOTING AGREEMENT

THIS VOTING AGREEMENT ("Agreement") is entered into effective on the day of , 1996, by and between Prime II Management, L.P. ("Prime"), as the designated agent for the parties named on Annex 1 attached hereto (collectively, "Prime Sellers"), MCI Telecommunications Corporation, Ronald A. Duncan, Robert M. Walp, and TCI GCI, Inc. (Prime, as designated agent for the Prime Sellers, "Duncan," "Walp," and "TCI GCI," respectively, or individually, "Party" and collectively, "Parties"), all of whom are shareholders of General Communication, Inc., an Alaska corporation ("GCI"), as identified in this Agreement.

WHEREAS, the Parties are as of the date of this Agreement, the owners of the amounts of GCI's Class A and Class B common stock as set forth in this Agreement;

WHEREAS, the Parties desire to combine their votes as shareholders of GCI in the election of certain positions of the Board of Directors ("Board") of GCI and specifically to vote on certain issues as set forth in this Agreement;

WHEREAS, the Parties desire to establish their mutual rights and obligations in regard to the Board and those certain issues to come before the shareholders or before the Board;

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained in this Agreement, the Parties agree as follows:

Section 1. Shares. The shares of GCI's Class A and Class B common stock subject to this Agreement will consist of those shares held by each Party as set forth in this Section 1 and any additional shares of GCI's voting stock acquired in any manner by any one or more of the Parties ("Shares"):

(1) Prime - ( ) shares of Class A common stock;

(2) MCI - 8,251,509 Shares of Class A common stock and 1,275,791 Shares of Class B common stock, which total to an aggregate of 21,009,419 votes for MCI;

(3) Duncan - 852,775 Shares of Class A common stock and 233,708 Shares of Class B common stock, which total to an aggregate of 3,189,855 votes for Duncan;

(4) Walp - 534,616 Shares of Class A common stock and 301,049 Shares of Class B common stock, which total to an aggregate of 3,545,106 votes for Walp; and

(5) TCI GCI - 590,043 Shares of Class B common stock, which totals to an aggregate of 5,900,430 votes for TCI GCI.

Section 2. Voting. (a) All of the Shares will, during the term of this Agreement, be voted as one block in the following matters:

(1) For so long as the full membership on the Board is at least eight, the election to the Board of individuals recommended by a Party ("Nominees"), with the allocation of such recommendations to be in the following amounts and by the following identified Parties:

(A) For recommendations from MCI, two Nominees;

(B) For recommendations from Duncan and Walp, one Nominee from each;

(C) For recommendations from TCI GCI, two Nominees; and

(D) For recommendations from Prime, two (2) nominees, for so long as (i) the Prime Sellers (and their distributees who agree in writing to be bound by the terms of this Agreement) collectively own at least ten percent of the issued and then-outstanding shares of GCI's Class A common stock, and (ii) that certain Management Agreement between Prime and GCI dated of even date herewith ("Prime Management Agreement") is in full force and effect. If either of these conditions are not satisfied, then Prime shall only be entitled to recommend one Nominee. If neither of these conditions are met, Prime shall not be entitled to recommend any Nominee at that time;

(2) To the extent possible, to cause the full membership of the Board to be maintained at not less than eight members;

(3) Other matters to which the Parties unanimously agree.

(b) The Parties will abide by the classification by the Board of a Nominee in accordance with the provisions for classification of the Board as set forth in Article V(b) of GCI's Articles of Incorporation and Section 2(b) of GCI's Article IV of Bylaws which classification was, as of the date of this Agreement, for Nominees allocated to MCI as follows: one in Class I and one in

Class III, and for Nominees allocated to Prime as follows: one in Class II and one in Class III, and for Nominees allocated to TCI GCI as follows: one in Class II and one in Class III.

(c) The Parties understand that to insure the election of their allocated Nominees, the Shares must constitute sufficient voting power to cause those elections and that as new shares are issued by GCI through the exercise of warrants and options,

acquisitions by employee benefit plans, or otherwise, the number of outstanding shares of voting common stock will increase, making the percentage which the Shares represent of the outstanding shares decrease.

(d) The Parties will take such action as is necessary to cause the election to the Board of each Party's Nominee(s).

Section 3. Manner of Voting. Votes, for purposes of this Section 3, will be as determined by written ballot upon each matter to be voted upon. Should such a matter require shareholder action, e.g., election of Nominees to the Board or should the Board choose to present the matter for shareholder consent, approval or ratification, such balloting must take place so that the results are received by GCI at its principal executive offices not less than 120 calendar days in advance of the date of GCI's proxy statement released to security holders in connection with the previous year's annual meeting of security holders.

Section 4. Limitation on Voting. Except as set forth in (a) of Section 2 of this Agreement, the Agreement will not extend to voting upon other questions and matters on which shareholders will have the right to vote under GCI's Articles of Incorporation, GCI's Bylaws of the Company, or the laws of the State of Alaska.

Section 5. Term of Agreement. (a) The term of this Agreement will be through the completion of the annual meeting of GCI's shareholders taking place in June, 2001 or until there is only one Party to the Agreement, whichever occurs first; provided that the Parties may extend the term of this Agreement only upon unanimous vote and written amendment to this Agreement.

(b) Except as provided in (a) and (d) of this Section 5, a Party (other than Prime) will be subject to this Agreement until the Party disposes of more than 25% of the votes represented by the Party's holdings of common stock which equates to the following (adjusted for stock splits) for each party:

1. MCI - 5,252,355 votes;

2. Duncan - 797,464 votes;

3. Walp - 886,277 votes; and

4. TCI GCI - 1,475,108 votes.

(c) Should one party dispose of an amount of its portion of the Shares in excess of the limit as set forth in (b) of this Section 5, each other Party will have the right to withdraw and terminate that Party's rights and obligations under this Agreement by giving written notice to the other Parties.

(d) Anything to the contrary in this Agreement notwithstanding each Party shall remain a Party to this Agreement with respect to its obligation to vote (a) for

Prime's Nominee(s) pursuant to Section 2(a)(1) above, and (b) to maintain at least an eight (8) member Board pursuant to Section 2(a)(2) above only, for so long as either (i) the Prime Sellers (and their distributees who agree in writing to be bound by the terms of this Agreement) collectively own at least ten percent (10%) of the issued and then-outstanding shares of GCI's Class A common stock or (ii) the Prime Management Agreement is in effect. Upon each request, Prime shall, within a reasonable period of time after delivery by GCI to Prime of GCI's shareholders list showing the number of shares of GCI common stock owned by each such shareholder, provide GCI with its certificate, in form and substance reasonably satisfactory to GCI, confirming the Prime Sellers' aggregate, then-current percentage ownership of GCI Class A common stock.

Section 6. Binding Effect. The Parties will, during the term of this Agreement, be fully subject to its provisions. There will be no prohibition against transfer or other assignment of Shares under the terms of this Agreement. Should a Party transfer or otherwise assign Shares, and the new holder of those Shares will not have any rights under, nor be subject to the

terms of, this Agreement, except that any assignee which is an affiliate or subsidiary entity of a Party shall be bound by, and have the benefits of, this Agreement; provided, however, that anything to the contrary in the foregoing notwithstanding, any distributee of a Prime Seller that agrees in writing to be bound by the terms of this Agreement will have rights under and be subject to the terms of this Agreement.

Section 7. GCI's Agreement. GCI agrees (i) to submit the Nominees selected pursuant to Section 2(a) above in its proxy materials delivered to GCI's shareholders in connection with each election of GCI directors; and (ii) not to take any action inconsistent with the agreements of the Parties set forth herein.

Section 8. Notices. Notices required or otherwise given under this Agreement will be given by hand delivery or certified mail to the following addresses, unless otherwise changed by a Party with notice to the other Parties:

To Prime:

Prime II Management, L.P.
600 Congress Avenue, Suite 3000
Austin, Texas 78701
Attn: President

With copies (which shall not constitute notice) to:

Edens Snodgrass Nichols & Breeland, P.C.
2800 Franklin Plaza
111 Congress Avenue
Austin, Texas 78701
ATTN: Patrick K. Breeland

To MCI:

MCI Telecommunications Corporation
1133 19th Street, N.W.
Washington, D.C. 20035
ATTN: Douglas Maine, Chief Financial Officer

To Duncan:

Ronald A. Duncan
President and Chief Executive Officer
General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503

To Walp:

Robert A. Walp
Vice Chairman
General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503

To TCI GCI :

Larry E. Romrell, President
TCI GCI, Inc.
5619 DTC Parkway
Englewood, Colorado 80111

Section 9. Performance. The Parties agree that damages are not an adequate remedy for a breach of the terms of this Agreement. Should a Party be in breach of a term of this Agreement, one or more of the other Parties may seek the specific performance or injunction of that Party under the terms of this Agreement by bringing an appropriate action in a court in Anchorage, Alaska.

Section 10. Governing Law. The terms of this Agreement will be governed by and construed in accordance with the laws of the State of Alaska.

Section 11. Amendments. This Agreement constitutes the entire Agreement between the Parties, and any amendment of it must be in writing and approved by all Parties.

Section 12. Group. Prior to a Party filing a Schedule 13D or an amendment to such a schedule pursuant to the Securities Exchange Act of 1934, the Party will provide a written notice to each of the other Parties within five days after the triggering event under that schedule and at least two days prior to the filing of that schedule or amendment, as the case may be, and further provide to any other Party any information or documentation reasonably requested by that Party in this regard.

Section 13. Termination of Prior Agreement. This Agreement supersedes and replaces in its entirety that certain Voting Agreement dated effective as of March 31, 1993, by and between MCI, Duncan, Walp and TCI GCI, as successor in interest to WestMarc Communications, Inc.

Section 14. Severability. If a court of competent jurisdiction finds any portion of this Agreement invalid or not enforceable, this Agreement shall be automatically reformed to carry out the intent of the Parties as nearly as possible without regard to the portion so invalidated. If this entire Agreement is determined to be limited in duration by a court of competent jurisdiction, the Parties agree to enter into a new Agreement which carries forward the intent of the Parties upon such termination.

IN WITNESS WHEREOF, the Parties set their hands to this Agreement, effective on the first date above written.

PRIME II MANAGEMENT, L.P.
By Prime II Management, Inc.
Its General Partner

By
Name:
Its:

MCI TELECOMMUNICATIONS CORPORATION

By
Name:
Its:

RONALD A. DUNCAN

ROBERT M. WALP

TCI GCI, INC.

By
Name:
Its:

GENERAL COMMUNICATION, INC.

By
Name:
Its:

EXHIBIT "D"
Form of Legal Opinion

[HARTIG, RHODES LETTERHEAD]

, 1996

Anchorage

MCI Telecommunications Corporation
1133 19th Street, NW

Washington, D.C. 20038

RE: Stock Purchase Agreement (the "Agreement") dated as of , 1996 between General Communication, Inc. (the "Company") and MCI Telecommunications Corporation (the "Purchaser")
Our File: 6552-35

Ladies and Gentlemen:

This opinion letter is delivered to you pursuant to Paragraph 8(c)(vii) of the Agreement. Capitalized terms used but not defined in this opinion letter have the meanings given to them in the Agreement.

We have acted as counsel to the Company in connection with the preparation and the execution and delivery of the Agreement and the related documents. In that capacity we have examined the Agreement and the related documents, including, but not limited to, the Registration Rights Agreement, dated of even date herewith, between the

Company and the Purchaser and the Voting Agreement, dated of even date herewith, by and between the Company, Prime II Management, L.P., as the designated agent, the Purchaser, Ronald A. Duncan, Robert M. Walp and TCI GCI, Inc. ("Related Agreements") and such other documents and records, and we have made such other investigations, as we have deemed necessary to enable us to state the opinions expressed below. As to certain factual matters, we have relied upon the representations of the Company and the Purchaser contained in the Agreement and upon certificates of officers of the Company and the Purchaser.

In such examination, we have assumed the genuineness and authenticity of all documents submitted to us as originals, the conformity with genuine and authentic originals of all documents submitted to us as copies, the genuineness of all signatures, the power and authority of each entity which may be a party thereto (other than the Company and its subsidiaries), the authority of each person signing for each such entity (other than the Company and its subsidiaries), and the due organization, existence, qualification and authorization to transact business of each such party (other than the Company and its subsidiaries).

This opinion letter is governed by, and shall be interpreted in accordance with, the Legal Opinion Accord (the "Accord") of the American Bar Association Section of Business Law (1991). As a consequence, it is subject to a number of qualifications, exceptions, definitions, limitations on coverage and other limitations, all as more particularly described in the Accord, and this opinion letter should be read in conjunction therewith. The law covered by the opinions expressed herein is limited to the federal law of the United States (except as provided in the Accord) as currently in effect, and the law of the State of Alaska (except as provided in the Accord) as currently in effect. Furthermore, we express no opinion with respect to: (i) matters governed by the Federal Communications Act of 1934, as amended, and the rules and regulations of the Federal Communications Commission thereunder; or (ii) matters governed by the Federal Aviation Act of 1958, as amended, and the rules and regulations of the Federal Aviation Administration thereunder.

On the basis of our examination and subject to stated qualifications, assumptions and limitations, in our opinion:

1. The Company and each of its subsidiaries are duly organized, validly existing and in good standing under the laws of the State of Alaska, have all requisite corporate power and authority to own their property as now owned and carry on their business as now conducted and are qualified to do business and is in good standing in each jurisdiction in which the conduct of their business or the ownership of their property requires such qualification, except, in each case, where the failure to qualify would not have a material adverse effect on the financial condition or operations of the Company or its subsidiary.

2. The Shares are duly authorized, validly issued, fully paid and nonassessable shares of Common Stock having the rights, preferences, privileges and restrictions set forth in the Articles of Incorporation, will not be subject to any preemptive rights, and, to our knowledge, will be free and clear of any security interest, lien, charge or encumbrance of any nature whatsoever.

3. The execution, delivery and performance by the Company of the Agreement and the Related Agreements are within the corporate powers of the Company, have been duly authorized by all necessary corporate action of the Company, and do not and will not conflict with or constitute a breach of the

terms, conditions or provisions of, or constitute a default under, its Articles of Incorporation and Bylaws or any material contract, undertaking, indenture or other agreement or instrument by which the Company is bound or to which it or any of its assets is subject.

4. The Company is not required, in connection with the execution, delivery, and performance of the Agreement and the Related Agreements to give any notice to or obtain any consent from any lender pursuant to any agreement or instrument for borrowed money of which we have knowledge and to which the Company is a party or by which the property of the Company is bound, except that consent to the issuance of the Shares is required from NationsBank of Texas, N.A. ("NationsBank"), as Administrative Lender under that certain Credit Agreement dated as of April 26, 1996, between GCI Communication Corp. and NationsBank.

5. Registration is not required under the Securities Act or the Alaska Securities Act of 1959, as amended, for the issuance and delivery of the Shares. In expressing the opinion set forth in the foregoing sentence, we have relied, without any independent investigation, on the representations of Purchaser set forth in Paragraphs 5 (c) and (d) of the Agreement and A.S. 45.55.900(b)(7). The applicable exemption from the registration requirements under the Securities Act is set forth in Section 4(2) of the Securities Act. We express no opinions as to the necessity of registering the Shares under the laws of any state, other than the State of Alaska, in connection with the transaction.

6. The Company is not required to make any filings with or give any notice to, or obtain any consents, approvals, or authorizations from, any governmental authority in connection with the execution, delivery and performance by the company of the Agreement and the Related Agreements. The execution, delivery, and performance by the Company of the Agreement and the Related Agreements, do not and will not violate any law, rule, regulation or order of any court or other governmental authority applicable to the Company.

7. The Agreement and the Related Agreements are the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as the enforceability of those agreements may be affected or

limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally or by general principles of equity, whether applied in a proceeding in equity or at law.

8. There is no pending, or to the best of our knowledge, threatened, judicial, administrative or arbitral action, suit, proceeding or claim against or investigation of the Company which questions the validity of the Agreement or the Related Agreements.

The opinions expressed above are subject to and qualified in all respects by the Accord and the following:

We have relied as to factual matters on the representations and warranties of the Company set forth in the Agreement, certificates of officers and other representatives of the Company and the following additional items, and have made no other investigation or inquiry as to such factual matters:

(a) Certificates from the State of Alaska as to the existence and good standing of the Company and its subsidiaries.

(b) Constituent Documents of the Company and its subsidiaries.

We have rendered the foregoing opinion as of the date hereof, and we do not undertake to supplement our opinion with respect to the factual matters or changes in the law which may hereafter occur.

You are hereby notified that (a) we do not consider you to be our client in the matters to which this opinion letter relates, (b) neither the Alaska Code of Professional Responsibility nor current case law clearly articulates the circumstances under which an attorney may give a legal opinion to a person other than the attorney's own client, (c) a court might determine that it is improper to us to issue, and for you to rely upon, a legal opinion issued by us when we have acted as counsel to the Company in connection with the transactions, and (d) you may wish to obtain a legal opinion from your own legal counsel as to the matters addressed in this opinion letter.

We express no opinions herein regarding the enforceability of provisions involving choices or conflicts of law or of provisions of the Registration Rights Agreement purporting to require indemnification of a party for its own action or inaction, to the extent the action or inaction involves negligence.

This opinion is given solely to you and may be relied upon by you only in connection with the Agreement and may not be used or relied upon by you or

any other person or entity for any other purposes whatsoever. This opinion letter may not be quoted, circulated or published, in whole or in part, or furnished to or relied upon by any other party, or otherwise referred to, or be filed with or furnished to any governmental

agency or other person or entity not involved in the Agreement without prior written consent.

Sincerely,

HARTIG, RHODES, NORMAN,
MAHONEY & EDWARDS, P.C.

By:
Robert B. Flint

SCHEDULE 4(c)(i)
GCI's Stock Option Plans, Warrants,
Rights or Convertible Securities

General Communication, Inc. Outstanding Options:

	No. of Shares	Exercise Price
Shares reserved for exercise of options issued pursuant to GCI's Incentive Stock Option Plan	2,233,734	$.75 to $4.50 per share
Shares to be issued pursuant to an option agreement with William C. Behnke, an Officer	85,190	$.001 per share
Shares to be Issued pursuant to an option agreement with John M. Lowber, an Officer	100,000	$.75 per share
Shares to be issued to MCI Telecommunications Corporation	2,000,000	$6.50 per share
Shares to be issued to Prime entities	11,800,000	$6.50 per share
Shares to be issued to Cooke entities	2,923,077	$6.50 per share
Shares to be issuable to the Rock entities pursuant to a $10,000,000 convertible note	1,538,462	$6.50 per share

NOTE: For additional details regarding GCI's Stock Option Plan, please refer to the footnotes in GCI's financial statements in its SEC Forms 10K and 10Q.

SCHEDULE 4(c)(ii)
Voting Agreements

There are no voting trusts or other agreements or understandings to which GCI or any subsidiary is a party, and to GCI's knowledge no other voting trusts exist with respect to the voting of the capital stock of GCI or any of its subsidiaries, except for (i) that Voting Agreement entered into as of March 31, 1993, by and between MCI Telecommunications Corporation ("MCI"), Ronald A. Duncan ("Duncan"), Robert M. Walp ("Walp"), and WestMarc Communications, Inc., all as shareholders of GCI; which is projected to be superseded and replaced in its entirety by (ii) that Voting Agreement to be entered into as of , 1996, by and between Prime II Management, L.P., Prime Venture I Holdings, L.P., Prime Cable Growth Partners, L.P., Alaska Cable, Inc., MCI, Duncan, Walp, TCI GCI, Inc. and GCI.

SCHEDULE 4(c)(iii)
Outstanding Stock Liens

GCI owns the entire equity interest in each of its subsidiaries, and all the outstanding capital stock of each subsidiary of GCI are validly issued, fully paid and nonassessable and are owned by GCI free and clear of all liens, charges, preemptive rights, claims or encumbrances, except as follows:

1. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated as of May 14, 1993, as amended, holds the original Stock Certificates Nos. 1, 2 and 3, for One Thousand (1,000), One Hundred Thousand (100,000) and Ten Thousand (10,000) shares respectively, of Class A Common Stock of GCI Communication Corp. for security purposes only, not as purchaser. GCI is the owner of all of such One Hundred Eleven Thousand (111,000) shares of GCI Communication Corp. stock.

2. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated as of May 14, 1993, as amended, also holds the original Stock Certificate No. 1 for One Hundred (100) shares of GCI Communication Services, Inc., for security purposes only, not as purchaser. GCI is the owner of such One Hundred (100) shares.

3. National Bank of Alaska ("NBA"), as Lender under the Loan Agreement dated December 31, 1992, holds the original Stock Certificate No. 1 for One Hundred (100) shares of the Common Stock of GCI Leasing Co., Inc. for security purposes only, not as purchaser. GCI Communication Services, Inc., is the owner of such 100 shares. NationsBank of Texas, N.A., as Administrative Agent, holds a second lien on such shares.

SCHEDULE 4(h)
Pending Litigation

None.

SCHEDULE 4(l)
Contracts/Agreements to Acquire Equity
Interest in GCI or its Subsidiaries

1. The proposed Common A stock issuance to acquire (i) the ongoing cable television and cable television systems of Prime Cable of Alaska, L.P., pursuant to the terms of the Securities Purchase Agreement dated as of May 2, 1996, among General Communication, Inc., Prime Venture I Holdings, L.P., Prime Cable Growth Partners, L.P., Prime Venture II, L.P., Prime Cable Limited Partnership, Austin Ventures, L.P., William Blair Venture Partners III Limited Partnership, Centennial Fund, II, L.P., Centennial Fund III, L.P., Centennial Business Development Fund, Ltd., BancBoston Capital, Inc., First Chicago Investment Corporation, Madison Dearborn Partners, Prime II Management, L.P., Prime Cable of Alaska, L.P., Alaska Cable, Inc. and Prime Cable Fund I, Inc.

2. The proposed Common A stock issuance to acquire certain ongoing cable television business and cable television systems pursuant to the (i) Asset Purchase Agreements dated as of May 10, 1996, among General Communication, Inc. and McCaw/Rock Homer Cable Systems and McCaw/Rock Seward Cable System respectively; and (ii) the Asset Purchase Agreement, dated May 10, 1996, among General Communication, Inc. and Alaska Cablevision, Inc.

3. The proposed Common A stock issuance to acquire certain ongoing

cable television business and cable television systems pursuant to that Asset Purchase Agreement, dated as of April 15, 1996, among General Communication, Inc., Alaskan Cable Network/Fairbanks, Inc., Alaskan Cable Network/Juneau, Inc. and Alaskan Cable Network/Ketchikan-Sitka, Inc.

SCHEDULE 4(m)(ii)
Requests for Collective Bargaining

None.

SCHEDULE 4(p)
Asset Liens

GCI and its subsidiaries have good title to all material assets on the Balance Sheet, except as set forth in paragraph 4(p)(i) through (iv) of the MCI Stock Purchase Agreement, and except as follows:

1. To secure a debt in the current principal amount of $30,100,000. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated April 26, 1996, holds a security position on substantially all of GCI's and GCI Communication Corp.'s property and equipment, including, without limitation, the stock listed in Schedule 4(c)(iii) hereof, all of GCI Communication Corp.'s fixtures as a transmitting utility on all of its real properties and leasehold estates located both in Alaska and Washington.

2. To secure a debt in the current principal amount of $7,595,595, National Bank of Alaska, as Lender under the Loan Agreement dated December 31, 1992, holds a security interest in GCI Communication Corp.'s undersea fiber operations, as well as a security interest in the lease payments from MCI.

3. There is a capital lease in the current principal amount of $766,049; RDB Partnership holds title to the building occupied by GCI Communication Corp.

4. There is a capital lease in the current principal amount of $143,973; the National Bank of Alaska Leasing Co. holds title to GCI Communication Services, Inc.'s shared hub assets and contract proceeds. However, GCISI has an option to acquire those assets at the end of the capital lease's term.

SCHEDULE 4(q)
Material Contracts

The following is a complete listing of all contracts and agreements existing on the date hereof for GCI and/or its subsidiaries which (i) are with any customer which accounted for greater than 2% of GCI's or any of its subsidiary's revenues for the year ended 12/31/95; (ii) involve contracts that call for annual aggregate expenditures by GCI of greater than $5,000,000; or (iii) involve contracts that call for aggregate expenditures by GCI during the remainder of their respective terms in excess of $10,000,000:

1. Customers which account for greater than 2% of GCI or any of its subsidiary's revenues for the year ended 12/31/95.

a. GCI Communication Services, Inc.: 2% Floor is approx. greater than $20,000/year: Chevron Shared Hub contract; est. $880,000 annual revenues.

b. GCI Communication Corp.: 2% Floor is approx. greater than $1,538,000/year:

i. Carrier Agreement with MCI Telecommunications Corporation;
ii. Service Agreement with US Sprint Communications Company Limited Partnership of Delaware; and
iii. Agreement with British Petroleum.

c. General Communication, Inc. and GCI Leasing Co., Inc.: None.

2. Contracts calling for annual aggregate expenditures by GCI or its subsidiaries of greater than $5,000,000 annually or for aggregate expenditures by GCI during the remainder of their respective terms of greater than $10,000,000.

a. GCI and GCI Communication Corp.:

i. NationsBank of Texas, N.A. These entities owe the current principal amount of $ 30,100,000 to NationsBank of Texas, N.A. as Administrative Agent under the Credit Agreement dated April 26, 1996.

ii. National Bank of Alaska. GCI Communication Corp. owes the current principal amount of $7,595,595, National Bank of

Alaska, as Lender under the Loan Agreement dated December 31, 1992, relating to its undersea fiber operations.

iii. MCI Telecommunications Corporation. The lease agreement between MCI and GCI Leasing Company, Inc., dated December 31, 1992, will result in payments exceeding $10 Million over its term.

iv. Scientific-Atlanta, Inc. The Company's 1996 commitment under its equipment purchase contract with Scientific-Atlanta, Inc. exceeds $5,000,000.

v. Hughes Communications Galaxy, Inc. 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 will exceed $5 Million and the remaining commitment will exceed $10 Million.

SCHEDULE 4(q)(i)
Existing Defaults

None.

SCHEDULE 4(r)(v)
Environmental Notices

None.

SCHEDULE 4(s)
Tax Audits

GCI's 1993 federal income tax return was selected for examination by the Internal Revenue Service ("IRS") during 1995. The examination commenced during the fourth quarter of 1995 and was completed in March, 1996. GCI has received a letter from the agent conducting the examination indicating that no changes are proposed or required.

The IRS is in the process of reviewing GCI's compliance with the federal excise tax on telecommunication services. No substantive issues have been raised at this time.

The Washington State Department of Revenue has notified GCI that it intends to conduct an audit in July, 1996, of Washington state sales, use and business occupation taxes for the period of January, 1992 through March, 1996.

Management believes these examinations will not result in material adjustments and will not have a material impact on GCI's financial statements.

MCI's OFFICER'S CERTIFICATE
(Section 8(b)(iii))

In compliance with Section 8(b)(iii) of the Stock Purchase Agreement dated   , 1996, between GENERAL COMMUNICATION, INC. ("GCI") and MCI TELECOMMUNICATIONS CORPORATION ("Agreement") I, the undersigned, certify as follows:

1. I am the duly appointed and acting   of MCI and I am authorized to execute this Certificate.

2. The Final Closing Date as defined in the Agreement is   , 1996.

3. This representations of MCI set forth in the Agreement are true and correct in all material respects as of the date when made and (unless made as of a specified date) are true and correct in all material respects as if made as of the Final Closing Date.

4. MCI has performed in all material respects its agreements contained in the Agreement required to be performed at or prior to the Final Closing Date.

Dated this   day of   , 1996.

MCI TELECOMMUNICATIONS CORPORATION

By:
Name:
Its:

GCI's OFFICER'S CERTIFICATE
(Section 8(c)(i), (ii), (iii), (viii) and (ix))

In compliance with Section 8(c)(i), (ii), (iii), (viii) and (ix) of the Stock Purchase Agreement dated   , 1996, between GENERAL COMMUNICATION, INC. ("GCI") and MCI TELECOMMUNICATIONS CORPORATION ("Agreement") I, John M. Lowber, certify as follows:

1. I am the duly appointed and acting Secretary of GCI authorized to execute this Certificate.

2. The Final Closing Date as defined in the Agreement is , 1996.

3. This representations of GCI set forth in the Agreement are true and correct in all material respects as of the date when made and (unless made as of a specified date) are true and correct in all material respects as if made as of the Final Closing Date.

4. GCI has performed in all material respects its agreements contained in the Agreement required to be performed at or prior to the Final Closing Date.

5. All applicable consents and approvals (including those of the FCC and any applicable Public Utility Commission which are necessary to consummate the transactions contemplated by the Agreement have been obtained.

6. Attached hereto is a complete copy of a resolution duly adopted by the board of directors of GCI authorizing and approving the execution of the Agreement and the consummation of the transactions contemplated by the Agreement.

Dated this day of , 1996.

GENERAL COMMUNICATION, INC.

By:
John M. Lowber, Secretary

EXHIBIT 2.8

STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement ("Agreement"), dated as of September 13, 1996, is between General Communication, Inc., an Alaska corporation ("GCI"), and MCI Telecommunications Corporation, a Delaware corporation ("MCI").

1. Agreement to Purchase and Sell Shares. On the terms and subject to the conditions contained in this Agreement, on the Final Closing Date, as defined below, GCI agrees to sell to MCI, and MCI agrees to purchase from GCI, two million (2,000,000) shares of GCI's Class A Common Stock ("Shares"). On the Final Closing Date, GCI shall deliver to MCI certificates representing the Shares. The Final Closing Date ("Final Closing Date") shall occur on the fifth (5th) business day after which all franchise transfer and other regulatory consents have been obtained which are required for the full performance of the Securities Purchase and Sale Agreement dated effective as of May 2, 1996 for the purchase and sale of Prime Cable of Alaska, L.P., Alaska Cable, Inc. and Prime Cable Fund I, Inc. (the "Prime SPA").

2. Purchase Price. The purchase price payable for the Shares shall be Thirteen Million Dollars $13,000,000.00 ("Purchase Price"). On the Final Closing Date MCI shall pay to GCI the Purchase Price by wire transfer of immediately available funds to a GCI designated account.

3. Closing. Unless this Agreement and the transactions contemplated hereby shall have been terminated, the closing ("Closing") of this Agreement shall take place at the offices of Hartig, Rhodes, Norman, Mahoney & Edwards, P.C., 717 K Street, Anchorage, Alaska 99501 on or before the fifth (5th) business day following the latest of (i) the full consummation and performance of the Prime SPA, or (ii) the last condition precedent set forth in Section 8 shall have been satisfied or waived, or at such other time or place as MCI and GCI shall mutually agree in writing.

4. Representations and Warranties of GCI. GCI represents and warrants to MCI as follows:

a) Due Organization and Qualification. GCI and each of its subsidiaries are corporations duly organized, validly existing and in good standing under the laws of their respective jurisdictions of incorporation, with corporate power and authority to own, lease and operate their respective properties and to conduct their respective businesses as they are now owned, leased and operated, and conducted. Each of GCI and its subsidiaries is duly qualified as a foreign corporation to do business, and is in good standing, in each jurisdiction where the character of its properties owned or held under lease or the nature of its activities makes such qualification necessary,

except where the failure so to qualify would not have a material adverse effect on GCI and its subsidiaries taken as a whole.

b) Authorization. GCI has the requisite corporate power to enter into this Agreement and to perform its obligations hereunder. The execution and delivery by GCI of, and the performance by GCI of its obligations under this Agreement have been duly authorized by all requisite corporate action of GCI, and this Agreement is a valid and binding agreement of GCI, enforceable against GCI in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally, or by the principles governing the availability of equitable remedies. None of the execution and delivery by GCI of this Agreement, the issuance and sale by GCI of the Shares, the consummation of the transactions contemplated hereby, or the compliance by GCI with the terms, conditions and provisions hereof, will conflict with or result in a breach or violation of any of the terms, conditions, or provisions of GCI's articles of incorporation or by-laws or of any material agreement or instrument to which GCI is a party or by which GCI or any of its material properties may be bound, or constitute, with or without the provision of notice or the passage of time, or both, a default or create a right of termination, cancellation or acceleration thereunder, or result in the creation or imposition of any security interest, mortgage, lien, charge or encumbrance of any nature whatsoever upon GCI or any of its material properties or assets.

c) Capital Stock. As of the date hereof and after the issuance of the Shares as contemplated by this Agreement, the authorized and issued and outstanding capital stock of GCI will be as set forth on the attached Exhibit A, except for such changes (i) resulting from the exercise of stock options, (ii) the purchase of shares contemplated herein, and (iii) the purchase and sale of securities in connection with the Cable Acquisitions (as defined below)..

All of the outstanding shares of Class A Common Stock and Class B Common Stock

listed on the Exhibit A have been or when issued, will be validly issued and outstanding, fully paid, nonassessable and not entitled to any preemptive rights. Except as set forth on Schedule 4(c)(i), there are currently outstanding no options, warrants, rights or convertible securities or other agreements or commitments of any character providing for the issuance of capital stock of GCI or any of its subsidiaries. Except as set forth on the attached Schedule 4(c)(ii), there are no voting trusts and other agreements or understandings to which GCI or any subsidiary is a party, and to GCI's knowledge, no other voting trusts exist with respect to the voting of the capital stock of GCI or any of its subsidiaries.

Except as set forth on the attached Schedule 4(c)(iii), GCI owns the entire equity interest in each of its subsidiaries, and all the outstanding capital stock of each subsidiary of GCI are validly issued, fully paid and nonassessable and are owned by GCI free and clear of all liens, charges, preemptive rights, claims or encumbrances.

d) Issuance of Shares. The Shares, when sold and delivered by GCI to MCI pursuant to this Agreement, will have been duly authorized and validly issued, and will be fully paid and non-assessable, not subject to any preemptive rights and free and clear of any security interest, lien, charge or encumbrance of any nature whatsoever.

e) SEC Reports. GCI has timely filed all forms, reports, statements and schedules with the Commission required to be filed by it pursuant to the Securities Exchange Act of 1934, as amended ("Exchange Act") or other federal securities laws since June 30, 1993, and has heretofore delivered to MCI (in the form filed with the Commission), together with any amendments or supplements thereto, including superseding amendments, its (i) Annual Reports on Form 10-K for the fiscal years ended December 31, 1994 and December 31, 1995, (ii) all definitive proxy statements relating to GCI's meetings of stockholders (whether annual or special) held since March 31, 1993 as filed with the Securities and Exchange Commission ("Commission"), and (iii) all other reports or registration statements filed by GCI pursuant to the Exchange Act and the Securities Act of 1933, as amended ("Securities Act") since March 31, 1993 (collectively, "SEC Reports"). The SEC Reports (i) were prepared in compliance with the applicable requirements of the Securities Act or the Exchange Act, as the case may be, and (ii) did not as of their respective dates contain any untrue statement of material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading. None of the subsidiaries of GCI is required to file any reports, statements, forms or other documents with the Commission.

f) Financial Statements. The audited financial statements of GCI included or incorporated by reference in the SEC Reports and the unaudited interim monthly financial statements for periods subsequent to such audited financial statements (collectively, including the footnotes thereto, "Financial Statements") are correct and complete, were prepared in accordance with generally accepted accounting principles applied on a consistent basis ("GAAP") (except as otherwise stated in the Financial Statements or in the related reports of GCI's independent accountants) and present fairly the consolidated financial position of GCI and its subsidiaries as of the dates thereof, and the results of operations, changes in financial position and the statements of stockholders' equity of GCI and its subsidiaries on a consolidated basis for the periods indicated. No event has occurred since the preparation of the Financial Statements that would require a restatement of the Financial Statements under GAAP. GCI has received no notice of any fact which may form a basis for any claim by a third party which, if asserted, could result in liability affecting GCI not disclosed by or reserved against in GCI's most recent balance sheet. The Financial Statements reflect and at the Closing Date will reflect, the interest of GCI in the assets, liabilities and operations of all subsidiaries of GCI.

Neither GCI nor any of its subsidiaries has any material liability, obligation or commitment of any nature whatsoever (whether known or unknown, due or to become due, accrued, fixed, contingent, liquidated, unliquidated, or otherwise) other than liabilities, obligations or commitments (i) which are accrued or reserved against in the consolidated balance sheet of GCI and its consolidated subsidiaries ("Balance Sheet") as of December 31, 1995 or reflected in the notes thereto, (ii) which (x) arose in the ordinary course of business since such date and (y) do not or would not individually or in the aggregate have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole, or (iii) which are the type that would not be required to be reflected on a consolidated balance sheet of GCI and its subsidiaries or in the notes thereto if such balance sheet were prepared in accordance with GAAP as of the date hereof or as at the Closing Date, as the case may be. From the date of the most recent balance sheet included in the Financial Statements to and including the date hereof, (i) GCI's business has

been operated only in the ordinary course, (ii) GCI has not sold or disposed of any assets other than in the ordinary course of business, (iii) there has not occurred any material adverse change or event in GCI's business, operations, assets, liabilities, financial condition or results of operations compared to the business, operations, assets, liabilities, financial condition or results of operations reflected in the Financial Statements, and (iv) there has not occurred any theft, damage, destruction or loss which has had a material adverse effect on GCI.

g) Related Transactions. Since the date of GCI's 1995 Proxy Statement to the date hereof, GCI has not entered into or otherwise become obligated with respect to any transactions which would require a disclosure pursuant to Item 404 of Regulation S-K in accordance with Items 7(b) or (c) of Schedule 14A under the Exchange Act were GCI to distribute a proxy statement as of the date hereof and the Closing Date.

h) Litigation. Except as set forth on Schedule 4(h), there is no claim, suit, action, governmental investigation or proceeding pending or, to the knowledge of GCI, threatened against or affecting GCI or any of its subsidiaries which (i) seek to restrain or enjoin the consummation of the transactions contemplated by this Agreement, or (ii) if decided adversely to GCI or such subsidiary would have, or would be likely to have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. There is no outstanding order, writ, injunction or decree or, to the knowledge of GCI, any claim or investigation of any court, governmental agency or arbitration tribunal materially and adversely affecting or which can reasonably be expected to materially and adversely affect GCI, any of its subsidiaries, or their respective properties, assets or businesses, franchises, licenses or permits under which they operate, or their ability to operate their respective businesses in the ordinary course.

i) Governmental. No governmental consent, approval, hearing, filing, registration or other action, including the passage of time, is necessary for the

execution and delivery of this Agreement, the issuance and sale of the Shares, or the consummation of the transactions contemplated by this Agreement, other than (i) any applicable consents and/or approvals of the Federal Communications Commission ("FCC"), and (ii) any applicable filings with and consents and/or approvals of state public service commissions, public utility commissions or similar state regulatory bodies ("Public Utility Commissions") under state public utility statutes and similar laws.

j) Absence of Certain Changes. Since December 31, 1995, (i) there has not occurred or arisen any event having, and neither GCI nor any of its subsidiaries has suffered, a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole, (ii) GCI and its subsidiaries have conducted their businesses only in the ordinary course, consistent with past practices, and (iii) neither GCI nor any of its subsidiaries has taken any actions described in Sections 7 a) through e).

k) Fees. Neither GCI nor any of its subsidiaries has paid or become obligated to pay any fee, commission to any broker, finder or intermediary in connection with the transactions contemplated by this Agreement.

l) Certain Agreements. Except as set forth on the attached Schedule 4(l), there are no contracts, agreements, arrangements or understandings to which GCI or any of its subsidiaries, officers, agents or representatives is a party, that create, govern or purport to govern the right of another party to acquire GCI or an equity interest in GCI, or any subsidiary of GCI, or to increase any such equity interest.

m) Labor Relations. Neither GCI nor any of its subsidiaries is a party to any collective bargaining agreement. Since March 31, 1993, neither GCI nor any of its subsidiaries has (i) had any employee strikes, work stoppages, slowdowns or lockouts, or (ii) except as set forth on the attached Schedule 4(m)(ii), received any request for certification of bargaining units or any other requests for collective bargaining.

n) Licenses. GCI and its subsidiaries have all permits, licenses, waivers, authorizations, approvals and certificates of public convenience and necessity ("Licenses") (including, without limitation, Licenses by the FCC and Public Utility Commissions) which are necessary for GCI and its subsidiaries to conduct their operations in the manner heretofore conducted, except for Licenses, the failure of which to obtain would not have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. No event has occurred, been initiated or threatened with respect to the Licenses which permits, or after notice or lapse of time or both would permit, revocation or termination thereof or would result in any material impairment of the rights of the holder of any of the Licenses except for revocations, terminations or impairments that would not, in the aggregate, have a material adverse effect on the business, properties or

financial condition of GCI and its subsidiaries taken as a whole.

o) Employee Benefit Plans. Each employee benefit plan, as such term is defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), of GCI or any subsidiary of GCI ("Pension Plan") and each other employee benefit plan within the meaning of ERISA (collectively with the Pension Plans, ("Plans") complies in all material respects with all applicable requirements of ERISA and the Internal Revenue Code of 1986, as amended ("Code"), and other applicable laws. None of the Plans is a multi-employer plan, as such term is defined in Section 3(37) of ERISA. Each Pension Plan which is intended to be qualified under Section 401(a) of the Code has been determined by the Internal Revenue Service to be qualified and nothing has occurred since the date of any such determination or application which would adversely affect such qualification. Neither GCI nor any subsidiary of GCI, nor any Plan nor any of their respective directors, officers, employees or agents has, with respect to any Plan, engaged in any "prohibited transaction," as such term is defined in Section 4975 of the Code or Section 406 of ERISA, which could result in any taxes or penalties or other liabilities under Section 4975 of the Code or Section 502(i) of ERISA, except taxes, penalties or liabilities which in the aggregate would not have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. No liability to the Pension Benefit Guaranty Corporation has been incurred with respect to any Pension Plan that has not been satisfied in full. No Pension Plan has incurred an "accumulated funding deficiency" within the meaning of the Code. There has been no "reportable event" within the meaning of Section 4043 of ERISA with respect to any Pension Plan. All amounts required by the provisions of any Pension Plan to be contributed have been so contributed.

p) Property and Leases. Except as set forth on the attached Schedule 4(p), GCI and its subsidiaries have good title to all material assets reflected on the Balance Sheet except for (i) liens for current taxes and assessments not yet past due, (ii) inchoate mechanics' and materialmens' liens for construction in progress, (iii) workers', repairmens', warehousemens' and carriers' liens arising out of the ordinary course of business, and (iv) all matters of record, liens and imperfections of title and encumbrances which matters, liens and imperfections would not, in the aggregate, have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole.

q) Material Agreements. Schedule 4(q) attached hereto sets forth a complete listing of all contracts and agreements existing on the date hereof to which GCI or any of its subsidiaries is a party or by which any of their respective properties or assets is bound other than contracts for services purchased under tariffs, which (i) are with any customer which accounted for more than two percent of GCI or any of its subsidiary's revenues for the year ended December 31, 1995, (ii) involve contracts that call for annual aggregate expenditures by GCI in excess of $5,000,000, or (iii) involve contracts that call for aggregate expenditures by GCI during the remainder of their respective term in excess of $10,000,000. All such contracts and agreements

are valid and binding, in full force and effect and enforceable against the parties thereto in accordance with their respective terms. Except as set forth on the attached Schedule 4(q)(i), to GCI's knowledge, there is not under any such contract or agreement any existing default, or event which, after notice of lapse of time, or both, would constitute a default, by GCI or any of its subsidiaries or any other party.

r) Compliance with Laws.

(i) GCI is in material compliance with all applicable laws, rules, regulations, orders, ordinances, and codes of the United States of America, its territories and possessions, and of any state, county, municipality, or other political subdivision or any agency of any of the foregoing having jurisdiction over GCI's business and affairs.

In General.

GCI has constructed, maintained and operated, and is constructing, maintaining and operating, its business (including, without limitation, the real property owned or leased by GCI ("GCI's Real Property")) in material compliance with all applicable laws including the Communications Act, the rules and regulations of the FCC, the APUC (in each case as the same are currently in effect);

(i) All reports, notices, forms and filings, and all fees and payments, required to be given to, filed with, or paid to, any governmental authority by GCI under all applicable laws have been timely and properly given and made by GCI, and are complete and accurate in all material

respects, in each case as required by applicable law;

(ii) GCI has not received any notice (written or oral) from any governmental authority or any other Person that it, or its ownership and operation of its business is in material violation of any applicable law, and GCI knows of no basis for the allegation of any such violations; and

(iii) GCI has complied in all material respects with all applicable legal requirements relating to the employment of labor, including ERISA, continuation coverage requirements with respect to group health plans, and those relating to wages, hours, unemployment compensation, worker's compensation, equal employment opportunity, age and disability discrimination, immigration control and the payment and withholding of taxes, and no reportable event, within the meaning of Title IV of ERISA, has occurred and is continuing with respect to any "employee benefit plan" or "multiemployer plan" (as those terms are defined in ERISA) maintained by GCI or its affiliates (as defined in Section 407(d)(7) of ERISA). No prohibited transaction, within the meaning of Title I of ERISA, has occurred with respect to any such employee benefit plan or multiemployer plan, and no material accumulated funding deficiency (as defined

in Title I of ERISA) or withdrawal liability (as defined in Title IV of ERISA) exists with respect to any such employee benefit plan or multiemployer plan.

(iv) To GCI's knowledge, except as set forth in Schedule 4(r)(v): (i) GCI has not received any notice (written or oral) from any governmental authority or other Person that the Person giving such notice is investigating whether, or has determined that there are, any violations of Environmental Laws by GCI, or violations of Environmental Law due to activities on, or affecting, or related to GCI's Real Property, (ii) none of GCI's Real Property has previously been used by any Person for the generation, production, emission, manufacture, handling, processing, treatment, storage, transportation, disposal or discharge of any Hazardous Substances, (iii) GCI has not used, generated, produced, emitted, manufactured, handled, possessed, treated, stored, transported, disposed or discharged, and does not presently use, generate, produce, emit, manufacture, handle, possess, treat, store, transport, dispose or discharge, any Hazardous Substances on, into or from GCI's Real Property, (iv) GCI is in compliance in all material respects with all laws applicable to its own (as distinguished from other Persons') use, generation, production, emission, manufacturing, treatment, storage, transportation, disposal, and discharge of any Hazardous Substances on, into or from GCI's Real Property, (v) there are no above ground or underground storage tanks, or any Equipment containing polychlorinated biphenyls, on GCI's Real Property, (vi) no release of Hazardous Substances outside GCI's Real Property has entered or threatens to enter any of GCI's Real Property, nor is there any pending or threatened claim based on Environmental Laws which arises from any condition of the land surrounding any of GCI's Real Property, (vii) no Real Property has been used at any time as a gasoline service station or any other facility for storing, pumping, dispensing or producing gasoline or any other petroleum products or wastes, (viii) no building or other structure on any of GCI's Real Property contains asbestos, and (ix) there are no incinerators, septic tanks or cesspools on GCI's Real Property and all waste is discharged into a public sanitary sewer system. GCI has provided MCI with complete and correct copies of (A) all studies, reports, surveys or other materials in GCI's possession or of which GCI has knowledge and to which GCI has access relating to the presence or alleged presence of Hazardous Substances at, on or affecting GCI's Real Property, (B) all notices or other materials in GCI's possession or of which GCI has knowledge and to which GCI has access that were received from any governmental authority having the power to administer or enforce any Environmental Laws relating to current or past ownership, use or operation of the real property or activities at or affecting GCI's Real Property and (C) all materials in GCI's possession or to which GCI has access relating to any claim, allegation or action by any private third party under any Environmental Law. The representations and warranties in this Section 4(r) are the only representations and warranties given by GCI with respect to the Environmental Law compliance of GCI and its business.

s) Tax Returns and Other Reports. GCI has duly and timely filed in proper form all federal, state, local, and foreign, income, franchise, sales, use,

property, excise, payroll, and other tax returns and other reports (whether or not relating to taxes) required to be filed by law with the appropriate governmental authority, and, to the extent applicable, has paid or made provision for payment of all taxes, fees, and assessments of whatever nature including penalties and interest, if any, which are due with respect to any aspect of its business or any of its properties. Except as set forth on Schedule 4(s), there are no tax audits pending and no outstanding agreements or waivers

extending the statutory period of limitations applicable to any relevant tax return.

t) Transfer Taxes. There are no sales, use, transfer, excise, or license taxes, fees, or charges applicable with respect to the transactions contemplated by this Agreement.

u) Disclosure. No written statement in this Agreement or in any agreement or other document delivered pursuant to this Agreement by or on behalf of GCI contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading. None of the periodic filings made by GCI with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, since January 1, 1995, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

v) Investment Company. GCI is not an "investment company" or a company "controlled" by an investment company within the meaning of the Investment Company Act of 1940, as amended (the "Act"), and GCI has not relied on rule 3a-2 under the Act as a means of excluding it from the definition of an "investment company" under the Act at any time within the three (3) year period preceding the Closing Date.

w) No Insolvency. As of even date and as of the Closing Date, GCI is not and shall not be insolvent.

5. Representations and Warranties of MCI. MCI represents and warrants to GCI as follows:

a) Due Organization. MCI is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, with corporate power to own its properties and to conduct its business as now owned and conducted.

b) Authorization. MCI has the requisite corporate power to enter into this Agreement and to perform its obligations hereunder. The execution and delivery by MCI of, and the performance by MCI of its obligations under this Agreement have been duly authorized by all requisite corporate action of MCI and this Agreement

is a valid and binding agreement of MCI, enforceable against MCI in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally or by the principles governing the availability of equitable remedies.

c) Purchase for Investment; Existing Shareholder. MCI is purchasing the Shares for investment for its own account and not with a view to or for sale in connection with any distribution thereof within the meaning of the Securities Act. MCI is an existing security holder of shares of issued and outstanding common stock of GCI and no commission or other remuneration shall be paid by MCI, directly or indirectly, in connection with MCI's purchase of Shares.

d) No Registration of Shares. MCI understands that (i) the Shares have not been registered under the Securities Act or under any state securities laws and are being issued in reliance on the exemptions from the registration and prospectus delivery requirements of the Securities Act which are set forth in Sections 4(2) and 4(6) of the Securities Act and the regulations promulgated thereunder and in reliance on exemptions from the registration requirements of applicable state securities laws; and (ii) the Shares cannot be transferred without compliance with the registration requirements of the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available, and (iii) the reliance of GCI upon the aforesaid exemptions is predicated in part upon MCI's representations and warranties.

e) Residence. The jurisdiction in which MCI's principal executive offices are located is in the District of Columbia.

f) Accredited Investor. MCI is an "accredited investor" as defined in Rule 501 promulgated under the Securities Act.

g) Availability of Information. GCI has made available to MCI the opportunity to ask questions of, and to receive answers from, GCI's officers and directors, and any other person acting on their behalf, concerning the terms and conditions of this Agreement and the transactions contemplated herein and to obtain any other information requested by MCI to the extent GCI possesses such information or can acquire it without unreasonable effort or expense. MCI has been afforded the opportunity to inspect, and to have its auditors or other agents inspect, the books and records of GCI. The

furnishing of such information, the opportunity to inspect and any inspection so undertaken by MCI shall not affect MCI's right to rely on the representations and warranties of GCI set forth in this Agreement.

h) Disclosure. No written statement in this Agreement or in any agreement or other document delivered pursuant to this Agreement by or on behalf of MCI contains any untrue statement of a material fact or omits to state a material fact

necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading.

i) Investment Company. MCI is not an "investment company" or a company "controlled" by an investment company within the meaning of the Investment Company Act of 1940, as amended (the "Act"), and MCI has not relied on rule 3a-2 under the Act as a means of excluding it from the definition of an "investment company" under the Act at any time within the three (3) year period preceding the Closing Date.

j) No Insolvency. As of even date and as of the Closing Date, MCI is not and shall not be insolvent.

6. Restrictive Legend. The certificates representing the Shares shall bear a legend substantially to the effect of the following:

> "The securities represented by this certificate have been issued without registration under the Securities Act of 1933, as amended, or any state securities laws and may not be offered, sold or otherwise disposed of, unless the securities are registered under such act and applicable state securities laws or exemptions from the registration requirements thereof are available for the transaction."

7. Additional Agreements. During the period from the date of this Agreement to the Final Closing Date:

a) Interim Operations. GCI shall, and shall cause its subsidiaries to, conduct their respective business only in the ordinary course, and maintain, keep and preserve their respective assets and properties in good condition and repair, ordinary wear and tear excepted.

b) Certificate and By-laws. GCI shall not, and shall not permit any of its subsidiaries to, make or propose any change or amendment in their respective Certificates of Incorporation or By-laws.

c) Capital Stock. Except in connection with the Cable Acquisitions (as defined below), GCI shall not, and shall not permit any of its subsidiaries to, issue, pledge or sell any shares of capital stock or any other securities of any of them or issue any securities convertible into, or exchangeable for or representing the right to purchase or receive, or enter into any contract with respect to the issuance of, any shares of capital stock or any other securities of any of them (other than pursuant to this Agreement or the exercise of stock options outstanding on the date hereof), or enter into any contract with respect to the purchase or voting of shares of their capital stock or

adjust, split, combine, reclassify any of their securities, or make any other material changes in their capital structures.

d) Dividends. GCI shall not declare, set aside, pay or make any dividend or other distribution or payment (whether in cash, stock or property) with respect to, or purchase or redeem, any shares of capital stock.

e) Assets; Mergers; Etc. GCI shall not, and shall not permit any of its subsidiaries to, encumber, sell, lease or otherwise dispose of or acquire any material assets, or encumber, sell, lease or otherwise dispose of assets having a value in excess of $3,000,000 in the aggregate, or enter into any merger or other agreement providing for the acquisition of any material assets of GCI or any of its subsidiaries by any third party or acquire (by merger, consolidation, or acquisition of stock or assets) any corporation, partnership or other business organization or division thereof or enter any contract, agreement, commitment or arrangement to do any of the foregoing, except under: (i) the Prime SPA, (ii) the Alaskan Cable Network Asset Purchase Agreement, dated April 15, 1996, and (iii) the Alaska Cablevision, Inc. and McCaw/Rock Associates Asset Purchase Agreements, dated May 10, 1996 ((i), (ii) and (iii) above collectively, "Cable Acquisitions").

f) Access to Information. GCI shall, and shall cause its subsidiaries, officers, directors, employees and agents-to, afford MCI

access at all reasonable times to their officers, employees, agents, properties, books, records and contracts, and shall furnish MCI all financial, operating and other data and information as MCI may reasonably request.

g) Certain Filings, Consents and Arrangements. MCI and GCI shall (i) cooperate with one another in promptly (x) determining whether any filings are required to be made or consents, approvals, permits or authorizations are required to be obtained under any federal or state law or regulation or any consents, approvals or waivers are required to be obtained from other parties to loan agreements or other contracts material to GCI's business in connection with the transaction contemplated by this Agreement, and (y) making any such filings, furnishing information required in connection therewith and seeking timely response to obtain any such consents, permits, authorizations, approvals or waivers; and (ii) as promptly as practicable, file with the Federal Trade Commission and the Department of Justice the notification and report forms, if required.

h) Amendments to Prime SPA. GCI shall not amend, modify or alter, in any manner whatsoever, the Prime SPA without the prior written consent of MCI.

8. Conditions.

a) Conditions to Obligations of MCI and GCI. The obligations of MCI and GCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The consummation of the transactions contemplated by this Agreement shall not be precluded by any order, decree or preliminary or permanent injunction of a federal or state court of competent jurisdiction; and

(ii) The consummation of the transactions contemplated under the Prime SPA.

b) Conditions to Obligations of GCI. The obligations of GCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The representations of MCI set forth in this Agreement shall have been true and correct in all material respects when made and (unless made as of a specified date) shall be true and correct in all material respects as if made as of the Final Closing Date;

(ii) MCI shall have performed in all material respects its agreements contained in this Agreement required to be performed at or prior to the Final Closing Date;

(iii) GCI shall have received a certificate of an officer of MCI, dated as of the Final Closing Date, certifying as to the fulfillment of the matters contained in paragraphs (i) and (ii) of this Section 8 b); and

(iv) GCI shall have received from MCI the amount of $13,000,000.00 by wire transfer of immediately available funds.

c) Conditions to Obligations of MCI. The obligations of MCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The representations of GCI set forth in this Agreement shall have been true and correct in all material respects when made and (unless made as of a specified date) shall be true and correct in all material respects as if made as of the Final Closing Date;

(ii) GCI shall have performed in all material respects its agreements contained in this Agreement required to be performed at or prior to the Final Closing Date;

(iii) All applicable consents and approvals (including those of the FCC and any applicable Public Utility Commission) which are necessary to consummate the transactions contemplated by this Agreement, shall have been obtained;

(iv) MCI shall have received from GCI certificates representing the Shares, registered in MCI's name and with all the

necessary documentary stock transfer stamps annexed thereto;

(v) MCI shall have received a certified copy of GCI's articles of incorporation and by-laws, as amended as of the Final Closing Date and a certificate of good standing for GCI from its jurisdiction of incorporation dated as of a date on or after January 1, 1996;

(vi) MCI shall have received (a) the Registration Rights Agreement attached as Exhibit B executed by a duly authorized officer of GCI dated as of the Final Closing Date, and (b) the Voting Agreement attached as Exhibit C executed by a duly authorized officer of all the parties thereto dated as of the Final Closing Date;

(vii) MCI shall have received an opinion of Hartig, Rhodes, Norman, Mahoney & Edwards, P.C., counsel to GCI, dated as of the Final Closing Date in the form of Exhibit D;

(viii) MCI shall have received a certificate of the Secretary or Assistant Secretary of GCI, dated as of the Final Closing Date, certifying that attached thereto is a complete copy of a resolution duly adopted by the board of directors of GCI authorizing and approving the execution of this Agreement and the consummation of the transactions contemplated by this Agreement;

(ix) MCI shall have received a certificate of an officer of GCI, dated as of the Final Closing Date, certifying as to the fulfillment of the matters contained in paragraphs (i) through (iii) of this Section 8 c);

(x) the Prime SPA shall not have been amended, modified or altered without the prior written consent of MCI; and

(xi) GCI shall not have issued, in the aggregate, more than 18,000,000 shares of its Class A Common Stock in connection with the Cable Acquisitions and the price per share for any share of Class A Common Stock issued in connection therewith shall have been at least $6.50.

9. Termination. This Agreement and the transactions contemplated hereby may be terminated at any time prior to the Closing Date:

a) by the mutual written consent of MCI and GCI;

b) by MCI and GCI if either is prohibited by an order or injunction (other than an injunction on a temporary or preliminary basis) of a court of competent jurisdiction from consummating the transactions contemplated by this Agreement and all means of appeal and all appeals from such order or injunction have been finally exhausted;

c) by MCI or GCI if the Final Closing Date shall not have occurred on or before December 31, 1996; provided, however, that the right to terminate under this paragraph c) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause of the failure of the Closing to occur on or before such date.

In the event of termination, no party hereto shall have any liability or further obligation to the other party hereto, except that nothing herein will relieve any party from any breach of this Agreement.

10. Survival of Representations, Warranties and Covenants. All representations, warranties and covenants contained herein shall survive the execution of this Agreement and the consummation of the transactions contemplated hereby.

11. Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. MCI shall have the right to assign to any direct or indirect subsidiary of MCI or its parent, MCI Communications Corporation, any and all rights and obligations of MCI under this Agreement.

12. Notices. Any notice or other communication provided for herein or given hereunder to a party hereto shall be in writing and shall be given by personal delivery, by telex, telecopier or by mail (registered or certified mail, postage prepaid, return receipt requested) to the respective parties as follows:

If to GCI:

General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503
Attn: Chief Financial Officer

If to MCI:

MCI Telecommunications Corporation
1801 Pennsylvania Avenue, NW
Washington, DC 20006
Attn: Vice President Corporate Development

With a copy to:

MCI Telecommunications Corporation
1133 19th Street, NW
Washington, DC 20036
Attn: Office of the General Counsel (0596/003)

or to such other address with respect to a party as such party shall notify the other in writing. Any such notice shall be deemed given upon receipt.

13. Amendment; Waiver. This Agreement may not be amended except by a writing duly signed by the parties. No party may waive any of the terms or conditions of this Agreement except by a duly signed writing referring to the specific provision to be waived.

14. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Alaska, without regard to the conflict of laws and rules thereof.

15. Entire Agreement. This Agreement (including the Exhibits and Schedules hereto) constitutes the entire agreement with respect to the transactions contemplated hereby, and supersedes all other and prior agreements and understandings, both written and oral, among the parties to this Agreement.

16. Expenses. Each party hereto shall pay its own expenses incident to preparing for, entering into and carrying out this Agreement and the consummation of the transactions contemplated hereby.

17. Captions. The Section and Paragraph captions herein are for convenience only, do not constitute part of this Agreement, and shall not be deemed to limit or otherwise affect any of the provisions hereof.

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

19. Cable Acquisitions. GCI agrees that it will not, at any time, issue, in the aggregate, more than 18,000,000 shares of its Class A Common Stock in connection with the Cable Acquisitions and the price per share for any share of Class A Common Stock issued in connection therewith shall have been at least $6.50.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered on the day and year first written above.

GENERAL COMMUNICATION, INC.

By /s/
John M. Lowber
Its: Senior Vice President

MCI TELECOMMUNICATIONS
CORPORATION

By /s/
Name:
Its:

<TABLE>

ATTACHMENT
Table of Contents

<CAPTION>
<S> <C>

I...

Exhibit A	-	Capital Stock....550
Exhibit B	-	Registration Rights Agreement....551
Exhibit C	-	Voting Agreement....564
Exhibit D	-	Opinion of Hartig Rhodes Norman Mahoney & Edwards, P.C....571

II....

Schedule 4(c)(i)	-	Options, Warrants, Rights or Convertible Securities....576
Schedule 4(c)(ii)	-	Voting Agreements....577
Schedule 4(c)(iii)	-	Ownership and Outstanding Capital Stock of each GCI subsidiary....578
Schedule 4(h)	-	Pending Litigation....579
Schedule 4(l)	-	Equity Agreements....580
Schedule 4(m)(ii)	-	Collective Bargaining Requests....581
Schedule 4(p)	-	Asset Liens....582
Schedule 4(q)	-	Material Contracts....583
Schedule 4(q)(i)	-	Existing Defaults....585
Schedule 4(r)(v)	-	Environmental Notices....586
Schedule 4(s)	-	Tax Audits....587

III....

Section 8(b)(iii)	-	MCI's Officer's Certificate....588
Section 8((c)(i)	-	GCI's Officer's Certificate....589
Section 8(c)(ii)	-	GCI's Officer's Certificate....589
Section 8(c)(iii)	-	GCI's Officer's Certificate....589
Section 8(c)(viii)	-	GCI's Officer's Certificate....589
Section 8(c)(ix)	-	GCI's Officer's Certificate....589

</TABLE>

EXHIBIT A
Capital Stock

As of the date hereof and after the issuance of the Shares as contemplated by this Agreement, the authorized and issued and outstanding capital stock of GCI will be as follows, except for such changes resulting from the exercise of stock options, warrants and common stock contemplated herein:

	Authorized Shares
Class A Common	50,000,000
Class B Common	10,000,000
Preferred	1,000,000

	Issued Shares As of 07/15/96	After Issuance of MCI Shares	After Issuance of Prime/Rock/Cooke Shares
Class A Common	19,768,1501 (1)	21,768,1501	38,029,1501
Class B Common	4,159,657	4,159,657	4,159,657
Preferred	-0-	-0-	-0-

- ------------------------
(1) Includes 120,111 treasury shares.

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement ("Agreement"), dated as of this day of , 1996, is between General Communication, Inc., an Alaska corporation ("GCI"), and MCI Telecommunications Corporation, a Delaware corporation ("MCI").

RECITALS

A. MCI has acquired Two Million (2,000,000) shares of GCI's Class A Common Stock, no par value. All such shares of GCI's Class A Common Stock which MCI now owns and any securities issued in exchange for or in respect of such stock, whether pursuant to a stock dividend, stock split, stock reclassification or otherwise are collectively referred to in this Agreement as the "Registrable Shares."

B. GCI desires to grant registration rights to MCI and any successor or assign of MCI as the holder of all or any portion of the Registrable Shares. MCI and such successors and assigns are referred to in this Agreement as the "Holders," or, individually as a "Holder."

AGREEMENT

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

1. Demand Registration.

(a) Following the expiration of a one hundred eighty (180) day "stand still period" after the date hereof and then only if required to permit resales of the Registrable Shares by Holders, Holders shall at any time and from time to time, have the right to require registration under the Securities Act of 1933, as amended ("Securities Act"), of all or any portion of the Registrable Shares on the terms and subject to the conditions set forth in this Agreement.

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

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

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

(e) Notwithstanding the foregoing, GCI shall not be obligated to effect a registration pursuant to this Section 1 during the period starting with the date sixty (60) days prior to GCI's estimated date of filing of, and ending on a date six (6) months following the effective date of, a registration statement pertaining to an underwritten public offering of equity

securities for GCI's account, provided that (i) GCI is actively employing in good faith all reasonable efforts to cause such registration statement to become effective and that GCI's estimate of the date of filing on such registration statement is made in good faith, and (ii) GCI shall furnish to the Holders a certificate signed by GCI's President stating that in the Board of Directors' good-faith judgment, it would be seriously detrimental to GCI or its shareholders for a Registration Statement to be filed in the near future; and in such event, GCI's obligations to file a Registration Statement shall be deferred for a period not to exceed six (6) months.

2. Incidental Registration. Each time that GCI proposes to register any of its equity securities under the Securities Act (other than a registration effected

solely to implement an employee benefit or stock option plan or to sell shares obtained under an employee benefit or stock option plan or a transaction to which Rule 145 or any other similar rule of the Commission under the Securities Act is applicable), GCI will give written notice to the Holders of its intention to do so. Each of the Selling Holders may give GCI a written request to register all or some of its Registrable Shares in the registration described in GCI's written notice as set forth in the foregoing sentence, provided that such written request is given within twenty (20) days after receipt of any such GCI notice. Such request will state (i) the amount of Registrable Shares to be disposed of and the intended method of disposition of such Registrable Shares, and (ii) any other information GCI reasonably requests to properly effect the registration of such Registrable Shares. Upon receipt of such request, GCI will use its best efforts promptly to cause all such Registrable Shares intended to be disposed of to be registered under the Securities Act so as to permit their sale or other disposition (in accordance with the intended methods set forth in the request for registration), unless the sale is a firmly underwritten public offering and GCI determines reasonably and in good faith in writing that the inclusion of such securities would adversely affect the offering or materially increase the offering's costs. In which case such securities and all other securities to be registered, other than those to be offered for GCI's account, shall be excluded to the extent the underwriter determines. The total number of secondary shares included in such registration shall be shared pro rata by all security holders having contractual registration rights based upon the amount of GCI's securities requested by such security holders to be sold thereunder. GCI's obligations under this Section 2 shall apply to a registration to be effected for securities to be sold for GCI's account as well as a registration statement which includes securities to be offered for the account of other holders of GCI equity securities having contractual registration rights; however, the registration rights granted pursuant to the provisions of this Section 2 are subject to the registration rights granted by GCI pursuant to (a) the Registration Rights Agreement dated as of January 18, 1991, between GCI and WestMarc Communications, Inc., (b) the Registration Rights Agreement dated as of March 31, 1993, between GCI and MCI, (c) the Registration Rights Agreement of even date between GCI and the owners of Prime Cable of Alaska, L.P., (d) the Registration Rights Agreement of even date between GCI and the owners of Alaskan Cable Network, Inc., and (e) the Registration Rights Agreement of even date between GCI and the owners of Alaska Cablevision, Inc., the effect of which agreements is that all parties hereto and thereto have pro rata piggy-back registration rights.

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

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

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

attorneys and accountants, and all transfer taxes and brokerage and underwriters' discounts and commissions directly attributable to the Registrable Shares being offered and sold by such Selling Holder.

4. Limitations on Registration Rights. Notwithstanding the provisions of Section 1 of this Agreement, GCI shall not be required to effect any registration under that Section if (i) the request(s) for registration cover an aggregate number of Registrable Shares having an aggregate Market Value of less than One Million Five Hundred Thousand Dollars ($1,500,000.00) as of the date of the last of such requests, (ii) GCI has previously filed two (2) registration statements under the Securities Act pursuant to Section 1, (iii) GCI, in order to comply with such request, would be required to (A) undergo a special interim audit or (B) prepare and file with the Commission, sooner than would otherwise be required, pro forma or other financial statements relating to any proposed transaction, or (iv) if, in the opinion of counsel to GCI, the form of which opinion of counsel shall be acceptable to the Holders, a registration is not required in order to permit resale by Holders. The first demand registration under this Agreement may be requested only by the Holders of a minimum of thirty percent (30%) of the Registrable Shares. "Market Value" as used in this Agreement shall mean, as to each class of Registrable Shares at any date, the average of the daily closing prices for such class of Registrable Shares, for the ten (10) consecutive trading days before the day in question. The closing price for shares of such class for each day shall be the last reported sale price regular way, or, in case no such reported sale takes place on such day, the average of the reported closing bid and asked prices regular way, in either case on the composite tape, or if the shares of such class are not quoted on the composite tape, on the principal United States securities exchange registered under the Securities Exchange Act of 1934, as amended ("Exchange Act"), on which shares of such class are listed or admitted to trading, or if they are not listed or admitted to trading on any such exchange, the closing sale price (or the average of the quoted closing bid and asked price if no sale is reported) as reported by the National Association of Securities Dealers Automated Quotation System ("NASDAQ") or any comparable system, or if the shares

of such class are not quoted on NASDAQ or any comparable system, the average of the closing bid and asked prices as furnished by any market maker in the securities of such class who is a member of the National Association of Securities Dealers, Inc., or in the absence of such closing bid and asked price, as determined by such other method as GCI's Board of Directors shall from time to time deem to be fair.

5. Obligations with Respect to Registration.

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

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

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

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

(iv) Furnish at GCI's expense to the Selling Holders such number of copies of a preliminary, final, supplemental or amended

prospectus, in conformity with the requirements of the Securities Act and the rules and regulations

promulgated thereunder, as may reasonably be required in order to facilitate the disposition of the Registrable Shares covered by a Registration Statement, but only while GCI is required under the provisions hereof to cause a Registration Statement to remain effective; and

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

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

(vii) Cause all such Registrable Shares to be listed on each securities exchange on which similar securities issued by GCI are then listed and to be qualified for trading on each system on which similar securities issued by GCI are from time to time qualified;

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

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

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

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

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

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

efforts to promptly obtain the withdrawal of such order.

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

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

(ii) During such time as the Selling Holder may be engaged in a distribution of the Registration Shares, such Selling Holder shall comply with Rules 10b-2, 10b-6 and 10b-7 promulgated under the Exchange Act and pursuant thereto it

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

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

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

6. Indemnification.

(a) By GCI. In the event of any registration under the Securities Act of any Registrable Shares pursuant to this Agreement, GCI shall indemnify and hold harmless any Selling Holder, any underwriter of such Selling Holder, each officer, director, employee or agent of such Selling Holder, and each other person, if any, who controls such Selling Holder or underwriter within the meaning of Section 15 of the Securities Act, against any losses, costs, claims, damages or liabilities, joint or several (or actions in respect thereof) ("Losses"), incurred by or to which each such indemnified party may become subject, under the Securities Act or otherwise, but only to the extent such Losses arise out of or based upon (i) any untrue statement or alleged untrue statement of any material fact contained, on the effective date thereof, in any Registration Statement under which such Registrable Shares were registered under the Securities Act, in any preliminary prospectus (if used prior to the effective date of such Registration Statement) or in any final prospectus or in any post effective amendment or supplement thereto (if used during the period GCI is required to keep the Registration Statement effective) ("Disclosure Documents"), (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading or (iii) any violation of any federal or state securities laws or rules or regulations thereunder committed by GCI in connection with the performance of its obligations under this Agreement; and GCI will reimburse each such indemnified party for all legal or other expenses reasonably incurred by such party

in connection with investigating or defending any such claims, including, subject to such indemnified party's compliance with the provisions of the last sentence of subsection (c) of this Section 6, any amounts paid in settlement of any litigation, commenced or threatened, so long as GCI's counsel agrees with the reasonableness of such settlement; provided, however, that GCI shall not be liable to an indemnified party in any such case to the extent that any such Losses arise out of or are based upon (i) an untrue statement or alleged untrue statement or omission or alleged omission (x) made in any such Disclosure

Documents in reliance upon and in conformity with written information furnished to GCI by or on behalf of such indemnified party specifically for use in the preparation thereof, (y) made in any preliminary or summary prospectus if a copy of the final prospectus was not delivered to the person alleging any loss, claim, damage or liability for which Losses arise at or prior to the written confirmation of the sale of such Registrable Shares to such person and the untrue statement or omission concerned had been corrected in such final prospectus or (z) made in any prospectus used by such indemnified party if a court of competent jurisdiction finally determines that at the time of such use such indemnified party had actual knowledge of such untrue statement or omission or (ii) the delivery by an indemnified party of any prospectus after such time as GCI has advised such indemnified party in writing that the filing of a post-effective amendment or supplement thereto is required, except the prospectus as so amended or supplemented, or the delivery of any prospectus after such time as GCI's obligation to keep the same current and effective has expired.

(b) By the Selling Holders. In the event of any registration under the Securities Act of any Registrable Shares pursuant to this Agreement, each Selling Holder shall, and shall cause any underwriter retained by it who participates in the offering to agree to, indemnify and hold harmless GCI, each of its directors, each of its officers who have signed the Registration Statement and each other person, if any, who controls GCI within the meaning of Section 15 of the Securities Act, against any Losses, joint or several, incurred by or to which such indemnified party may become subject under the Securities Act or otherwise, but only to the extent such Losses arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in any of the Disclosure Documents or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading, if the statement or omission was in reliance upon and in conformity with written information furnished to GCI by such indemnifying party specifically for use in the preparation thereof, (ii) the delivery by such indemnifying party of any prospectus after such time as GCI has advised such indemnifying party in writing that the filing of a post-effective amendment or supplement thereto is required, except the prospectus as so amended or supplemented, or after such time as the obligation of GCI to keep the Registration Statement effective and current has expired or (iii) any violation by such indemnifying party of its obligations under Section 5(b) of this Agreement or any information given or representation made by such indemnifying party in connection with the sale of the Selling Holder's Registrable Shares which is not contained in and not in conformity with the prospectus (as amended or

supplemented at the time of the giving of such information or making of such representation); and each Selling Holder shall, and shall cause any underwriter retained by it who participates in the offering to agree to, reimburse each such indemnified party for all legal or other expenses reasonably incurred by such party in connection with investigating or defending any such claim, including, subject to such indemnified party's compliance with the provisions of the last sentence of subsection (c) of this Section 6, any amounts paid in settlement of any litigation, commenced or threatened; provided, however, that the indemnity agreement contained in this Section 6(b) shall not apply to amounts paid in settlement of any loss, claim, damage, liability or action arising pursuant to a registration if such settlement is effected without the consent of Selling Holder; and provided further, that no Selling Holder shall be required to undertake liability under this Section 6(b) for any amounts in excess of the proceeds to be received by such Selling Holder from the sale of its securities pursuant to such registration, as reduced by any damages or other amounts that such Selling Holder was otherwise required to pay hereunder.

(c) Third Party Claims. Promptly after the receipt by any party hereto of notice of any claim, action, suit or proceeding by any person who is not a party to this Agreement (collectively, an "Action") which is subject to indemnification hereunder, such party ("Indemnified Party") shall give reasonable written notice to the party from whom indemnification is claimed ("Indemnifying Party"). The Indemnifying Party shall be entitled, at the Indemnifying Party's sole expense and liability, to exercise full control of the defense, compromise or settlement of any such Action unless the Indemnifying Party, within a reasonable time after the giving of such notice by the Indemnified Party, shall (i) admit in writing to the Indemnified Party, the Indemnifying Party's liability to the Indemnified Party for such Action under the terms of this Section 6, (ii) notify the Indemnified Party in writing of the Indemnifying Party's intention to assume the defense thereof and (iii) retain legal counsel reasonably satisfactory to the Indemnified Party to conduct the defense of such Action. The Indemnified Party and the Indemnifying Party shall cooperate with the party assuming the defense, compromise or settlement of any such Action in accordance herewith in any manner that such party reasonably may request. If the Indemnifying Party so assumes the defense of any such Action, the Indemnified Party shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, but the fees and expenses of such counsel shall be the Indemnified Party's sole expense unless (i) the Indemnifying Party has agreed to pay such fees and

expenses, (ii) any relief other than the payment of money damages is sought against the Indemnified Party or (iii) the Indemnified Party shall have been advised by its counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Indemnifying Party, and in any such case the fees and expenses of such separate counsel shall be borne by the Indemnifying Party. No Indemnifying Party shall settle or compromise any such Action in which any relief other than the payment of money damages is sought against any Indemnified Party unless the Indemnified Party consents in writing to such compromise or settlement, which consent shall not be unreasonably

withheld. No Indemnified Party shall settle or compromise any such Action for which it is entitled to indemnification hereunder without the Indemnifying Party's prior written consent, unless the Indemnifying Party shall have failed, after reasonable notice thereof, to undertake control of such Action in the manner provided above in this Section 6.

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

7. Miscellaneous.

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

(i) if to GCI at:

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

(ii) if to MCI, at:

MCI Telecommunications Corporation
1801 Pennsylvania Avenue, NW
Washington, DC 20006
ATTN: Senior Vice President
and Chief Financial Officer
Telecopy: (202) 887-2195

with a copy to:

MCI Telecommunications Corporation
1133 19th Street, NW
Washington, DC 20036
ATTN: Office of the General Counsel

(iii) if to any Holder other than MCI, at the address provided to GCI (and if none provided, to MCI)

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

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

(c) Binding Effect; Benefit. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. Nothing in this Agreement, expressed or implied is intended to confer on any person other than the parties hereto or their respective successors and assigns (including, in the case of MCI, any successor or assign of MCI as the holder of

Registrable Shares), any rights, remedies, obligations or liabilities under or by reason of this Agreement, other than rights conferred upon indemnified persons under Section 6.

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

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

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

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

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

GENERAL COMMUNICATION, INC.

By
John M. Lowber, Senior Vice President

MCI TELECOMMUNICATIONS CORPORATION

By
Name:
Its

VOTING AGREEMENT

THIS VOTING AGREEMENT ("Agreement") is entered into effective on the day of , 1996, by and between Prime II Management, L.P. ("Prime"), as the designated agent for the parties named on Annex 1 attached hereto (collectively, "Prime Sellers"), MCI Telecommunications Corporation, Ronald A. Duncan, Robert M. Walp, and TCI GCI, Inc. (Prime, as designated agent for the Prime Sellers, "Duncan," "Walp," and "TCI GCI," respectively, or individually, "Party" and collectively, "Parties"), all of whom are shareholders of General Communication, Inc., an Alaska corporation ("GCI"), as identified in this Agreement.

WHEREAS, the Parties are as of the date of this Agreement, the owners of the amounts of GCI's Class A and Class B common stock as set forth in this Agreement;

WHEREAS, the Parties desire to combine their votes as shareholders of GCI in the election of certain positions of the Board of Directors ("Board") of GCI and specifically to vote on certain issues as set forth in this Agreement;

WHEREAS, the Parties desire to establish their mutual rights and obligations in regard to the Board and those certain issues to come before the shareholders or before the Board;

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained in this Agreement, the Parties agree as follows:

Section 1. Shares. The shares of GCI's Class A and Class B common stock subject to this Agreement will consist of those shares held by each Party as set forth in this Section 1 and any additional shares of GCI's voting stock acquired in any manner by any one or more of the Parties ("Shares"):

(1) Prime - ( ) shares of Class A common stock;

(2) MCI - 8,251,509 Shares of Class A common stock and 1,275,791 Shares of Class B common stock, which total to an aggregate of 21,009,419 votes for MCI;

(3) Duncan - 852,775 Shares of Class A common stock and 233,708 Shares of Class B common stock, which total to an aggregate of 3,189,855 votes for Duncan;

(4) Walp - 534,616 Shares of Class A common stock and 301,049 Shares of Class B common stock, which total to an aggregate of 3,545,106 votes for Walp; and

(5) TCI GCI - 590,043 Shares of Class B common stock, which totals to an aggregate of 5,900,430 votes for TCI GCI.

Section 2. Voting. (a) All of the Shares will, during the term of this Agreement, be voted as one block in the following matters:

(1) For so long as the full membership on the Board is at least eight, the election to the Board of individuals recommended by a Party ("Nominees"), with the allocation of such recommendations to be in the following amounts and by the following identified Parties:

(A) For recommendations from MCI, two Nominees;

(B) For recommendations from Duncan and Walp, one Nominee from each;

(C) For recommendations from TCI GCI, two Nominees; and

(D) For recommendations from Prime, two (2) nominees, for so long as (i) the Prime Sellers (and their distributees who agree in writing to be bound by the terms of this Agreement) collectively own at least ten percent of the issued and then-outstanding shares of GCI's Class A common stock, and (ii) that certain Management Agreement between Prime and GCI dated of even date herewith ("Prime Management Agreement") is in full force and effect. If either of these conditions are not satisfied, then Prime shall only be entitled to recommend one Nominee. If neither of these conditions are met, Prime shall not be entitled to recommend any Nominee at that time;

(2) To the extent possible, to cause the full membership of the Board to be maintained at not less than eight members;

(3) Other matters to which the Parties unanimously agree.

(b) The Parties will abide by the classification by the Board of a Nominee in accordance with the provisions for classification of the Board as set forth in Article V(b) of GCI's Articles of Incorporation and Section 2(b) of GCI's Article IV of Bylaws which classification was, as of the date of this Agreement, for Nominees allocated to MCI as follows: one in Class I and one in

Class III, and for Nominees allocated to Prime as follows: one in Class II and one in Class III, and for Nominees allocated to TCI GCI as follows: one in Class II and one in Class III.

(c) The Parties understand that to insure the election of their allocated Nominees, the Shares must constitute sufficient voting power to cause those elections and that as new shares are issued by GCI through the exercise of warrants and options,

acquisitions by employee benefit plans, or otherwise, the number of outstanding shares of voting common stock will increase, making the percentage which the Shares represent of the outstanding shares decrease.

(d) The Parties will take such action as is necessary to cause the election to the Board of each Party's Nominee(s).

Section 3. Manner of Voting. Votes, for purposes of this Section 3, will be as determined by written ballot upon each matter to be voted upon. Should such a matter require shareholder action, e.g., election of Nominees to the Board or should the Board choose to present the matter for shareholder consent, approval or ratification, such balloting must take place so that the results are received by GCI at its principal executive offices not less than 120 calendar days in advance of the date of GCI's proxy statement released to security holders in connection with the previous year's annual meeting of security holders.

Section 4. Limitation on Voting. Except as set forth in (a) of Section 2 of this Agreement, the Agreement will not extend to voting upon other questions and matters on which shareholders will have the right to vote under GCI's Articles of Incorporation, GCI's Bylaws of the Company, or the laws of the State of Alaska.

Section 5. Term of Agreement. (a) The term of this Agreement will be through the completion of the annual meeting of GCI's shareholders taking place in June, 2001 or until there is only one Party to the Agreement, whichever occurs first; provided that the Parties may extend the term of this Agreement only upon unanimous vote and written amendment to this Agreement.

(b) Except as provided in (a) and (d) of this Section 5, a Party (other than Prime) will be subject to this Agreement until the Party disposes of more than 25% of the votes represented by the Party's holdings of common stock which equates to the following (adjusted for stock splits) for each party:

1. MCI - 5,252,355 votes;

2. Duncan - 797,464 votes;

3. Walp - 886,277 votes; and

4. TCI GCI - 1,475,108 votes.

(c) Should one party dispose of an amount of its portion of the Shares in excess of the limit as set forth in (b) of this Section 5, each other Party will have the right to withdraw and terminate that Party's rights and obligations under this Agreement by giving written notice to the other Parties.

(d) Anything to the contrary in this Agreement notwithstanding each Party shall remain a Party to this Agreement with respect to its obligation to vote (a) for

Prime's Nominee(s) pursuant to Section 2(a)(1) above, and (b) to maintain at least an eight (8) member Board pursuant to Section 2(a)(2) above only, for so long as either (i) the Prime Sellers (and their distributees who agree in writing to be bound by the terms of this Agreement) collectively own at least ten percent (10%) of the issued and then-outstanding shares of GCI's Class A common stock or (ii) the Prime Management Agreement is in effect. Upon each request, Prime shall, within a reasonable period of time after delivery by GCI to Prime of GCI's shareholders list showing the number of shares of GCI common stock owned by each such shareholder, provide GCI with its certificate, in form and substance reasonably satisfactory to GCI, confirming the Prime Sellers' aggregate, then-current percentage ownership of GCI Class A common stock.

Section 6. Binding Effect. The Parties will, during the term of this Agreement, be fully subject to its provisions. There will be no prohibition against transfer or other assignment of Shares under the terms of this Agreement. Should a Party transfer or otherwise assign Shares, and the new holder of those Shares will not have any rights under, nor be subject to the

terms of, this Agreement, except that any assignee which is an affiliate or subsidiary entity of a Party shall be bound by, and have the benefits of, this Agreement; provided, however, that anything to the contrary in the foregoing notwithstanding, any distributee of a Prime Seller that agrees in writing to be bound by the terms of this Agreement will have rights under and be subject to the terms of this Agreement.

Section 7. GCI's Agreement. GCI agrees (i) to submit the Nominees selected pursuant to Section 2(a) above in its proxy materials delivered to GCI's shareholders in connection with each election of GCI directors; and (ii) not to take any action inconsistent with the agreements of the Parties set forth herein.

Section 8. Notices. Notices required or otherwise given under this Agreement will be given by hand delivery or certified mail to the following addresses, unless otherwise changed by a Party with notice to the other Parties:

To Prime:

Prime II Management, L.P.
600 Congress Avenue, Suite 3000
Austin, Texas 78701
Attn: President

With copies (which shall not constitute notice) to:

Edens Snodgrass Nichols & Breeland, P.C.
2800 Franklin Plaza
111 Congress Avenue
Austin, Texas 78701
ATTN: Patrick K. Breeland

To MCI:

MCI Telecommunications Corporation
1133 19th Street, N.W.
Washington, D.C. 20035
ATTN: Douglas Maine, Chief Financial Officer

To Duncan:

Ronald A. Duncan
President and Chief Executive Officer
General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503

To Walp:

Robert A. Walp
Vice Chairman
General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503

To TCI GCI :

Larry E. Romrell, President
TCI GCI, Inc.
5619 DTC Parkway
Englewood, Colorado 80111

Section 9. Performance. The Parties agree that damages are not an adequate remedy for a breach of the terms of this Agreement. Should a Party be in breach of a term of this Agreement, one or more of the other Parties may seek the specific performance or injunction of that Party under the terms of this Agreement by bringing an appropriate action in a court in Anchorage, Alaska.

Section 10. Governing Law. The terms of this Agreement will be governed by and construed in accordance with the laws of the State of Alaska.

Section 11. Amendments. This Agreement constitutes the entire Agreement between the Parties, and any amendment of it must be in writing and approved by all Parties.

Section 12. Group. Prior to a Party filing a Schedule 13D or an amendment to such a schedule pursuant to the Securities Exchange Act of 1934, the Party will provide a written notice to each of the other Parties within five days after the triggering event under that schedule and at least two days prior to the filing of that schedule or amendment, as the case may be, and further provide to any other Party any information or documentation reasonably requested by that Party in this regard.

Section 13. Termination of Prior Agreement. This Agreement supersedes and replaces in its entirety that certain Voting Agreement dated effective as of March 31, 1993, by and between MCI, Duncan, Walp and TCI GCI, as successor in interest to WestMarc Communications, Inc.

Section 14. Severability. If a court of competent jurisdiction finds any portion of this Agreement invalid or not enforceable, this Agreement shall be automatically reformed to carry out the intent of the Parties as nearly as possible without regard to the portion so invalidated. If this entire Agreement is determined to be limited in duration by a court of competent jurisdiction, the Parties agree to enter into a new Agreement which carries forward the intent of the Parties upon such termination.

IN WITNESS WHEREOF, the Parties set their hands to this Agreement, effective on the first date above written.

PRIME II MANAGEMENT, L.P.
By Prime II Management, Inc.
Its General Partner

By
Name:
Its:

MCI TELECOMMUNICATIONS CORPORATION

By
Name:
Its:

RONALD A. DUNCAN

ROBERT M. WALP

TCI GCI, INC.

By
Name:
Its:

GENERAL COMMUNICATION, INC.

By
Name:
Its:

EXHIBIT "D"
Form of Legal Opinion

[HARTIG, RHODES LETTERHEAD]

, 1996

Anchorage

MCI Telecommunications Corporation
1133 19th Street, NW

Washington, D.C. 20038

RE: Stock Purchase Agreement (the "Agreement") dated as of , 1996 between General Communication, Inc. (the "Company") and MCI Telecommunications Corporation (the "Purchaser")
Our File: 6552-35

Ladies and Gentlemen:

This opinion letter is delivered to you pursuant to Paragraph 8(c)(vii) of the Agreement. Capitalized terms used but not defined in this opinion letter have the meanings given to them in the Agreement.

We have acted as counsel to the Company in connection with the preparation and the execution and delivery of the Agreement and the related documents. In that capacity we have examined the Agreement and the related documents, including, but not limited to, the Registration Rights Agreement, dated of even date herewith, between the

Company and the Purchaser and the Voting Agreement, dated of even date herewith, by and between the Company, Prime II Management, L.P., as the designated agent, the Purchaser, Ronald A. Duncan, Robert M. Walp and TCI GCI, Inc. ("Related Agreements") and such other documents and records, and we have made such other investigations, as we have deemed necessary to enable us to state the opinions expressed below. As to certain factual matters, we have relied upon the representations of the Company and the Purchaser contained in the Agreement and upon certificates of officers of the Company and the Purchaser.

In such examination, we have assumed the genuineness and authenticity of all documents submitted to us as originals, the conformity with genuine and authentic originals of all documents submitted to us as copies, the genuineness of all signatures, the power and authority of each entity which may be a party thereto (other than the Company and its subsidiaries), the authority of each person signing for each such entity (other than the Company and its subsidiaries), and the due organization, existence, qualification and authorization to transact business of each such party (other than the Company and its subsidiaries).

This opinion letter is governed by, and shall be interpreted in accordance with, the Legal Opinion Accord (the "Accord") of the American Bar Association Section of Business Law (1991). As a consequence, it is subject to a number of qualifications, exceptions, definitions, limitations on coverage and other limitations, all as more particularly described in the Accord, and this opinion letter should be read in conjunction therewith. The law covered by the opinions expressed herein is limited to the federal law of the United States (except as provided in the Accord) as currently in effect, and the law of the State of Alaska (except as provided in the Accord) as currently in effect. Furthermore, we express no opinion with respect to: (i) matters governed by the Federal Communications Act of 1934, as amended, and the rules and regulations of the Federal Communications Commission thereunder; or (ii) matters governed by the Federal Aviation Act of 1958, as amended, and the rules and regulations of the Federal Aviation Administration thereunder.

On the basis of our examination and subject to stated qualifications, assumptions and limitations, in our opinion:

1. The Company and each of its subsidiaries are duly organized, validly existing and in good standing under the laws of the State of Alaska, have all requisite corporate power and authority to own their property as now owned and carry on their business as now conducted and are qualified to do business and is in good standing in each jurisdiction in which the conduct of their business or the ownership of their property requires such qualification, except, in each case, where the failure to qualify would not have a material adverse effect on the financial condition or operations of the Company or its subsidiary.

2. The Shares are duly authorized, validly issued, fully paid and nonassessable shares of Common Stock having the rights, preferences, privileges and restrictions set forth in the Articles of Incorporation, will not be subject to any preemptive rights, and, to our knowledge, will be free and clear of any security interest, lien, charge or encumbrance of any nature whatsoever.

3. The execution, delivery and performance by the Company of the Agreement and the Related Agreements are within the corporate powers of the Company, have been duly authorized by all necessary corporate action of the Company, and do not and will not conflict with or constitute a breach of the

terms, conditions or provisions of, or constitute a default under, its Articles of Incorporation and Bylaws or any material contract, undertaking, indenture or other agreement or instrument by which the Company is bound or to which it or any of its assets is subject.

4. The Company is not required, in connection with the execution, delivery, and performance of the Agreement and the Related Agreements to give any notice to or obtain any consent from any lender pursuant to any agreement or instrument for borrowed money of which we have knowledge and to which the Company is a party or by which the property of the Company is bound, except that consent to the issuance of the Shares is required from NationsBank of Texas, N.A. ("NationsBank"), as Administrative Lender under that certain Credit Agreement dated as of April 26, 1996, between GCI Communication Corp. and NationsBank.

5. Registration is not required under the Securities Act or the Alaska Securities Act of 1959, as amended, for the issuance and delivery of the Shares. In expressing the opinion set forth in the foregoing sentence, we have relied, without any independent investigation, on the representations of Purchaser set forth in Paragraphs 5 (c) and (d) of the Agreement and A.S. 45.55.900(b)(7). The applicable exemption from the registration requirements under the Securities Act is set forth in Section 4(2) of the Securities Act. We express no opinions as to the necessity of registering the Shares under the laws of any state, other than the State of Alaska, in connection with the transaction.

6. The Company is not required to make any filings with or give any notice to, or obtain any consents, approvals, or authorizations from, any governmental authority in connection with the execution, delivery and performance by the company of the Agreement and the Related Agreements. The execution, delivery, and performance by the Company of the Agreement and the Related Agreements, do not and will not violate any law, rule, regulation or order of any court or other governmental authority applicable to the Company.

7. The Agreement and the Related Agreements are the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as the enforceability of those agreements may be affected or

limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally or by general principles of equity, whether applied in a proceeding in equity or at law.

8. There is no pending, or to the best of our knowledge, threatened, judicial, administrative or arbitral action, suit, proceeding or claim against or investigation of the Company which questions the validity of the Agreement or the Related Agreements.

The opinions expressed above are subject to and qualified in all respects by the Accord and the following:

We have relied as to factual matters on the representations and warranties of the Company set forth in the Agreement, certificates of officers and other representatives of the Company and the following additional items, and have made no other investigation or inquiry as to such factual matters:

(a) Certificates from the State of Alaska as to the existence and good standing of the Company and its subsidiaries.

(b) Constituent Documents of the Company and its subsidiaries.

We have rendered the foregoing opinion as of the date hereof, and we do not undertake to supplement our opinion with respect to the factual matters or changes in the law which may hereafter occur.

You are hereby notified that (a) we do not consider you to be our client in the matters to which this opinion letter relates, (b) neither the Alaska Code of Professional Responsibility nor current case law clearly articulates the circumstances under which an attorney may give a legal opinion to a person other than the attorney's own client, (c) a court might determine that it is improper to us to issue, and for you to rely upon, a legal opinion issued by us when we have acted as counsel to the Company in connection with the transactions, and (d) you may wish to obtain a legal opinion from your own legal counsel as to the matters addressed in this opinion letter.

We express no opinions herein regarding the enforceability of provisions involving choices or conflicts of law or of provisions of the Registration Rights Agreement purporting to require indemnification of a party for its own action or inaction, to the extent the action or inaction involves negligence.

This opinion is given solely to you and may be relied upon by you only in connection with the Agreement and may not be used or relied upon by you or

any other person or entity for any other purposes whatsoever. This opinion letter may not be quoted, circulated or published, in whole or in part, or furnished to or relied upon by any other party, or otherwise referred to, or be filed with or furnished to any governmental

agency or other person or entity not involved in the Agreement without prior written consent.

Sincerely,

HARTIG, RHODES, NORMAN,
MAHONEY & EDWARDS, P.C.

By:
Robert B. Flint

SCHEDULE 4(c)(i)
GCI's Stock Option Plans, Warrants,
Rights or Convertible Securities

General Communication, Inc. Outstanding Options:

	No. of Shares	Exercise Price
Shares reserved for exercise of options issued pursuant to GCI's Incentive Stock Option Plan	2,233,734	$.75 to $4.50 per share
Shares to be issued pursuant to an option agreement with William C. Behnke, an Officer	85,190	$.001 per share
Shares to be Issued pursuant to an option agreement with John M. Lowber, an Officer	100,000	$.75 per share
Shares to be issued to MCI Telecommunications Corporation	2,000,000	$6.50 per share
Shares to be issued to Prime entities	11,800,000	$6.50 per share
Shares to be issued to Cooke entities	2,923,077	$6.50 per share
Shares to be issuable to the Rock entities pursuant to a $10,000,000 convertible note	1,538,462	$6.50 per share

NOTE: For additional details regarding GCI's Stock Option Plan, please refer to the footnotes in GCI's financial statements in its SEC Forms 10K and 10Q.

SCHEDULE 4(c)(ii)
Voting Agreements

There are no voting trusts or other agreements or understandings to which GCI or any subsidiary is a party, and to GCI's knowledge no other voting trusts exist with respect to the voting of the capital stock of GCI or any of its subsidiaries, except for (i) that Voting Agreement entered into as of March 31, 1993, by and between MCI Telecommunications Corporation ("MCI"), Ronald A. Duncan ("Duncan"), Robert M. Walp ("Walp"), and WestMarc Communications, Inc., all as shareholders of GCI; which is projected to be superseded and replaced in its entirety by (ii) that Voting Agreement to be entered into as of , 1996, by and between Prime II Management, L.P., Prime Venture I Holdings, L.P., Prime Cable Growth Partners, L.P., Alaska Cable, Inc., MCI, Duncan, Walp, TCI GCI, Inc. and GCI.

SCHEDULE 4(c)(iii)
Outstanding Stock Liens

GCI owns the entire equity interest in each of its subsidiaries, and all the outstanding capital stock of each subsidiary of GCI are validly issued, fully paid and nonassessable and are owned by GCI free and clear of all liens, charges, preemptive rights, claims or encumbrances, except as follows:

1. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated as of May 14, 1993, as amended, holds the original Stock Certificates Nos. 1, 2 and 3, for One Thousand (1,000), One Hundred Thousand (100,000) and Ten Thousand (10,000) shares respectively, of Class A Common Stock of GCI Communication Corp. for security purposes only, not as purchaser. GCI is the owner of all of such One Hundred Eleven Thousand (111,000) shares of GCI Communication Corp. stock.

2. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated as of May 14, 1993, as amended, also holds the original Stock Certificate No. 1 for One Hundred (100) shares of GCI Communication Services, Inc., for security purposes only, not as purchaser. GCI is the owner of such One Hundred (100) shares.

3. National Bank of Alaska ("NBA"), as Lender under the Loan Agreement dated December 31, 1992, holds the original Stock Certificate No. 1 for One Hundred (100) shares of the Common Stock of GCI Leasing Co., Inc. for security purposes only, not as purchaser. GCI Communication Services, Inc., is the owner of such 100 shares. NationsBank of Texas, N.A., as Administrative Agent, holds a second lien on such shares.

SCHEDULE 4(h)
Pending Litigation

None.

SCHEDULE 4(l)
Contracts/Agreements to Acquire Equity
Interest in GCI or its Subsidiaries

1. The proposed Common A stock issuance to acquire (i) the ongoing cable television and cable television systems of Prime Cable of Alaska, L.P., pursuant to the terms of the Securities Purchase Agreement dated as of May 2, 1996, among General Communication, Inc., Prime Venture I Holdings, L.P., Prime Cable Growth Partners, L.P., Prime Venture II, L.P., Prime Cable Limited Partnership, Austin Ventures, L.P., William Blair Venture Partners III Limited Partnership, Centennial Fund, II, L.P., Centennial Fund III, L.P., Centennial Business Development Fund, Ltd., BancBoston Capital, Inc., First Chicago Investment Corporation, Madison Dearborn Partners, Prime II Management, L.P., Prime Cable of Alaska, L.P., Alaska Cable, Inc. and Prime Cable Fund I, Inc.

2. The proposed Common A stock issuance to acquire certain ongoing cable television business and cable television systems pursuant to the (i) Asset Purchase Agreements dated as of May 10, 1996, among General Communication, Inc. and McCaw/Rock Homer Cable Systems and McCaw/Rock Seward Cable System respectively; and (ii) the Asset Purchase Agreement, dated May 10, 1996, among General Communication, Inc. and Alaska Cablevision, Inc.

3. The proposed Common A stock issuance to acquire certain ongoing

cable television business and cable television systems pursuant to that Asset Purchase Agreement, dated as of April 15, 1996, among General Communication, Inc., Alaskan Cable Network/Fairbanks, Inc., Alaskan Cable Network/Juneau, Inc. and Alaskan Cable Network/Ketchikan-Sitka, Inc.

SCHEDULE 4(m)(ii)
Requests for Collective Bargaining

None.

SCHEDULE 4(p)
Asset Liens

GCI and its subsidiaries have good title to all material assets on the Balance Sheet, except as set forth in paragraph 4(p)(i) through (iv) of the MCI Stock Purchase Agreement, and except as follows:

1. To secure a debt in the current principal amount of $30,100,000. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated April 26, 1996, holds a security position on substantially all of GCI's and GCI Communication Corp.'s property and equipment, including, without limitation, the stock listed in Schedule 4(c)(iii) hereof, all of GCI Communication Corp.'s fixtures as a transmitting utility on all of its real properties and leasehold estates located both in Alaska and Washington.

2. To secure a debt in the current principal amount of $7,595,595, National Bank of Alaska, as Lender under the Loan Agreement dated December 31, 1992, holds a security interest in GCI Communication Corp.'s undersea fiber operations, as well as a security interest in the lease payments from MCI.

3. There is a capital lease in the current principal amount of $766,049; RDB Partnership holds title to the building occupied by GCI Communication Corp.

4. There is a capital lease in the current principal amount of $143,973; the National Bank of Alaska Leasing Co. holds title to GCI Communication Services, Inc.'s shared hub assets and contract proceeds. However, GCISI has an option to acquire those assets at the end of the capital lease's term.

SCHEDULE 4(q)
Material Contracts

The following is a complete listing of all contracts and agreements existing on the date hereof for GCI and/or its subsidiaries which (i) are with any customer which accounted for greater than 2% of GCI's or any of its subsidiary's revenues for the year ended 12/31/95; (ii) involve contracts that call for annual aggregate expenditures by GCI of greater than $5,000,000; or (iii) involve contracts that call for aggregate expenditures by GCI during the remainder of their respective terms in excess of $10,000,000:

1. Customers which account for greater than 2% of GCI or any of its subsidiary's revenues for the year ended 12/31/95.

a. GCI Communication Services, Inc.: 2% Floor is approx. greater than $20,000/year: Chevron Shared Hub contract; est. $880,000 annual revenues.

b. GCI Communication Corp.: 2% Floor is approx. greater than $1,538,000/year:

i. Carrier Agreement with MCI Telecommunications Corporation;

ii. Service Agreement with US Sprint Communications Company Limited Partnership of Delaware; and

iii. Agreement with British Petroleum.

c. General Communication, Inc. and GCI Leasing Co., Inc.: None.

2. Contracts calling for annual aggregate expenditures by GCI or its subsidiaries of greater than $5,000,000 annually or for aggregate expenditures by GCI during the remainder of their respective terms of greater than $10,000,000.

a. GCI and GCI Communication Corp.:

i. NationsBank of Texas, N.A. These entities owe the current principal amount of $ 30,100,000 to NationsBank of Texas, N.A. as Administrative Agent under the Credit Agreement dated April 26, 1996.

ii. National Bank of Alaska. GCI Communication Corp. owes the current principal amount of $7,595,595, National Bank of

Alaska, as Lender under the Loan Agreement dated December 31, 1992, relating to its undersea fiber operations.

iii. MCI Telecommunications Corporation. The lease agreement between MCI and GCI Leasing Company, Inc., dated December 31, 1992, will result in payments exceeding $10 Million over its term.

iv. Scientific-Atlanta, Inc. The Company's 1996 commitment under its equipment purchase contract with Scientific-Atlanta, Inc. exceeds $5,000,000.

v. Hughes Communications Galaxy, Inc. 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 will exceed $5 Million and the remaining commitment will exceed $10 Million.

SCHEDULE 4(q)(i)
Existing Defaults

None.

SCHEDULE 4(r)(v)
Environmental Notices

None.

SCHEDULE 4(s)
Tax Audits

GCI's 1993 federal income tax return was selected for examination by the Internal Revenue Service ("IRS") during 1995. The examination commenced during the fourth quarter of 1995 and was completed in March, 1996. GCI has received a letter from the agent conducting the examination indicating that no changes are proposed or required.

The IRS is in the process of reviewing GCI's compliance with the federal excise tax on telecommunication services. No substantive issues have been raised at this time.

The Washington State Department of Revenue has notified GCI that it intends to conduct an audit in July, 1996, of Washington state sales, use and business occupation taxes for the period of January, 1992 through March, 1996.

Management believes these examinations will not result in material adjustments and will not have a material impact on GCI's financial statements.

MCI's OFFICER'S CERTIFICATE
(Section 8(b)(iii))

In compliance with Section 8(b)(iii) of the Stock Purchase Agreement dated , 1996, between GENERAL COMMUNICATION, INC. ("GCI") and MCI TELECOMMUNICATIONS CORPORATION ("Agreement") I, the undersigned, certify as follows:

1. I am the duly appointed and acting of MCI and I am authorized to execute this Certificate.

2. The Final Closing Date as defined in the Agreement is , 1996.

3. This representations of MCI set forth in the Agreement are true and correct in all material respects as of the date when made and (unless made as of a specified date) are true and correct in all material respects as if made as of the Final Closing Date.

4. MCI has performed in all material respects its agreements contained in the Agreement required to be performed at or prior to the Final Closing Date.

Dated this day of , 1996.

MCI TELECOMMUNICATIONS CORPORATION

By:
Name:
Its:

GCI's OFFICER'S CERTIFICATE
(Section 8(c)(i), (ii), (iii), (viii) and (ix))

In compliance with Section 8(c)(i), (ii), (iii), (viii) and (ix) of the Stock Purchase Agreement dated , 1996, between GENERAL COMMUNICATION, INC. ("GCI") and MCI TELECOMMUNICATIONS CORPORATION ("Agreement") I, John M. Lowber, certify as follows:

1. I am the duly appointed and acting Secretary of GCI authorized to execute this Certificate.

2. The Final Closing Date as defined in the Agreement is , 1996.

3. This representations of GCI set forth in the Agreement are true and correct in all material respects as of the date when made and (unless made as of a specified date) are true and correct in all material respects as if made as of the Final Closing Date.

4. GCI has performed in all material respects its agreements contained in the Agreement required to be performed at or prior to the Final Closing Date.

5. All applicable consents and approvals (including those of the FCC and any applicable Public Utility Commission which are necessary to consummate the transactions contemplated by the Agreement have been obtained.

6. Attached hereto is a complete copy of a resolution duly adopted by the board of directors of GCI authorizing and approving the execution of the Agreement and the consummation of the transactions contemplated by the Agreement.

Dated this day of , 1996.

GENERAL COMMUNICATION, INC.

By:
John M. Lowber, Secretary

EXHIBIT 2.8

STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement ("Agreement"), dated as of September 13, 1996, is between General Communication, Inc., an Alaska corporation ("GCI"), and MCI Telecommunications Corporation, a Delaware corporation ("MCI").

1. Agreement to Purchase and Sell Shares. On the terms and subject to the conditions contained in this Agreement, on the Final Closing Date, as defined below, GCI agrees to sell to MCI, and MCI agrees to purchase from GCI, two million (2,000,000) shares of GCI's Class A Common Stock ("Shares"). On the Final Closing Date, GCI shall deliver to MCI certificates representing the Shares. The Final Closing Date ("Final Closing Date") shall occur on the fifth (5th) business day after which all franchise transfer and other regulatory consents have been obtained which are required for the full performance of the Securities Purchase and Sale Agreement dated effective as of May 2, 1996 for the purchase and sale of Prime Cable of Alaska, L.P., Alaska Cable, Inc. and Prime Cable Fund I, Inc. (the "Prime SPA").

2. Purchase Price. The purchase price payable for the Shares shall be Thirteen Million Dollars $13,000,000.00 ("Purchase Price"). On the Final Closing Date MCI shall pay to GCI the Purchase Price by wire transfer of immediately available funds to a GCI designated account.

3. Closing. Unless this Agreement and the transactions contemplated hereby shall have been terminated, the closing ("Closing") of this Agreement shall take place at the offices of Hartig, Rhodes, Norman, Mahoney & Edwards, P.C., 717 K Street, Anchorage, Alaska 99501 on or before the fifth (5th) business day following the latest of (i) the full consummation and performance of the Prime SPA, or (ii) the last condition precedent set forth in Section 8 shall have been satisfied or waived, or at such other time or place as MCI and GCI shall mutually agree in writing.

4. Representations and Warranties of GCI. GCI represents and warrants to MCI as follows:

a) Due Organization and Qualification. GCI and each of its subsidiaries are corporations duly organized, validly existing and in good standing under the laws of their respective jurisdictions of incorporation, with corporate power and authority to own, lease and operate their respective properties and to conduct their respective businesses as they are now owned, leased and operated, and conducted. Each of GCI and its subsidiaries is duly qualified as a foreign corporation to do business, and is in good standing, in each jurisdiction where the character of its properties owned or held under lease or the nature of its activities makes such qualification necessary,

except where the failure so to qualify would not have a material adverse effect on GCI and its subsidiaries taken as a whole.

b) Authorization. GCI has the requisite corporate power to enter into this Agreement and to perform its obligations hereunder. The execution and delivery by GCI of, and the performance by GCI of its obligations under this Agreement have been duly authorized by all requisite corporate action of GCI, and this Agreement is a valid and binding agreement of GCI, enforceable against GCI in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally, or by the principles governing the availability of equitable remedies. None of the execution and delivery by GCI of this Agreement, the issuance and sale by GCI of the Shares, the consummation of the transactions contemplated hereby, or the compliance by GCI with the terms, conditions and provisions hereof, will conflict with or result in a breach or violation of any of the terms, conditions, or provisions of GCI's articles of incorporation or by-laws or of any material agreement or instrument to which GCI is a party or by which GCI or any of its material properties may be bound, or constitute, with or without the provision of notice or the passage of time, or both, a default or create a right of termination, cancellation or acceleration thereunder, or result in the creation or imposition of any security interest, mortgage, lien, charge or encumbrance of any nature whatsoever upon GCI or any of its material properties or assets.

c) Capital Stock. As of the date hereof and after the issuance of the Shares as contemplated by this Agreement, the authorized and issued and outstanding capital stock of GCI will be as set forth on the attached Exhibit A, except for such changes (i) resulting from the exercise of stock options, (ii) the purchase of shares contemplated herein, and (iii) the purchase and sale of securities in connection with the Cable Acquisitions (as defined below)..

All of the outstanding shares of Class A Common Stock and Class B Common Stock

listed on the Exhibit A have been or when issued, will be validly issued and outstanding, fully paid, nonassessable and not entitled to any preemptive rights. Except as set forth on Schedule 4(c)(i), there are currently outstanding no options, warrants, rights or convertible securities or other agreements or commitments of any character providing for the issuance of capital stock of GCI or any of its subsidiaries. Except as set forth on the attached Schedule 4(c)(ii), there are no voting trusts and other agreements or understandings to which GCI or any subsidiary is a party, and to GCI's knowledge, no other voting trusts exist with respect to the voting of the capital stock of GCI or any of its subsidiaries.

Except as set forth on the attached Schedule 4(c)(iii), GCI owns the entire equity interest in each of its subsidiaries, and all the outstanding capital stock of each subsidiary of GCI are validly issued, fully paid and nonassessable and are owned by GCI free and clear of all liens, charges, preemptive rights, claims or encumbrances.

d) Issuance of Shares. The Shares, when sold and delivered by GCI to MCI pursuant to this Agreement, will have been duly authorized and validly issued, and will be fully paid and non-assessable, not subject to any preemptive rights and free and clear of any security interest, lien, charge or encumbrance of any nature whatsoever.

e) SEC Reports. GCI has timely filed all forms, reports, statements and schedules with the Commission required to be filed by it pursuant to the Securities Exchange Act of 1934, as amended ("Exchange Act") or other federal securities laws since June 30, 1993, and has heretofore delivered to MCI (in the form filed with the Commission), together with any amendments or supplements thereto, including superseding amendments, its (i) Annual Reports on Form 10-K for the fiscal years ended December 31, 1994 and December 31, 1995, (ii) all definitive proxy statements relating to GCI's meetings of stockholders (whether annual or special) held since March 31, 1993 as filed with the Securities and Exchange Commission ("Commission"), and (iii) all other reports or registration statements filed by GCI pursuant to the Exchange Act and the Securities Act of 1933, as amended ("Securities Act") since March 31, 1993 (collectively, "SEC Reports"). The SEC Reports (i) were prepared in compliance with the applicable requirements of the Securities Act or the Exchange Act, as the case may be, and (ii) did not as of their respective dates contain any untrue statement of material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading. None of the subsidiaries of GCI is required to file any reports, statements, forms or other documents with the Commission.

f) Financial Statements. The audited financial statements of GCI included or incorporated by reference in the SEC Reports and the unaudited interim monthly financial statements for periods subsequent to such audited financial statements (collectively, including the footnotes thereto, "Financial Statements") are correct and complete, were prepared in accordance with generally accepted accounting principles applied on a consistent basis ("GAAP") (except as otherwise stated in the Financial Statements or in the related reports of GCI's independent accountants) and present fairly the consolidated financial position of GCI and its subsidiaries as of the dates thereof, and the results of operations, changes in financial position and the statements of stockholders' equity of GCI and its subsidiaries on a consolidated basis for the periods indicated. No event has occurred since the preparation of the Financial Statements that would require a restatement of the Financial Statements under GAAP. GCI has received no notice of any fact which may form a basis for any claim by a third party which, if asserted, could result in liability affecting GCI not disclosed by or reserved against in GCI's most recent balance sheet. The Financial Statements reflect and at the Closing Date will reflect, the interest of GCI in the assets, liabilities and operations of all subsidiaries of GCI.

Neither GCI nor any of its subsidiaries has any material liability, obligation or commitment of any nature whatsoever (whether known or unknown, due or to become due, accrued, fixed, contingent, liquidated, unliquidated, or otherwise) other than liabilities, obligations or commitments (i) which are accrued or reserved against in the consolidated balance sheet of GCI and its consolidated subsidiaries ("Balance Sheet") as of December 31, 1995 or reflected in the notes thereto, (ii) which (x) arose in the ordinary course of business since such date and (y) do not or would not individually or in the aggregate have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole, or (iii) which are the type that would not be required to be reflected on a consolidated balance sheet of GCI and its subsidiaries or in the notes thereto if such balance sheet were prepared in accordance with GAAP as of the date hereof or as at the Closing Date, as the case may be. From the date of the most recent balance sheet included in the Financial Statements to and including the date hereof, (i) GCI's business has

been operated only in the ordinary course, (ii) GCI has not sold or disposed of any assets other than in the ordinary course of business, (iii) there has not occurred any material adverse change or event in GCI's business, operations, assets, liabilities, financial condition or results of operations compared to the business, operations, assets, liabilities, financial condition or results of operations reflected in the Financial Statements, and (iv) there has not occurred any theft, damage, destruction or loss which has had a material adverse effect on GCI.

g) Related Transactions. Since the date of GCI's 1995 Proxy Statement to the date hereof, GCI has not entered into or otherwise become obligated with respect to any transactions which would require a disclosure pursuant to Item 404 of Regulation S-K in accordance with Items 7(b) or (c) of Schedule 14A under the Exchange Act were GCI to distribute a proxy statement as of the date hereof and the Closing Date.

h) Litigation. Except as set forth on Schedule 4(h), there is no claim, suit, action, governmental investigation or proceeding pending or, to the knowledge of GCI, threatened against or affecting GCI or any of its subsidiaries which (i) seek to restrain or enjoin the consummation of the transactions contemplated by this Agreement, or (ii) if decided adversely to GCI or such subsidiary would have, or would be likely to have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. There is no outstanding order, writ, injunction or decree or, to the knowledge of GCI, any claim or investigation of any court, governmental agency or arbitration tribunal materially and adversely affecting or which can reasonably be expected to materially and adversely affect GCI, any of its subsidiaries, or their respective properties, assets or businesses, franchises, licenses or permits under which they operate, or their ability to operate their respective businesses in the ordinary course.

i) Governmental. No governmental consent, approval, hearing, filing, registration or other action, including the passage of time, is necessary for the

execution and delivery of this Agreement, the issuance and sale of the Shares, or the consummation of the transactions contemplated by this Agreement, other than (i) any applicable consents and/or approvals of the Federal Communications Commission ("FCC"), and (ii) any applicable filings with and consents and/or approvals of state public service commissions, public utility commissions or similar state regulatory bodies ("Public Utility Commissions") under state public utility statutes and similar laws.

j) Absence of Certain Changes. Since December 31, 1995, (i) there has not occurred or arisen any event having, and neither GCI nor any of its subsidiaries has suffered, a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole, (ii) GCI and its subsidiaries have conducted their businesses only in the ordinary course, consistent with past practices, and (iii) neither GCI nor any of its subsidiaries has taken any actions described in Sections 7 a) through e).

k) Fees. Neither GCI nor any of its subsidiaries has paid or become obligated to pay any fee, commission to any broker, finder or intermediary in connection with the transactions contemplated by this Agreement.

l) Certain Agreements. Except as set forth on the attached Schedule 4(l), there are no contracts, agreements, arrangements or understandings to which GCI or any of its subsidiaries, officers, agents or representatives is a party, that create, govern or purport to govern the right of another party to acquire GCI or an equity interest in GCI, or any subsidiary of GCI, or to increase any such equity interest.

m) Labor Relations. Neither GCI nor any of its subsidiaries is a party to any collective bargaining agreement. Since March 31, 1993, neither GCI nor any of its subsidiaries has (i) had any employee strikes, work stoppages, slowdowns or lockouts, or (ii) except as set forth on the attached Schedule 4(m)(ii), received any request for certification of bargaining units or any other requests for collective bargaining.

n) Licenses. GCI and its subsidiaries have all permits, licenses, waivers, authorizations, approvals and certificates of public convenience and necessity ("Licenses") (including, without limitation, Licenses by the FCC and Public Utility Commissions) which are necessary for GCI and its subsidiaries to conduct their operations in the manner heretofore conducted, except for Licenses, the failure of which to obtain would not have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. No event has occurred, been initiated or threatened with respect to the Licenses which permits, or after notice or lapse of time or both would permit, revocation or termination thereof or would result in any material impairment of the rights of the holder of any of the Licenses except for revocations, terminations or impairments that would not, in the aggregate, have a material adverse effect on the business, properties or

financial condition of GCI and its subsidiaries taken as a whole.

o) Employee Benefit Plans. Each employee benefit plan, as such term is defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), of GCI or any subsidiary of GCI ("Pension Plan") and each other employee benefit plan within the meaning of ERISA (collectively with the Pension Plans, ("Plans") complies in all material respects with all applicable requirements of ERISA and the Internal Revenue Code of 1986, as amended ("Code"), and other applicable laws. None of the Plans is a multi-employer plan, as such term is defined in Section 3(37) of ERISA. Each Pension Plan which is intended to be qualified under Section 401(a) of the Code has been determined by the Internal Revenue Service to be qualified and nothing has occurred since the date of any such determination or application which would adversely affect such qualification. Neither GCI nor any subsidiary of GCI, nor any Plan nor any of their respective directors, officers, employees or agents has, with respect to any Plan, engaged in any "prohibited transaction," as such term is defined in Section 4975 of the Code or Section 406 of ERISA, which could result in any taxes or penalties or other liabilities under Section 4975 of the Code or Section 502(i) of ERISA, except taxes, penalties or liabilities which in the aggregate would not have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. No liability to the Pension Benefit Guaranty Corporation has been incurred with respect to any Pension Plan that has not been satisfied in full. No Pension Plan has incurred an "accumulated funding deficiency" within the meaning of the Code. There has been no "reportable event" within the meaning of Section 4043 of ERISA with respect to any Pension Plan. All amounts required by the provisions of any Pension Plan to be contributed have been so contributed.

p) Property and Leases. Except as set forth on the attached Schedule 4(p), GCI and its subsidiaries have good title to all material assets reflected on the Balance Sheet except for (i) liens for current taxes and assessments not yet past due, (ii) inchoate mechanics' and materialmens' liens for construction in progress, (iii) workers', repairmens', warehousemens' and carriers' liens arising out of the ordinary course of business, and (iv) all matters of record, liens and imperfections of title and encumbrances which matters, liens and imperfections would not, in the aggregate, have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole.

q) Material Agreements. Schedule 4(q) attached hereto sets forth a complete listing of all contracts and agreements existing on the date hereof to which GCI or any of its subsidiaries is a party or by which any of their respective properties or assets is bound other than contracts for services purchased under tariffs, which (i) are with any customer which accounted for more than two percent of GCI or any of its subsidiary's revenues for the year ended December 31, 1995, (ii) involve contracts that call for annual aggregate expenditures by GCI in excess of $5,000,000, or (iii) involve contracts that call for aggregate expenditures by GCI during the remainder of their respective term in excess of $10,000,000. All such contracts and agreements

are valid and binding, in full force and effect and enforceable against the parties thereto in accordance with their respective terms. Except as set forth on the attached Schedule 4(q)(i), to GCI's knowledge, there is not under any such contract or agreement any existing default, or event which, after notice of lapse of time, or both, would constitute a default, by GCI or any of its subsidiaries or any other party.

r) Compliance with Laws.

(i) GCI is in material compliance with all applicable laws, rules, regulations, orders, ordinances, and codes of the United States of America, its territories and possessions, and of any state, county, municipality, or other political subdivision or any agency of any of the foregoing having jurisdiction over GCI's business and affairs.

In General.

GCI has constructed, maintained and operated, and is constructing, maintaining and operating, its business (including, without limitation, the real property owned or leased by GCI ("GCI's Real Property")) in material compliance with all applicable laws including the Communications Act, the rules and regulations of the FCC, the APUC (in each case as the same are currently in effect);

(i) All reports, notices, forms and filings, and all fees and payments, required to be given to, filed with, or paid to, any governmental authority by GCI under all applicable laws have been timely and properly given and made by GCI, and are complete and accurate in all material

respects, in each case as required by applicable law;

(ii) GCI has not received any notice (written or oral) from any governmental authority or any other Person that it, or its ownership and operation of its business is in material violation of any applicable law, and GCI knows of no basis for the allegation of any such violations; and

(iii) GCI has complied in all material respects with all applicable legal requirements relating to the employment of labor, including ERISA, continuation coverage requirements with respect to group health plans, and those relating to wages, hours, unemployment compensation, worker's compensation, equal employment opportunity, age and disability discrimination, immigration control and the payment and withholding of taxes, and no reportable event, within the meaning of Title IV of ERISA, has occurred and is continuing with respect to any "employee benefit plan" or "multiemployer plan" (as those terms are defined in ERISA) maintained by GCI or its affiliates (as defined in Section 407(d)(7) of ERISA). No prohibited transaction, within the meaning of Title I of ERISA, has occurred with respect to any such employee benefit plan or multiemployer plan, and no material accumulated funding deficiency (as defined

in Title I of ERISA) or withdrawal liability (as defined in Title IV of ERISA) exists with respect to any such employee benefit plan or multiemployer plan.

(iv) To GCI's knowledge, except as set forth in Schedule 4(r)(v): (i) GCI has not received any notice (written or oral) from any governmental authority or other Person that the Person giving such notice is investigating whether, or has determined that there are, any violations of Environmental Laws by GCI, or violations of Environmental Law due to activities on, or affecting, or related to GCI's Real Property, (ii) none of GCI's Real Property has previously been used by any Person for the generation, production, emission, manufacture, handling, processing, treatment, storage, transportation, disposal or discharge of any Hazardous Substances, (iii) GCI has not used, generated, produced, emitted, manufactured, handled, possessed, treated, stored, transported, disposed or discharged, and does not presently use, generate, produce, emit, manufacture, handle, possess, treat, store, transport, dispose or discharge, any Hazardous Substances on, into or from GCI's Real Property, (iv) GCI is in compliance in all material respects with all laws applicable to its own (as distinguished from other Persons') use, generation, production, emission, manufacturing, treatment, storage, transportation, disposal, and discharge of any Hazardous Substances on, into or from GCI's Real Property, (v) there are no above ground or underground storage tanks, or any Equipment containing polychlorinated biphenyls, on GCI's Real Property, (vi) no release of Hazardous Substances outside GCI's Real Property has entered or threatens to enter any of GCI's Real Property, nor is there any pending or threatened claim based on Environmental Laws which arises from any condition of the land surrounding any of GCI's Real Property, (vii) no Real Property has been used at any time as a gasoline service station or any other facility for storing, pumping, dispensing or producing gasoline or any other petroleum products or wastes, (viii) no building or other structure on any of GCI's Real Property contains asbestos, and (ix) there are no incinerators, septic tanks or cesspools on GCI's Real Property and all waste is discharged into a public sanitary sewer system. GCI has provided MCI with complete and correct copies of (A) all studies, reports, surveys or other materials in GCI's possession or of which GCI has knowledge and to which GCI has access relating to the presence or alleged presence of Hazardous Substances at, on or affecting GCI's Real Property, (B) all notices or other materials in GCI's possession or of which GCI has knowledge and to which GCI has access that were received from any governmental authority having the power to administer or enforce any Environmental Laws relating to current or past ownership, use or operation of the real property or activities at or affecting GCI's Real Property and (C) all materials in GCI's possession or to which GCI has access relating to any claim, allegation or action by any private third party under any Environmental Law. The representations and warranties in this Section 4(r) are the only representations and warranties given by GCI with respect to the Environmental Law compliance of GCI and its business.

s) Tax Returns and Other Reports. GCI has duly and timely filed in proper form all federal, state, local, and foreign, income, franchise, sales, use,

property, excise, payroll, and other tax returns and other reports (whether or not relating to taxes) required to be filed by law with the appropriate governmental authority, and, to the extent applicable, has paid or made provision for payment of all taxes, fees, and assessments of whatever nature including penalties and interest, if any, which are due with respect to any aspect of its business or any of its properties. Except as set forth on Schedule 4(s), there are no tax audits pending and no outstanding agreements or waivers

extending the statutory period of limitations applicable to any relevant tax return.

t) Transfer Taxes. There are no sales, use, transfer, excise, or license taxes, fees, or charges applicable with respect to the transactions contemplated by this Agreement.

u) Disclosure. No written statement in this Agreement or in any agreement or other document delivered pursuant to this Agreement by or on behalf of GCI contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading. None of the periodic filings made by GCI with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, since January 1, 1995, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

v) Investment Company. GCI is not an "investment company" or a company "controlled" by an investment company within the meaning of the Investment Company Act of 1940, as amended (the "Act"), and GCI has not relied on rule 3a-2 under the Act as a means of excluding it from the definition of an "investment company" under the Act at any time within the three (3) year period preceding the Closing Date.

w) No Insolvency. As of even date and as of the Closing Date, GCI is not and shall not be insolvent.

5. Representations and Warranties of MCI. MCI represents and warrants to GCI as follows:

a) Due Organization. MCI is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, with corporate power to own its properties and to conduct its business as now owned and conducted.

b) Authorization. MCI has the requisite corporate power to enter into this Agreement and to perform its obligations hereunder. The execution and delivery by MCI of, and the performance by MCI of its obligations under this Agreement have been duly authorized by all requisite corporate action of MCI and this Agreement

is a valid and binding agreement of MCI, enforceable against MCI in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally or by the principles governing the availability of equitable remedies.

c) Purchase for Investment; Existing Shareholder. MCI is purchasing the Shares for investment for its own account and not with a view to or for sale in connection with any distribution thereof within the meaning of the Securities Act. MCI is an existing security holder of shares of issued and outstanding common stock of GCI and no commission or other remuneration shall be paid by MCI, directly or indirectly, in connection with MCI's purchase of Shares.

d) No Registration of Shares. MCI understands that (i) the Shares have not been registered under the Securities Act or under any state securities laws and are being issued in reliance on the exemptions from the registration and prospectus delivery requirements of the Securities Act which are set forth in Sections 4(2) and 4(6) of the Securities Act and the regulations promulgated thereunder and in reliance on exemptions from the registration requirements of applicable state securities laws; and (ii) the Shares cannot be transferred without compliance with the registration requirements of the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available, and (iii) the reliance of GCI upon the aforesaid exemptions is predicated in part upon MCI's representations and warranties.

e) Residence. The jurisdiction in which MCI's principal executive offices are located is in the District of Columbia.

f) Accredited Investor. MCI is an "accredited investor" as defined in Rule 501 promulgated under the Securities Act.

g) Availability of Information. GCI has made available to MCI the opportunity to ask questions of, and to receive answers from, GCI's officers and directors, and any other person acting on their behalf, concerning the terms and conditions of this Agreement and the transactions contemplated herein and to obtain any other information requested by MCI to the extent GCI possesses such information or can acquire it without unreasonable effort or expense. MCI has been afforded the opportunity to inspect, and to have its auditors or other agents inspect, the books and records of GCI. The

furnishing of such information, the opportunity to inspect and any inspection so undertaken by MCI shall not affect MCI's right to rely on the representations and warranties of GCI set forth in this Agreement.

h) Disclosure. No written statement in this Agreement or in any agreement or other document delivered pursuant to this Agreement by or on behalf of MCI contains any untrue statement of a material fact or omits to state a material fact

necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading.

i) Investment Company. MCI is not an "investment company" or a company "controlled" by an investment company within the meaning of the Investment Company Act of 1940, as amended (the "Act"), and MCI has not relied on rule 3a-2 under the Act as a means of excluding it from the definition of an "investment company" under the Act at any time within the three (3) year period preceding the Closing Date.

j) No Insolvency. As of even date and as of the Closing Date, MCI is not and shall not be insolvent.

6. Restrictive Legend. The certificates representing the Shares shall bear a legend substantially to the effect of the following:

> "The securities represented by this certificate have been issued without registration under the Securities Act of 1933, as amended, or any state securities laws and may not be offered, sold or otherwise disposed of, unless the securities are registered under such act and applicable state securities laws or exemptions from the registration requirements thereof are available for the transaction."

7. Additional Agreements. During the period from the date of this Agreement to the Final Closing Date:

a) Interim Operations. GCI shall, and shall cause its subsidiaries to, conduct their respective business only in the ordinary course, and maintain, keep and preserve their respective assets and properties in good condition and repair, ordinary wear and tear excepted.

b) Certificate and By-laws. GCI shall not, and shall not permit any of its subsidiaries to, make or propose any change or amendment in their respective Certificates of Incorporation or By-laws.

c) Capital Stock. Except in connection with the Cable Acquisitions (as defined below), GCI shall not, and shall not permit any of its subsidiaries to, issue, pledge or sell any shares of capital stock or any other securities of any of them or issue any securities convertible into, or exchangeable for or representing the right to purchase or receive, or enter into any contract with respect to the issuance of, any shares of capital stock or any other securities of any of them (other than pursuant to this Agreement or the exercise of stock options outstanding on the date hereof), or enter into any contract with respect to the purchase or voting of shares of their capital stock or

adjust, split, combine, reclassify any of their securities, or make any other material changes in their capital structures.

d) Dividends. GCI shall not declare, set aside, pay or make any dividend or other distribution or payment (whether in cash, stock or property) with respect to, or purchase or redeem, any shares of capital stock.

e) Assets; Mergers; Etc. GCI shall not, and shall not permit any of its subsidiaries to, encumber, sell, lease or otherwise dispose of or acquire any material assets, or encumber, sell, lease or otherwise dispose of assets having a value in excess of $3,000,000 in the aggregate, or enter into any merger or other agreement providing for the acquisition of any material assets of GCI or any of its subsidiaries by any third party or acquire (by merger, consolidation, or acquisition of stock or assets) any corporation, partnership or other business organization or division thereof or enter any contract, agreement, commitment or arrangement to do any of the foregoing, except under: (i) the Prime SPA, (ii) the Alaskan Cable Network Asset Purchase Agreement, dated April 15, 1996, and (iii) the Alaska Cablevision, Inc. and McCaw/Rock Associates Asset Purchase Agreements, dated May 10, 1996 ((i), (ii) and (iii) above collectively, "Cable Acquisitions").

f) Access to Information. GCI shall, and shall cause its subsidiaries, officers, directors, employees and agents-to, afford MCI

access at all reasonable times to their officers, employees, agents, properties, books, records and contracts, and shall furnish MCI all financial, operating and other data and information as MCI may reasonably request.

g) Certain Filings, Consents and Arrangements. MCI and GCI shall (i) cooperate with one another in promptly (x) determining whether any filings are required to be made or consents, approvals, permits or authorizations are required to be obtained under any federal or state law or regulation or any consents, approvals or waivers are required to be obtained from other parties to loan agreements or other contracts material to GCI's business in connection with the transaction contemplated by this Agreement, and (y) making any such filings, furnishing information required in connection therewith and seeking timely response to obtain any such consents, permits, authorizations, approvals or waivers; and (ii) as promptly as practicable, file with the Federal Trade Commission and the Department of Justice the notification and report forms, if required.

h) Amendments to Prime SPA. GCI shall not amend, modify or alter, in any manner whatsoever, the Prime SPA without the prior written consent of MCI.

8. Conditions.

a) Conditions to Obligations of MCI and GCI. The obligations of MCI and GCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The consummation of the transactions contemplated by this Agreement shall not be precluded by any order, decree or preliminary or permanent injunction of a federal or state court of competent jurisdiction; and

(ii) The consummation of the transactions contemplated under the Prime SPA.

b) Conditions to Obligations of GCI. The obligations of GCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The representations of MCI set forth in this Agreement shall have been true and correct in all material respects when made and (unless made as of a specified date) shall be true and correct in all material respects as if made as of the Final Closing Date;

(ii) MCI shall have performed in all material respects its agreements contained in this Agreement required to be performed at or prior to the Final Closing Date;

(iii) GCI shall have received a certificate of an officer of MCI, dated as of the Final Closing Date, certifying as to the fulfillment of the matters contained in paragraphs (i) and (ii) of this Section 8 b); and

(iv) GCI shall have received from MCI the amount of $13,000,000.00 by wire transfer of immediately available funds.

c) Conditions to Obligations of MCI. The obligations of MCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The representations of GCI set forth in this Agreement shall have been true and correct in all material respects when made and (unless made as of a specified date) shall be true and correct in all material respects as if made as of the Final Closing Date;

(ii) GCI shall have performed in all material respects its agreements contained in this Agreement required to be performed at or prior to the Final Closing Date;

(iii) All applicable consents and approvals (including those of the FCC and any applicable Public Utility Commission) which are necessary to consummate the transactions contemplated by this Agreement, shall have been obtained;

(iv) MCI shall have received from GCI certificates representing the Shares, registered in MCI's name and with all the

necessary documentary stock transfer stamps annexed thereto;

(v) MCI shall have received a certified copy of GCI's articles of incorporation and by-laws, as amended as of the Final Closing Date and a certificate of good standing for GCI from its jurisdiction of incorporation dated as of a date on or after January 1, 1996;

(vi) MCI shall have received (a) the Registration Rights Agreement attached as Exhibit B executed by a duly authorized officer of GCI dated as of the Final Closing Date, and (b) the Voting Agreement attached as Exhibit C executed by a duly authorized officer of all the parties thereto dated as of the Final Closing Date;

(vii) MCI shall have received an opinion of Hartig, Rhodes, Norman, Mahoney & Edwards, P.C., counsel to GCI, dated as of the Final Closing Date in the form of Exhibit D;

(viii) MCI shall have received a certificate of the Secretary or Assistant Secretary of GCI, dated as of the Final Closing Date, certifying that attached thereto is a complete copy of a resolution duly adopted by the board of directors of GCI authorizing and approving the execution of this Agreement and the consummation of the transactions contemplated by this Agreement;

(ix) MCI shall have received a certificate of an officer of GCI, dated as of the Final Closing Date, certifying as to the fulfillment of the matters contained in paragraphs (i) through (iii) of this Section 8 c);

(x) the Prime SPA shall not have been amended, modified or altered without the prior written consent of MCI; and

(xi) GCI shall not have issued, in the aggregate, more than 18,000,000 shares of its Class A Common Stock in connection with the Cable Acquisitions and the price per share for any share of Class A Common Stock issued in connection therewith shall have been at least $6.50.

9. Termination. This Agreement and the transactions contemplated hereby may be terminated at any time prior to the Closing Date:

a) by the mutual written consent of MCI and GCI;

b) by MCI and GCI if either is prohibited by an order or injunction (other than an injunction on a temporary or preliminary basis) of a court of competent jurisdiction from consummating the transactions contemplated by this Agreement and all means of appeal and all appeals from such order or injunction have been finally exhausted;

c) by MCI or GCI if the Final Closing Date shall not have occurred on or before December 31, 1996; provided, however, that the right to terminate under this paragraph c) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause of the failure of the Closing to occur on or before such date.

In the event of termination, no party hereto shall have any liability or further obligation to the other party hereto, except that nothing herein will relieve any party from any breach of this Agreement.

10. Survival of Representations, Warranties and Covenants. All representations, warranties and covenants contained herein shall survive the execution of this Agreement and the consummation of the transactions contemplated hereby.

11. Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. MCI shall have the right to assign to any direct or indirect subsidiary of MCI or its parent, MCI Communications Corporation, any and all rights and obligations of MCI under this Agreement.

12. Notices. Any notice or other communication provided for herein or given hereunder to a party hereto shall be in writing and shall be given by personal delivery, by telex, telecopier or by mail (registered or certified mail, postage prepaid, return receipt requested) to the respective parties as follows:

If to GCI:

General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503
Attn: Chief Financial Officer

If to MCI:

MCI Telecommunications Corporation
1801 Pennsylvania Avenue, NW
Washington, DC 20006
Attn: Vice President Corporate Development

With a copy to:

MCI Telecommunications Corporation
1133 19th Street, NW
Washington, DC 20036
Attn: Office of the General Counsel (0596/003)

or to such other address with respect to a party as such party shall notify the other in writing. Any such notice shall be deemed given upon receipt.

13. Amendment; Waiver. This Agreement may not be amended except by a writing duly signed by the parties. No party may waive any of the terms or conditions of this Agreement except by a duly signed writing referring to the specific provision to be waived.

14. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Alaska, without regard to the conflict of laws and rules thereof.

15. Entire Agreement. This Agreement (including the Exhibits and Schedules hereto) constitutes the entire agreement with respect to the transactions contemplated hereby, and supersedes all other and prior agreements and understandings, both written and oral, among the parties to this Agreement.

16. Expenses. Each party hereto shall pay its own expenses incident to preparing for, entering into and carrying out this Agreement and the consummation of the transactions contemplated hereby.

17. Captions. The Section and Paragraph captions herein are for convenience only, do not constitute part of this Agreement, and shall not be deemed to limit or otherwise affect any of the provisions hereof.

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

19. Cable Acquisitions. GCI agrees that it will not, at any time, issue, in the aggregate, more than 18,000,000 shares of its Class A Common Stock in connection with the Cable Acquisitions and the price per share for any share of Class A Common Stock issued in connection therewith shall have been at least $6.50.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered on the day and year first written above.

GENERAL COMMUNICATION, INC.

By /s/
John M. Lowber
Its: Senior Vice President

MCI TELECOMMUNICATIONS
CORPORATION

By /s/
Name:
Its:

<TABLE>

ATTACHMENT
Table of Contents

<CAPTION>
<S> <C>
I...

Exhibit A	-	Capital Stock	550
Exhibit B	-	Registration Rights Agreement	551
Exhibit C	-	Voting Agreement	564
Exhibit D	-	Opinion of Hartig Rhodes Norman Mahoney & Edwards, P.C.	571

II

Schedule 4(c)(i)	-	Options, Warrants, Rights or Convertible Securities	576
Schedule 4(c)(ii)	-	Voting Agreements	577
Schedule 4(c)(iii)	-	Ownership and Outstanding Capital Stock of each GCI subsidiary	578
Schedule 4(h)	-	Pending Litigation	579
Schedule 4(l)	-	Equity Agreements	580
Schedule 4(m)(ii)	-	Collective Bargaining Requests	581
Schedule 4(p)	-	Asset Liens	582
Schedule 4(q)	-	Material Contracts	583
Schedule 4(q)(i)	-	Existing Defaults	585
Schedule 4(r)(v)	-	Environmental Notices	586
Schedule 4(s)	-	Tax Audits	587

III

Section 8(b)(iii)	-	MCI's Officer's Certificate	588
Section 8((c)(i)	-	GCI's Officer's Certificate	589
Section 8(c)(ii)	-	GCI's Officer's Certificate	589
Section 8(c)(iii)	-	GCI's Officer's Certificate	589
Section 8(c)(viii)	-	GCI's Officer's Certificate	589
Section 8(c)(ix)	-	GCI's Officer's Certificate	589

</TABLE>

EXHIBIT A
Capital Stock

As of the date hereof and after the issuance of the Shares as contemplated by this Agreement, the authorized and issued and outstanding capital stock of GCI will be as follows, except for such changes resulting from the exercise of stock options, warrants and common stock contemplated herein:

	Authorized Shares
Class A Common	50,000,000
Class B Common	10,000,000
Preferred	1,000,000

	Issued Shares As of 07/15/96	After Issuance of MCI Shares	After Issuance of Prime/Rock/Cooke Shares
Class A Common	19,768,1501 (1)	21,768,1501	38,029,1501
Class B Common	4,159,657	4,159,657	4,159,657
Preferred	-0-	-0-	-0-

- ------------------------
(1) Includes 120,111 treasury shares.

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement ("Agreement"), dated as of this day of , 1996, is between General Communication, Inc., an Alaska corporation ("GCI"), and MCI Telecommunications Corporation, a Delaware corporation ("MCI").

RECITALS

A. MCI has acquired Two Million (2,000,000) shares of GCI's Class A Common Stock, no par value. All such shares of GCI's Class A Common Stock which MCI now owns and any securities issued in exchange for or in respect of such stock, whether pursuant to a stock dividend, stock split, stock reclassification or otherwise are collectively referred to in this Agreement as the "Registrable Shares."

B. GCI desires to grant registration rights to MCI and any successor or assign of MCI as the holder of all or any portion of the Registrable Shares. MCI and such successors and assigns are referred to in this Agreement as the "Holders," or, individually as a "Holder."

AGREEMENT

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

1. Demand Registration.

(a) Following the expiration of a one hundred eighty (180) day "stand still period" after the date hereof and then only if required to permit resales of the Registrable Shares by Holders, Holders shall at any time and from time to time, have the right to require registration under the Securities Act of 1933, as amended ("Securities Act"), of all or any portion of the Registrable Shares on the terms and subject to the conditions set forth in this Agreement.

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

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

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

(e) Notwithstanding the foregoing, GCI shall not be obligated to effect a registration pursuant to this Section 1 during the period starting with the date sixty (60) days prior to GCI's estimated date of filing of, and ending on a date six (6) months following the effective date of, a registration statement pertaining to an underwritten public offering of equity

securities for GCI's account, provided that (i) GCI is actively employing in good faith all reasonable efforts to cause such registration statement to become effective and that GCI's estimate of the date of filing on such registration statement is made in good faith, and (ii) GCI shall furnish to the Holders a certificate signed by GCI's President stating that in the Board of Directors' good-faith judgment, it would be seriously detrimental to GCI or its shareholders for a Registration Statement to be filed in the near future; and in such event, GCI's obligations to file a Registration Statement shall be deferred for a period not to exceed six (6) months.

2. Incidental Registration. Each time that GCI proposes to register any of its equity securities under the Securities Act (other than a registration effected

solely to implement an employee benefit or stock option plan or to sell shares obtained under an employee benefit or stock option plan or a transaction to which Rule 145 or any other similar rule of the Commission under the Securities Act is applicable), GCI will give written notice to the Holders of its intention to do so. Each of the Selling Holders may give GCI a written request to register all or some of its Registrable Shares in the registration described in GCI's written notice as set forth in the foregoing sentence, provided that such written request is given within twenty (20) days after receipt of any such GCI notice. Such request will state (i) the amount of Registrable Shares to be disposed of and the intended method of disposition of such Registrable Shares, and (ii) any other information GCI reasonably requests to properly effect the registration of such Registrable Shares. Upon receipt of such request, GCI will use its best efforts promptly to cause all such Registrable Shares intended to be disposed of to be registered under the Securities Act so as to permit their sale or other disposition (in accordance with the intended methods set forth in the request for registration), unless the sale is a firmly underwritten public offering and GCI determines reasonably and in good faith in writing that the inclusion of such securities would adversely affect the offering or materially increase the offering's costs. In which case such securities and all other securities to be registered, other than those to be offered for GCI's account, shall be excluded to the extent the underwriter determines. The total number of secondary shares included in such registration shall be shared pro rata by all security holders having contractual registration rights based upon the amount of GCI's securities requested by such security holders to be sold thereunder. GCI's obligations under this Section 2 shall apply to a registration to be effected for securities to be sold for GCI's account as well as a registration statement which includes securities to be offered for the account of other holders of GCI equity securities having contractual registration rights; however, the registration rights granted pursuant to the provisions of this Section 2 are subject to the registration rights granted by GCI pursuant to (a) the Registration Rights Agreement dated as of January 18, 1991, between GCI and WestMarc Communications, Inc., (b) the Registration Rights Agreement dated as of March 31, 1993, between GCI and MCI, (c) the Registration Rights Agreement of even date between GCI and the owners of Prime Cable of Alaska, L.P., (d) the Registration Rights Agreement of even date between GCI and the owners of Alaskan Cable Network, Inc., and (e) the Registration Rights Agreement of even date between GCI and the owners of Alaska Cablevision, Inc., the effect of which agreements is that all parties hereto and thereto have pro rata piggy-back registration rights.

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

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

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

attorneys and accountants, and all transfer taxes and brokerage and underwriters' discounts and commissions directly attributable to the Registrable Shares being offered and sold by such Selling Holder.

4. Limitations on Registration Rights. Notwithstanding the provisions of Section 1 of this Agreement, GCI shall not be required to effect any registration under that Section if (i) the request(s) for registration cover an aggregate number of Registrable Shares having an aggregate Market Value of less than One Million Five Hundred Thousand Dollars ($1,500,000.00) as of the date of the last of such requests, (ii) GCI has previously filed two (2) registration statements under the Securities Act pursuant to Section 1, (iii) GCI, in order to comply with such request, would be required to (A) undergo a special interim audit or (B) prepare and file with the Commission, sooner than would otherwise be required, pro forma or other financial statements relating to any proposed transaction, or (iv) if, in the opinion of counsel to GCI, the form of which opinion of counsel shall be acceptable to the Holders, a registration is not required in order to permit resale by Holders. The first demand registration under this Agreement may be requested only by the Holders of a minimum of thirty percent (30%) of the Registrable Shares. "Market Value" as used in this Agreement shall mean, as to each class of Registrable Shares at any date, the average of the daily closing prices for such class of Registrable Shares, for the ten (10) consecutive trading days before the day in question. The closing price for shares of such class for each day shall be the last reported sale price regular way, or, in case no such reported sale takes place on such day, the average of the reported closing bid and asked prices regular way, in either case on the composite tape, or if the shares of such class are not quoted on the composite tape, on the principal United States securities exchange registered under the Securities Exchange Act of 1934, as amended ("Exchange Act"), on which shares of such class are listed or admitted to trading, or if they are not listed or admitted to trading on any such exchange, the closing sale price (or the average of the quoted closing bid and asked price if no sale is reported) as reported by the National Association of Securities Dealers Automated Quotation System ("NASDAQ") or any comparable system, or if the shares

of such class are not quoted on NASDAQ or any comparable system, the average of the closing bid and asked prices as furnished by any market maker in the securities of such class who is a member of the National Association of Securities Dealers, Inc., or in the absence of such closing bid and asked price, as determined by such other method as GCI's Board of Directors shall from time to time deem to be fair.

5. Obligations with Respect to Registration.

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

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

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

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

(iv) Furnish at GCI's expense to the Selling Holders such number of copies of a preliminary, final, supplemental or amended

prospectus, in conformity with the requirements of the Securities Act and the rules and regulations

promulgated thereunder, as may reasonably be required in order to facilitate the disposition of the Registrable Shares covered by a Registration Statement, but only while GCI is required under the provisions hereof to cause a Registration Statement to remain effective; and

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

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

(vii) Cause all such Registrable Shares to be listed on each securities exchange on which similar securities issued by GCI are then listed and to be qualified for trading on each system on which similar securities issued by GCI are from time to time qualified;

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

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

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

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

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

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

efforts to promptly obtain the withdrawal of such order.

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

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

(ii) During such time as the Selling Holder may be engaged in a distribution of the Registration Shares, such Selling Holder shall comply with Rules 10b-2, 10b-6 and 10b-7 promulgated under the Exchange Act and pursuant thereto it

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

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

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

6. Indemnification.

(a) By GCI. In the event of any registration under the Securities Act of any Registrable Shares pursuant to this Agreement, GCI shall indemnify and hold harmless any Selling Holder, any underwriter of such Selling Holder, each officer, director, employee or agent of such Selling Holder, and each other person, if any, who controls such Selling Holder or underwriter within the meaning of Section 15 of the Securities Act, against any losses, costs, claims, damages or liabilities, joint or several (or actions in respect thereof) ("Losses"), incurred by or to which each such indemnified party may become subject, under the Securities Act or otherwise, but only to the extent such Losses arise out of or based upon (i) any untrue statement or alleged untrue statement of any material fact contained, on the effective date thereof, in any Registration Statement under which such Registrable Shares were registered under the Securities Act, in any preliminary prospectus (if used prior to the effective date of such Registration Statement) or in any final prospectus or in any post effective amendment or supplement thereto (if used during the period GCI is required to keep the Registration Statement effective) ("Disclosure Documents"), (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading or (iii) any violation of any federal or state securities laws or rules or regulations thereunder committed by GCI in connection with the performance of its obligations under this Agreement; and GCI will reimburse each such indemnified party for all legal or other expenses reasonably incurred by such party

in connection with investigating or defending any such claims, including, subject to such indemnified party's compliance with the provisions of the last sentence of subsection (c) of this Section 6, any amounts paid in settlement of any litigation, commenced or threatened, so long as GCI's counsel agrees with the reasonableness of such settlement; provided, however, that GCI shall not be liable to an indemnified party in any such case to the extent that any such Losses arise out of or are based upon (i) an untrue statement or alleged untrue statement or omission or alleged omission (x) made in any such Disclosure

Documents in reliance upon and in conformity with written information furnished to GCI by or on behalf of such indemnified party specifically for use in the preparation thereof, (y) made in any preliminary or summary prospectus if a copy of the final prospectus was not delivered to the person alleging any loss, claim, damage or liability for which Losses arise at or prior to the written confirmation of the sale of such Registrable Shares to such person and the untrue statement or omission concerned had been corrected in such final prospectus or (z) made in any prospectus used by such indemnified party if a court of competent jurisdiction finally determines that at the time of such use such indemnified party had actual knowledge of such untrue statement or omission or (ii) the delivery by an indemnified party of any prospectus after such time as GCI has advised such indemnified party in writing that the filing of a post-effective amendment or supplement thereto is required, except the prospectus as so amended or supplemented, or the delivery of any prospectus after such time as GCI's obligation to keep the same current and effective has expired.

(b) By the Selling Holders. In the event of any registration under the Securities Act of any Registrable Shares pursuant to this Agreement, each Selling Holder shall, and shall cause any underwriter retained by it who participates in the offering to agree to, indemnify and hold harmless GCI, each of its directors, each of its officers who have signed the Registration Statement and each other person, if any, who controls GCI within the meaning of Section 15 of the Securities Act, against any Losses, joint or several, incurred by or to which such indemnified party may become subject under the Securities Act or otherwise, but only to the extent such Losses arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in any of the Disclosure Documents or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading, if the statement or omission was in reliance upon and in conformity with written information furnished to GCI by such indemnifying party specifically for use in the preparation thereof, (ii) the delivery by such indemnifying party of any prospectus after such time as GCI has advised such indemnifying party in writing that the filing of a post-effective amendment or supplement thereto is required, except the prospectus as so amended or supplemented, or after such time as the obligation of GCI to keep the Registration Statement effective and current has expired or (iii) any violation by such indemnifying party of its obligations under Section 5(b) of this Agreement or any information given or representation made by such indemnifying party in connection with the sale of the Selling Holder's Registrable Shares which is not contained in and not in conformity with the prospectus (as amended or

supplemented at the time of the giving of such information or making of such representation); and each Selling Holder shall, and shall cause any underwriter retained by it who participates in the offering to agree to, reimburse each such indemnified party for all legal or other expenses reasonably incurred by such party in connection with investigating or defending any such claim, including, subject to such indemnified party's compliance with the provisions of the last sentence of subsection (c) of this Section 6, any amounts paid in settlement of any litigation, commenced or threatened; provided, however, that the indemnity agreement contained in this Section 6(b) shall not apply to amounts paid in settlement of any loss, claim, damage, liability or action arising pursuant to a registration if such settlement is effected without the consent of Selling Holder; and provided further, that no Selling Holder shall be required to undertake liability under this Section 6(b) for any amounts in excess of the proceeds to be received by such Selling Holder from the sale of its securities pursuant to such registration, as reduced by any damages or other amounts that such Selling Holder was otherwise required to pay hereunder.

(c) Third Party Claims. Promptly after the receipt by any party hereto of notice of any claim, action, suit or proceeding by any person who is not a party to this Agreement (collectively, an "Action") which is subject to indemnification hereunder, such party ("Indemnified Party") shall give reasonable written notice to the party from whom indemnification is claimed ("Indemnifying Party"). The Indemnifying Party shall be entitled, at the Indemnifying Party's sole expense and liability, to exercise full control of the defense, compromise or settlement of any such Action unless the Indemnifying Party, within a reasonable time after the giving of such notice by the Indemnified Party, shall (i) admit in writing to the Indemnified Party, the Indemnifying Party's liability to the Indemnified Party for such Action under the terms of this Section 6, (ii) notify the Indemnified Party in writing of the Indemnifying Party's intention to assume the defense thereof and (iii) retain legal counsel reasonably satisfactory to the Indemnified Party to conduct the defense of such Action. The Indemnified Party and the Indemnifying Party shall cooperate with the party assuming the defense, compromise or settlement of any such Action in accordance herewith in any manner that such party reasonably may request. If the Indemnifying Party so assumes the defense of any such Action, the Indemnified Party shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, but the fees and expenses of such counsel shall be the Indemnified Party's sole expense unless (i) the Indemnifying Party has agreed to pay such fees and

expenses, (ii) any relief other than the payment of money damages is sought against the Indemnified Party or (iii) the Indemnified Party shall have been advised by its counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Indemnifying Party, and in any such case the fees and expenses of such separate counsel shall be borne by the Indemnifying Party. No Indemnifying Party shall settle or compromise any such Action in which any relief other than the payment of money damages is sought against any Indemnified Party unless the Indemnified Party consents in writing to such compromise or settlement, which consent shall not be unreasonably

withheld. No Indemnified Party shall settle or compromise any such Action for which it is entitled to indemnification hereunder without the Indemnifying Party's prior written consent, unless the Indemnifying Party shall have failed, after reasonable notice thereof, to undertake control of such Action in the manner provided above in this Section 6.

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

7. Miscellaneous.

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

(i) if to GCI at:

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

(ii) if to MCI, at:

MCI Telecommunications Corporation
1801 Pennsylvania Avenue, NW
Washington, DC 20006
ATTN: Senior Vice President
and Chief Financial Officer
Telecopy: (202) 887-2195

with a copy to:

MCI Telecommunications Corporation
1133 19th Street, NW
Washington, DC 20036
ATTN: Office of the General Counsel

(iii) if to any Holder other than MCI, at the address provided to GCI (and if none provided, to MCI)

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

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

(c) Binding Effect; Benefit. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. Nothing in this Agreement, expressed or implied is intended to confer on any person other than the parties hereto or their respective successors and assigns (including, in the case of MCI, any successor or assign of MCI as the holder of

Registrable Shares), any rights, remedies, obligations or liabilities under or by reason of this Agreement, other than rights conferred upon indemnified persons under Section 6.

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

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

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

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

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

GENERAL COMMUNICATION, INC.

By
John M. Lowber, Senior Vice President

MCI TELECOMMUNICATIONS CORPORATION

By
Name:
Its

VOTING AGREEMENT

THIS VOTING AGREEMENT ("Agreement") is entered into effective on the day of , 1996, by and between Prime II Management, L.P. ("Prime"), as the designated agent for the parties named on Annex 1 attached hereto (collectively, "Prime Sellers"), MCI Telecommunications Corporation, Ronald A. Duncan, Robert M. Walp, and TCI GCI, Inc. (Prime, as designated agent for the Prime Sellers, "Duncan," "Walp," and "TCI GCI," respectively, or individually, "Party" and collectively, "Parties"), all of whom are shareholders of General Communication, Inc., an Alaska corporation ("GCI"), as identified in this Agreement.

WHEREAS, the Parties are as of the date of this Agreement, the owners of the amounts of GCI's Class A and Class B common stock as set forth in this Agreement;

WHEREAS, the Parties desire to combine their votes as shareholders of GCI in the election of certain positions of the Board of Directors ("Board") of GCI and specifically to vote on certain issues as set forth in this Agreement;

WHEREAS, the Parties desire to establish their mutual rights and obligations in regard to the Board and those certain issues to come before the shareholders or before the Board;

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained in this Agreement, the Parties agree as follows:

Section 1. Shares. The shares of GCI's Class A and Class B common stock subject to this Agreement will consist of those shares held by each Party as set forth in this Section 1 and any additional shares of GCI's voting stock acquired in any manner by any one or more of the Parties ("Shares"):

(1) Prime - ( ) shares of Class A common stock;

(2) MCI - 8,251,509 Shares of Class A common stock and 1,275,791 Shares of Class B common stock, which total to an aggregate of 21,009,419 votes for MCI;

(3) Duncan - 852,775 Shares of Class A common stock and 233,708 Shares of Class B common stock, which total to an aggregate of 3,189,855 votes for Duncan;

(4) Walp - 534,616 Shares of Class A common stock and 301,049 Shares of Class B common stock, which total to an aggregate of 3,545,106 votes for Walp; and

(5) TCI GCI - 590,043 Shares of Class B common stock, which totals to an aggregate of 5,900,430 votes for TCI GCI.

Section 2. Voting. (a) All of the Shares will, during the term of this Agreement, be voted as one block in the following matters:

(1) For so long as the full membership on the Board is at least eight, the election to the Board of individuals recommended by a Party ("Nominees"), with the allocation of such recommendations to be in the following amounts and by the following identified Parties:

(A) For recommendations from MCI, two Nominees;

(B) For recommendations from Duncan and Walp, one Nominee from each;

(C) For recommendations from TCI GCI, two Nominees; and

(D) For recommendations from Prime, two (2) nominees, for so long as (i) the Prime Sellers (and their distributees who agree in writing to be bound by the terms of this Agreement) collectively own at least ten percent of the issued and then-outstanding shares of GCI's Class A common stock, and (ii) that certain Management Agreement between Prime and GCI dated of even date herewith ("Prime Management Agreement") is in full force and effect. If either of these conditions are not satisfied, then Prime shall only be entitled to recommend one Nominee. If neither of these conditions are met, Prime shall not be entitled to recommend any Nominee at that time;

(2) To the extent possible, to cause the full membership of the Board to be maintained at not less than eight members;

(3) Other matters to which the Parties unanimously agree.

(b) The Parties will abide by the classification by the Board of a Nominee in accordance with the provisions for classification of the Board as set forth in Article V(b) of GCI's Articles of Incorporation and Section 2(b) of GCI's Article IV of Bylaws which classification was, as of the date of this Agreement, for Nominees allocated to MCI as follows: one in Class I and one in

Class III, and for Nominees allocated to Prime as follows: one in Class II and one in Class III, and for Nominees allocated to TCI GCI as follows: one in Class II and one in Class III.

(c) The Parties understand that to insure the election of their allocated Nominees, the Shares must constitute sufficient voting power to cause those elections and that as new shares are issued by GCI through the exercise of warrants and options,

acquisitions by employee benefit plans, or otherwise, the number of outstanding shares of voting common stock will increase, making the percentage which the Shares represent of the outstanding shares decrease.

(d) The Parties will take such action as is necessary to cause the election to the Board of each Party's Nominee(s).

Section 3. Manner of Voting. Votes, for purposes of this Section 3, will be as determined by written ballot upon each matter to be voted upon. Should such a matter require shareholder action, e.g., election of Nominees to the Board or should the Board choose to present the matter for shareholder consent, approval or ratification, such balloting must take place so that the results are received by GCI at its principal executive offices not less than 120 calendar days in advance of the date of GCI's proxy statement released to security holders in connection with the previous year's annual meeting of security holders.

Section 4. Limitation on Voting. Except as set forth in (a) of Section 2 of this Agreement, the Agreement will not extend to voting upon other questions and matters on which shareholders will have the right to vote under GCI's Articles of Incorporation, GCI's Bylaws of the Company, or the laws of the State of Alaska.

Section 5. Term of Agreement. (a) The term of this Agreement will be through the completion of the annual meeting of GCI's shareholders taking place in June, 2001 or until there is only one Party to the Agreement, whichever occurs first; provided that the Parties may extend the term of this Agreement only upon unanimous vote and written amendment to this Agreement.

(b) Except as provided in (a) and (d) of this Section 5, a Party (other than Prime) will be subject to this Agreement until the Party disposes of more than 25% of the votes represented by the Party's holdings of common stock which equates to the following (adjusted for stock splits) for each party:

1. MCI - 5,252,355 votes;

2. Duncan - 797,464 votes;

3. Walp - 886,277 votes; and

4. TCI GCI - 1,475,108 votes.

(c) Should one party dispose of an amount of its portion of the Shares in excess of the limit as set forth in (b) of this Section 5, each other Party will have the right to withdraw and terminate that Party's rights and obligations under this Agreement by giving written notice to the other Parties.

(d) Anything to the contrary in this Agreement notwithstanding each Party shall remain a Party to this Agreement with respect to its obligation to vote (a) for

Prime's Nominee(s) pursuant to Section 2(a)(1) above, and (b) to maintain at least an eight (8) member Board pursuant to Section 2(a)(2) above only, for so long as either (i) the Prime Sellers (and their distributees who agree in writing to be bound by the terms of this Agreement) collectively own at least ten percent (10%) of the issued and then-outstanding shares of GCI's Class A common stock or (ii) the Prime Management Agreement is in effect. Upon each request, Prime shall, within a reasonable period of time after delivery by GCI to Prime of GCI's shareholders list showing the number of shares of GCI common stock owned by each such shareholder, provide GCI with its certificate, in form and substance reasonably satisfactory to GCI, confirming the Prime Sellers' aggregate, then-current percentage ownership of GCI Class A common stock.

Section 6. Binding Effect. The Parties will, during the term of this Agreement, be fully subject to its provisions. There will be no prohibition against transfer or other assignment of Shares under the terms of this Agreement. Should a Party transfer or otherwise assign Shares, and the new holder of those Shares will not have any rights under, nor be subject to the

terms of, this Agreement, except that any assignee which is an affiliate or subsidiary entity of a Party shall be bound by, and have the benefits of, this Agreement; provided, however, that anything to the contrary in the foregoing notwithstanding, any distributee of a Prime Seller that agrees in writing to be bound by the terms of this Agreement will have rights under and be subject to the terms of this Agreement.

Section 7. GCI's Agreement. GCI agrees (i) to submit the Nominees selected pursuant to Section 2(a) above in its proxy materials delivered to GCI's shareholders in connection with each election of GCI directors; and (ii) not to take any action inconsistent with the agreements of the Parties set forth herein.

Section 8. Notices. Notices required or otherwise given under this Agreement will be given by hand delivery or certified mail to the following addresses, unless otherwise changed by a Party with notice to the other Parties:

To Prime:

Prime II Management, L.P.
600 Congress Avenue, Suite 3000
Austin, Texas 78701
Attn: President

With copies (which shall not constitute notice) to:

Edens Snodgrass Nichols & Breeland, P.C.
2800 Franklin Plaza
111 Congress Avenue
Austin, Texas 78701
ATTN: Patrick K. Breeland

To MCI:

MCI Telecommunications Corporation
1133 19th Street, N.W.
Washington, D.C. 20035
ATTN: Douglas Maine, Chief Financial Officer

To Duncan:

Ronald A. Duncan
President and Chief Executive Officer
General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503

To Walp:

Robert A. Walp
Vice Chairman
General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503

To TCI GCI :

Larry E. Romrell, President
TCI GCI, Inc.
5619 DTC Parkway
Englewood, Colorado 80111

Section 9. Performance. The Parties agree that damages are not an adequate remedy for a breach of the terms of this Agreement. Should a Party be in breach of a term of this Agreement, one or more of the other Parties may seek the specific performance or injunction of that Party under the terms of this Agreement by bringing an appropriate action in a court in Anchorage, Alaska.

Section 10. Governing Law. The terms of this Agreement will be governed by and construed in accordance with the laws of the State of Alaska.

Section 11. Amendments. This Agreement constitutes the entire Agreement between the Parties, and any amendment of it must be in writing and approved by all Parties.

Section 12. Group. Prior to a Party filing a Schedule 13D or an amendment to such a schedule pursuant to the Securities Exchange Act of 1934, the Party will provide a written notice to each of the other Parties within five days after the triggering event under that schedule and at least two days prior to the filing of that schedule or amendment, as the case may be, and further provide to any other Party any information or documentation reasonably requested by that Party in this regard.

Section 13. Termination of Prior Agreement. This Agreement supersedes and replaces in its entirety that certain Voting Agreement dated effective as of March 31, 1993, by and between MCI, Duncan, Walp and TCI GCI, as successor in interest to WestMarc Communications, Inc.

Section 14. Severability. If a court of competent jurisdiction finds any portion of this Agreement invalid or not enforceable, this Agreement shall be automatically reformed to carry out the intent of the Parties as nearly as possible without regard to the portion so invalidated. If this entire Agreement is determined to be limited in duration by a court of competent jurisdiction, the Parties agree to enter into a new Agreement which carries forward the intent of the Parties upon such termination.

IN WITNESS WHEREOF, the Parties set their hands to this Agreement, effective on the first date above written.

PRIME II MANAGEMENT, L.P.
By Prime II Management, Inc.
Its General Partner

By
Name:
Its:

MCI TELECOMMUNICATIONS CORPORATION

By
Name:
Its:

RONALD A. DUNCAN

ROBERT M. WALP

TCI GCI, INC.

By
Name:
Its:

GENERAL COMMUNICATION, INC.

By
Name:
Its:

EXHIBIT "D"
Form of Legal Opinion

[HARTIG, RHODES LETTERHEAD]

, 1996

Anchorage

MCI Telecommunications Corporation
1133 19th Street, NW

Washington, D.C. 20038

RE: Stock Purchase Agreement (the "Agreement") dated as of , 1996 between General Communication, Inc. (the "Company") and MCI Telecommunications Corporation (the "Purchaser")
Our File: 6552-35

Ladies and Gentlemen:

This opinion letter is delivered to you pursuant to Paragraph 8(c)(vii) of the Agreement. Capitalized terms used but not defined in this opinion letter have the meanings given to them in the Agreement.

We have acted as counsel to the Company in connection with the preparation and the execution and delivery of the Agreement and the related documents. In that capacity we have examined the Agreement and the related documents, including, but not limited to, the Registration Rights Agreement, dated of even date herewith, between the

Company and the Purchaser and the Voting Agreement, dated of even date herewith, by and between the Company, Prime II Management, L.P., as the designated agent, the Purchaser, Ronald A. Duncan, Robert M. Walp and TCI GCI, Inc. ("Related Agreements") and such other documents and records, and we have made such other investigations, as we have deemed necessary to enable us to state the opinions expressed below. As to certain factual matters, we have relied upon the representations of the Company and the Purchaser contained in the Agreement and upon certificates of officers of the Company and the Purchaser.

In such examination, we have assumed the genuineness and authenticity of all documents submitted to us as originals, the conformity with genuine and authentic originals of all documents submitted to us as copies, the genuineness of all signatures, the power and authority of each entity which may be a party thereto (other than the Company and its subsidiaries), the authority of each person signing for each such entity (other than the Company and its subsidiaries), and the due organization, existence, qualification and authorization to transact business of each such party (other than the Company and its subsidiaries).

This opinion letter is governed by, and shall be interpreted in accordance with, the Legal Opinion Accord (the "Accord") of the American Bar Association Section of Business Law (1991). As a consequence, it is subject to a number of qualifications, exceptions, definitions, limitations on coverage and other limitations, all as more particularly described in the Accord, and this opinion letter should be read in conjunction therewith. The law covered by the opinions expressed herein is limited to the federal law of the United States (except as provided in the Accord) as currently in effect, and the law of the State of Alaska (except as provided in the Accord) as currently in effect. Furthermore, we express no opinion with respect to: (i) matters governed by the Federal Communications Act of 1934, as amended, and the rules and regulations of the Federal Communications Commission thereunder; or (ii) matters governed by the Federal Aviation Act of 1958, as amended, and the rules and regulations of the Federal Aviation Administration thereunder.

On the basis of our examination and subject to stated qualifications, assumptions and limitations, in our opinion:

1. The Company and each of its subsidiaries are duly organized, validly existing and in good standing under the laws of the State of Alaska, have all requisite corporate power and authority to own their property as now owned and carry on their business as now conducted and are qualified to do business and is in good standing in each jurisdiction in which the conduct of their business or the ownership of their property requires such qualification, except, in each case, where the failure to qualify would not have a material adverse effect on the financial condition or operations of the Company or its subsidiary.

2. The Shares are duly authorized, validly issued, fully paid and nonassessable shares of Common Stock having the rights, preferences, privileges and restrictions set forth in the Articles of Incorporation, will not be subject to any preemptive rights, and, to our knowledge, will be free and clear of any security interest, lien, charge or encumbrance of any nature whatsoever.

3. The execution, delivery and performance by the Company of the Agreement and the Related Agreements are within the corporate powers of the Company, have been duly authorized by all necessary corporate action of the Company, and do not and will not conflict with or constitute a breach of the

terms, conditions or provisions of, or constitute a default under, its Articles of Incorporation and Bylaws or any material contract, undertaking, indenture or other agreement or instrument by which the Company is bound or to which it or any of its assets is subject.

4. The Company is not required, in connection with the execution, delivery, and performance of the Agreement and the Related Agreements to give any notice to or obtain any consent from any lender pursuant to any agreement or instrument for borrowed money of which we have knowledge and to which the Company is a party or by which the property of the Company is bound, except that consent to the issuance of the Shares is required from NationsBank of Texas, N.A. ("NationsBank"), as Administrative Lender under that certain Credit Agreement dated as of April 26, 1996, between GCI Communication Corp. and NationsBank.

5. Registration is not required under the Securities Act or the Alaska Securities Act of 1959, as amended, for the issuance and delivery of the Shares. In expressing the opinion set forth in the foregoing sentence, we have relied, without any independent investigation, on the representations of Purchaser set forth in Paragraphs 5 (c) and (d) of the Agreement and A.S. 45.55.900(b)(7). The applicable exemption from the registration requirements under the Securities Act is set forth in Section 4(2) of the Securities Act. We express no opinions as to the necessity of registering the Shares under the laws of any state, other than the State of Alaska, in connection with the transaction.

6. The Company is not required to make any filings with or give any notice to, or obtain any consents, approvals, or authorizations from, any governmental authority in connection with the execution, delivery and performance by the company of the Agreement and the Related Agreements. The execution, delivery, and performance by the Company of the Agreement and the Related Agreements, do not and will not violate any law, rule, regulation or order of any court or other governmental authority applicable to the Company.

7. The Agreement and the Related Agreements are the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as the enforceability of those agreements may be affected or

limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally or by general principles of equity, whether applied in a proceeding in equity or at law.

8. There is no pending, or to the best of our knowledge, threatened, judicial, administrative or arbitral action, suit, proceeding or claim against or investigation of the Company which questions the validity of the Agreement or the Related Agreements.

The opinions expressed above are subject to and qualified in all respects by the Accord and the following:

We have relied as to factual matters on the representations and warranties of the Company set forth in the Agreement, certificates of officers and other representatives of the Company and the following additional items, and have made no other investigation or inquiry as to such factual matters:

(a) Certificates from the State of Alaska as to the existence and good standing of the Company and its subsidiaries.

(b) Constituent Documents of the Company and its subsidiaries.

We have rendered the foregoing opinion as of the date hereof, and we do not undertake to supplement our opinion with respect to the factual matters or changes in the law which may hereafter occur.

You are hereby notified that (a) we do not consider you to be our client in the matters to which this opinion letter relates, (b) neither the Alaska Code of Professional Responsibility nor current case law clearly articulates the circumstances under which an attorney may give a legal opinion to a person other than the attorney's own client, (c) a court might determine that it is improper to us to issue, and for you to rely upon, a legal opinion issued by us when we have acted as counsel to the Company in connection with the transactions, and (d) you may wish to obtain a legal opinion from your own legal counsel as to the matters addressed in this opinion letter.

We express no opinions herein regarding the enforceability of provisions involving choices or conflicts of law or of provisions of the Registration Rights Agreement purporting to require indemnification of a party for its own action or inaction, to the extent the action or inaction involves negligence.

This opinion is given solely to you and may be relied upon by you only in connection with the Agreement and may not be used or relied upon by you or

any other person or entity for any other purposes whatsoever. This opinion letter may not be quoted, circulated or published, in whole or in part, or furnished to or relied upon by any other party, or otherwise referred to, or be filed with or furnished to any governmental

agency or other person or entity not involved in the Agreement without prior written consent.

Sincerely,

HARTIG, RHODES, NORMAN,
MAHONEY & EDWARDS, P.C.

By:
Robert B. Flint

SCHEDULE 4(c)(i)
GCI's Stock Option Plans, Warrants,
Rights or Convertible Securities

General Communication, Inc. Outstanding Options:

	No. of Shares	Exercise Price
Shares reserved for exercise of options issued pursuant to GCI's Incentive Stock Option Plan	2,233,734	$.75 to $4.50 per share
Shares to be issued pursuant to an option agreement with William C. Behnke, an Officer	85,190	$.001 per share
Shares to be Issued pursuant to an option agreement with John M. Lowber, an Officer	100,000	$.75 per share
Shares to be issued to MCI Telecommunications Corporation	2,000,000	$6.50 per share
Shares to be issued to Prime entities	11,800,000	$6.50 per share
Shares to be issued to Cooke entities	2,923,077	$6.50 per share
Shares to be issuable to the Rock entities pursuant to a $10,000,000 convertible note	1,538,462	$6.50 per share

NOTE: For additional details regarding GCI's Stock Option Plan, please refer to the footnotes in GCI's financial statements in its SEC Forms 10K and 10Q.

SCHEDULE 4(c)(ii)
Voting Agreements

There are no voting trusts or other agreements or understandings to which GCI or any subsidiary is a party, and to GCI's knowledge no other voting trusts exist with respect to the voting of the capital stock of GCI or any of its subsidiaries, except for (i) that Voting Agreement entered into as of March 31, 1993, by and between MCI Telecommunications Corporation ("MCI"), Ronald A. Duncan ("Duncan"), Robert M. Walp ("Walp"), and WestMarc Communications, Inc., all as shareholders of GCI; which is projected to be superseded and replaced in its entirety by (ii) that Voting Agreement to be entered into as of , 1996, by and between Prime II Management, L.P., Prime Venture I Holdings, L.P., Prime Cable Growth Partners, L.P., Alaska Cable, Inc., MCI, Duncan, Walp, TCI GCI, Inc. and GCI.

SCHEDULE 4(c)(iii)
Outstanding Stock Liens

GCI owns the entire equity interest in each of its subsidiaries, and all the outstanding capital stock of each subsidiary of GCI are validly issued, fully paid and nonassessable and are owned by GCI free and clear of all liens, charges, preemptive rights, claims or encumbrances, except as follows:

1. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated as of May 14, 1993, as amended, holds the original Stock Certificates Nos. 1, 2 and 3, for One Thousand (1,000), One Hundred Thousand (100,000) and Ten Thousand (10,000) shares respectively, of Class A Common Stock of GCI Communication Corp. for security purposes only, not as purchaser. GCI is the owner of all of such One Hundred Eleven Thousand (111,000) shares of GCI Communication Corp. stock.

2. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated as of May 14, 1993, as amended, also holds the original Stock Certificate No. 1 for One Hundred (100) shares of GCI Communication Services, Inc., for security purposes only, not as purchaser. GCI is the owner of such One Hundred (100) shares.

3. National Bank of Alaska ("NBA"), as Lender under the Loan Agreement dated December 31, 1992, holds the original Stock Certificate No. 1 for One Hundred (100) shares of the Common Stock of GCI Leasing Co., Inc. for security purposes only, not as purchaser. GCI Communication Services, Inc., is the owner of such 100 shares. NationsBank of Texas, N.A., as Administrative Agent, holds a second lien on such shares.

SCHEDULE 4(h)
Pending Litigation

None.

SCHEDULE 4(l)
Contracts/Agreements to Acquire Equity
Interest in GCI or its Subsidiaries

1. The proposed Common A stock issuance to acquire (i) the ongoing cable television and cable television systems of Prime Cable of Alaska, L.P., pursuant to the terms of the Securities Purchase Agreement dated as of May 2, 1996, among General Communication, Inc., Prime Venture I Holdings, L.P., Prime Cable Growth Partners, L.P., Prime Venture II, L.P., Prime Cable Limited Partnership, Austin Ventures, L.P., William Blair Venture Partners III Limited Partnership, Centennial Fund, II, L.P., Centennial Fund III, L.P., Centennial Business Development Fund, Ltd., BancBoston Capital, Inc., First Chicago Investment Corporation, Madison Dearborn Partners, Prime II Management, L.P., Prime Cable of Alaska, L.P., Alaska Cable, Inc. and Prime Cable Fund I, Inc.

2. The proposed Common A stock issuance to acquire certain ongoing cable television business and cable television systems pursuant to the (i) Asset Purchase Agreements dated as of May 10, 1996, among General Communication, Inc. and McCaw/Rock Homer Cable Systems and McCaw/Rock Seward Cable System respectively; and (ii) the Asset Purchase Agreement, dated May 10, 1996, among General Communication, Inc. and Alaska Cablevision, Inc.

3. The proposed Common A stock issuance to acquire certain ongoing

cable television business and cable television systems pursuant to that Asset Purchase Agreement, dated as of April 15, 1996, among General Communication, Inc., Alaskan Cable Network/Fairbanks, Inc., Alaskan Cable Network/Juneau, Inc. and Alaskan Cable Network/Ketchikan-Sitka, Inc.

SCHEDULE 4(m)(ii)
Requests for Collective Bargaining

None.

SCHEDULE 4(p)
Asset Liens

GCI and its subsidiaries have good title to all material assets on the Balance Sheet, except as set forth in paragraph 4(p)(i) through (iv) of the MCI Stock Purchase Agreement, and except as follows:

1. To secure a debt in the current principal amount of $30,100,000. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated April 26, 1996, holds a security position on substantially all of GCI's and GCI Communication Corp.'s property and equipment, including, without limitation, the stock listed in Schedule 4(c)(iii) hereof, all of GCI Communication Corp.'s fixtures as a transmitting utility on all of its real properties and leasehold estates located both in Alaska and Washington.

2. To secure a debt in the current principal amount of $7,595,595, National Bank of Alaska, as Lender under the Loan Agreement dated December 31, 1992, holds a security interest in GCI Communication Corp.'s undersea fiber operations, as well as a security interest in the lease payments from MCI.

3. There is a capital lease in the current principal amount of $766,049; RDB Partnership holds title to the building occupied by GCI Communication Corp.

4. There is a capital lease in the current principal amount of $143,973; the National Bank of Alaska Leasing Co. holds title to GCI Communication Services, Inc.'s shared hub assets and contract proceeds. However, GCISI has an option to acquire those assets at the end of the capital lease's term.

SCHEDULE 4(q)
Material Contracts

The following is a complete listing of all contracts and agreements existing on the date hereof for GCI and/or its subsidiaries which (i) are with any customer which accounted for greater than 2% of GCI's or any of its subsidiary's revenues for the year ended 12/31/95; (ii) involve contracts that call for annual aggregate expenditures by GCI of greater than $5,000,000; or (iii) involve contracts that call for aggregate expenditures by GCI during the remainder of their respective terms in excess of $10,000,000:

1. Customers which account for greater than 2% of GCI or any of its subsidiary's revenues for the year ended 12/31/95.

a. GCI Communication Services, Inc.: 2% Floor is approx. greater than $20,000/year: Chevron Shared Hub contract; est. $880,000 annual revenues.

b. GCI Communication Corp.: 2% Floor is approx. greater than $1,538,000/year:

i. Carrier Agreement with MCI Telecommunications Corporation;
ii. Service Agreement with US Sprint Communications Company Limited Partnership of Delaware; and
iii. Agreement with British Petroleum.

c. General Communication, Inc. and GCI Leasing Co., Inc.: None.

2. Contracts calling for annual aggregate expenditures by GCI or its subsidiaries of greater than $5,000,000 annually or for aggregate expenditures by GCI during the remainder of their respective terms of greater than $10,000,000.

a. GCI and GCI Communication Corp.:

i. NationsBank of Texas, N.A. These entities owe the current principal amount of $ 30,100,000 to NationsBank of Texas, N.A. as Administrative Agent under the Credit Agreement dated April 26, 1996.

ii. National Bank of Alaska. GCI Communication Corp. owes the current principal amount of $7,595,595, National Bank of

Alaska, as Lender under the Loan Agreement dated December 31, 1992, relating to its undersea fiber operations.

iii. MCI Telecommunications Corporation. The lease agreement between MCI and GCI Leasing Company, Inc., dated December 31, 1992, will result in payments exceeding $10 Million over its term.

iv. Scientific-Atlanta, Inc. The Company's 1996 commitment under its equipment purchase contract with Scientific-Atlanta, Inc. exceeds $5,000,000.

v. Hughes Communications Galaxy, Inc. 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 will exceed $5 Million and the remaining commitment will exceed $10 Million.

SCHEDULE 4(q)(i)
Existing Defaults

None.

SCHEDULE 4(r)(v)
Environmental Notices

None.

SCHEDULE 4(s)
Tax Audits

GCI's 1993 federal income tax return was selected for examination by the Internal Revenue Service ("IRS") during 1995. The examination commenced during the fourth quarter of 1995 and was completed in March, 1996. GCI has received a letter from the agent conducting the examination indicating that no changes are proposed or required.

The IRS is in the process of reviewing GCI's compliance with the federal excise tax on telecommunication services. No substantive issues have been raised at this time.

The Washington State Department of Revenue has notified GCI that it intends to conduct an audit in July, 1996, of Washington state sales, use and business occupation taxes for the period of January, 1992 through March, 1996.

Management believes these examinations will not result in material adjustments and will not have a material impact on GCI's financial statements.

MCI's OFFICER'S CERTIFICATE
(Section 8(b)(iii))

In compliance with Section 8(b)(iii) of the Stock Purchase Agreement dated , 1996, between GENERAL COMMUNICATION, INC. ("GCI") and MCI TELECOMMUNICATIONS CORPORATION ("Agreement") I, the undersigned, certify as follows:

1. I am the duly appointed and acting of MCI and I am authorized to execute this Certificate.

2. The Final Closing Date as defined in the Agreement is , 1996.

3. This representations of MCI set forth in the Agreement are true and correct in all material respects as of the date when made and (unless made as of a specified date) are true and correct in all material respects as if made as of the Final Closing Date.

4. MCI has performed in all material respects its agreements contained in the Agreement required to be performed at or prior to the Final Closing Date.

Dated this day of , 1996.

MCI TELECOMMUNICATIONS CORPORATION

By:
Name:
Its:

GCI's OFFICER'S CERTIFICATE
(Section 8(c)(i), (ii), (iii), (viii) and (ix))

In compliance with Section 8(c)(i), (ii), (iii), (viii) and (ix) of the Stock Purchase Agreement dated , 1996, between GENERAL COMMUNICATION, INC. ("GCI") and MCI TELECOMMUNICATIONS CORPORATION ("Agreement") I, John M. Lowber, certify as follows:

1. I am the duly appointed and acting Secretary of GCI authorized to execute this Certificate.

2. The Final Closing Date as defined in the Agreement is , 1996.

3. This representations of GCI set forth in the Agreement are true and correct in all material respects as of the date when made and (unless made as of a specified date) are true and correct in all material respects as if made as of the Final Closing Date.

4. GCI has performed in all material respects its agreements contained in the Agreement required to be performed at or prior to the Final Closing Date.

5. All applicable consents and approvals (including those of the FCC and any applicable Public Utility Commission which are necessary to consummate the transactions contemplated by the Agreement have been obtained.

6. Attached hereto is a complete copy of a resolution duly adopted by the board of directors of GCI authorizing and approving the execution of the Agreement and the consummation of the transactions contemplated by the Agreement.

Dated this day of , 1996.

GENERAL COMMUNICATION, INC.

By:
John M. Lowber, Secretary

EXHIBIT 2.8

STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement ("Agreement"), dated as of September 13, 1996, is between General Communication, Inc., an Alaska corporation ("GCI"), and MCI Telecommunications Corporation, a Delaware corporation ("MCI").

1. Agreement to Purchase and Sell Shares. On the terms and subject to the conditions contained in this Agreement, on the Final Closing Date, as defined below, GCI agrees to sell to MCI, and MCI agrees to purchase from GCI, two million (2,000,000) shares of GCI's Class A Common Stock ("Shares"). On the Final Closing Date, GCI shall deliver to MCI certificates representing the Shares. The Final Closing Date ("Final Closing Date") shall occur on the fifth (5th) business day after which all franchise transfer and other regulatory consents have been obtained which are required for the full performance of the Securities Purchase and Sale Agreement dated effective as of May 2, 1996 for the purchase and sale of Prime Cable of Alaska, L.P., Alaska Cable, Inc. and Prime Cable Fund I, Inc. (the "Prime SPA").

2. Purchase Price. The purchase price payable for the Shares shall be Thirteen Million Dollars $13,000,000.00 ("Purchase Price"). On the Final Closing Date MCI shall pay to GCI the Purchase Price by wire transfer of immediately available funds to a GCI designated account.

3. Closing. Unless this Agreement and the transactions contemplated hereby shall have been terminated, the closing ("Closing") of this Agreement shall take place at the offices of Hartig, Rhodes, Norman, Mahoney & Edwards, P.C., 717 K Street, Anchorage, Alaska 99501 on or before the fifth (5th) business day following the latest of (i) the full consummation and performance of the Prime SPA, or (ii) the last condition precedent set forth in Section 8 shall have been satisfied or waived, or at such other time or place as MCI and GCI shall mutually agree in writing.

4. Representations and Warranties of GCI. GCI represents and warrants to MCI as follows:

a) Due Organization and Qualification. GCI and each of its subsidiaries are corporations duly organized, validly existing and in good standing under the laws of their respective jurisdictions of incorporation, with corporate power and authority to own, lease and operate their respective properties and to conduct their respective businesses as they are now owned, leased and operated, and conducted. Each of GCI and its subsidiaries is duly qualified as a foreign corporation to do business, and is in good standing, in each jurisdiction where the character of its properties owned or held under lease or the nature of its activities makes such qualification necessary,

except where the failure so to qualify would not have a material adverse effect on GCI and its subsidiaries taken as a whole.

b) Authorization. GCI has the requisite corporate power to enter into this Agreement and to perform its obligations hereunder. The execution and delivery by GCI of, and the performance by GCI of its obligations under this Agreement have been duly authorized by all requisite corporate action of GCI, and this Agreement is a valid and binding agreement of GCI, enforceable against GCI in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally, or by the principles governing the availability of equitable remedies. None of the execution and delivery by GCI of this Agreement, the issuance and sale by GCI of the Shares, the consummation of the transactions contemplated hereby, or the compliance by GCI with the terms, conditions and provisions hereof, will conflict with or result in a breach or violation of any of the terms, conditions, or provisions of GCI's articles of incorporation or by-laws or of any material agreement or instrument to which GCI is a party or by which GCI or any of its material properties may be bound, or constitute, with or without the provision of notice or the passage of time, or both, a default or create a right of termination, cancellation or acceleration thereunder, or result in the creation or imposition of any security interest, mortgage, lien, charge or encumbrance of any nature whatsoever upon GCI or any of its material properties or assets.

c) Capital Stock. As of the date hereof and after the issuance of the Shares as contemplated by this Agreement, the authorized and issued and outstanding capital stock of GCI will be as set forth on the attached Exhibit A, except for such changes (i) resulting from the exercise of stock options, (ii) the purchase of shares contemplated herein, and (iii) the purchase and sale of securities in connection with the Cable Acquisitions (as defined below)..

All of the outstanding shares of Class A Common Stock and Class B Common Stock

listed on the Exhibit A have been or when issued, will be validly issued and outstanding, fully paid, nonassessable and not entitled to any preemptive rights. Except as set forth on Schedule 4(c)(i), there are currently outstanding no options, warrants, rights or convertible securities or other agreements or commitments of any character providing for the issuance of capital stock of GCI or any of its subsidiaries. Except as set forth on the attached Schedule 4(c)(ii), there are no voting trusts and other agreements or understandings to which GCI or any subsidiary is a party, and to GCI's knowledge, no other voting trusts exist with respect to the voting of the capital stock of GCI or any of its subsidiaries.

Except as set forth on the attached Schedule 4(c)(iii), GCI owns the entire equity interest in each of its subsidiaries, and all the outstanding capital stock of each subsidiary of GCI are validly issued, fully paid and nonassessable and are owned by GCI free and clear of all liens, charges, preemptive rights, claims or encumbrances.

d) Issuance of Shares. The Shares, when sold and delivered by GCI to MCI pursuant to this Agreement, will have been duly authorized and validly issued, and will be fully paid and non-assessable, not subject to any preemptive rights and free and clear of any security interest, lien, charge or encumbrance of any nature whatsoever.

e) SEC Reports. GCI has timely filed all forms, reports, statements and schedules with the Commission required to be filed by it pursuant to the Securities Exchange Act of 1934, as amended ("Exchange Act") or other federal securities laws since June 30, 1993, and has heretofore delivered to MCI (in the form filed with the Commission), together with any amendments or supplements thereto, including superseding amendments, its (i) Annual Reports on Form 10-K for the fiscal years ended December 31, 1994 and December 31, 1995, (ii) all definitive proxy statements relating to GCI's meetings of stockholders (whether annual or special) held since March 31, 1993 as filed with the Securities and Exchange Commission ("Commission"), and (iii) all other reports or registration statements filed by GCI pursuant to the Exchange Act and the Securities Act of 1933, as amended ("Securities Act") since March 31, 1993 (collectively, "SEC Reports"). The SEC Reports (i) were prepared in compliance with the applicable requirements of the Securities Act or the Exchange Act, as the case may be, and (ii) did not as of their respective dates contain any untrue statement of material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading. None of the subsidiaries of GCI is required to file any reports, statements, forms or other documents with the Commission.

f) Financial Statements. The audited financial statements of GCI included or incorporated by reference in the SEC Reports and the unaudited interim monthly financial statements for periods subsequent to such audited financial statements (collectively, including the footnotes thereto, "Financial Statements") are correct and complete, were prepared in accordance with generally accepted accounting principles applied on a consistent basis ("GAAP") (except as otherwise stated in the Financial Statements or in the related reports of GCI's independent accountants) and present fairly the consolidated financial position of GCI and its subsidiaries as of the dates thereof, and the results of operations, changes in financial position and the statements of stockholders' equity of GCI and its subsidiaries on a consolidated basis for the periods indicated. No event has occurred since the preparation of the Financial Statements that would require a restatement of the Financial Statements under GAAP. GCI has received no notice of any fact which may form a basis for any claim by a third party which, if asserted, could result in liability affecting GCI not disclosed by or reserved against in GCI's most recent balance sheet. The Financial Statements reflect and at the Closing Date will reflect, the interest of GCI in the assets, liabilities and operations of all subsidiaries of GCI.

Neither GCI nor any of its subsidiaries has any material liability, obligation or commitment of any nature whatsoever (whether known or unknown, due or to become due, accrued, fixed, contingent, liquidated, unliquidated, or otherwise) other than liabilities, obligations or commitments (i) which are accrued or reserved against in the consolidated balance sheet of GCI and its consolidated subsidiaries ("Balance Sheet") as of December 31, 1995 or reflected in the notes thereto, (ii) which (x) arose in the ordinary course of business since such date and (y) do not or would not individually or in the aggregate have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole, or (iii) which are the type that would not be required to be reflected on a consolidated balance sheet of GCI and its subsidiaries or in the notes thereto if such balance sheet were prepared in accordance with GAAP as of the date hereof or as at the Closing Date, as the case may be. From the date of the most recent balance sheet included in the Financial Statements to and including the date hereof, (i) GCI's business has

been operated only in the ordinary course, (ii) GCI has not sold or disposed of any assets other than in the ordinary course of business, (iii) there has not occurred any material adverse change or event in GCI's business, operations, assets, liabilities, financial condition or results of operations compared to the business, operations, assets, liabilities, financial condition or results of operations reflected in the Financial Statements, and (iv) there has not occurred any theft, damage, destruction or loss which has had a material adverse effect on GCI.

g) Related Transactions. Since the date of GCI's 1995 Proxy Statement to the date hereof, GCI has not entered into or otherwise become obligated with respect to any transactions which would require a disclosure pursuant to Item 404 of Regulation S-K in accordance with Items 7(b) or (c) of Schedule 14A under the Exchange Act were GCI to distribute a proxy statement as of the date hereof and the Closing Date.

h) Litigation. Except as set forth on Schedule 4(h), there is no claim, suit, action, governmental investigation or proceeding pending or, to the knowledge of GCI, threatened against or affecting GCI or any of its subsidiaries which (i) seek to restrain or enjoin the consummation of the transactions contemplated by this Agreement, or (ii) if decided adversely to GCI or such subsidiary would have, or would be likely to have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. There is no outstanding order, writ, injunction or decree or, to the knowledge of GCI, any claim or investigation of any court, governmental agency or arbitration tribunal materially and adversely affecting or which can reasonably be expected to materially and adversely affect GCI, any of its subsidiaries, or their respective properties, assets or businesses, franchises, licenses or permits under which they operate, or their ability to operate their respective businesses in the ordinary course.

i) Governmental. No governmental consent, approval, hearing, filing, registration or other action, including the passage of time, is necessary for the

execution and delivery of this Agreement, the issuance and sale of the Shares, or the consummation of the transactions contemplated by this Agreement, other than (i) any applicable consents and/or approvals of the Federal Communications Commission ("FCC"), and (ii) any applicable filings with and consents and/or approvals of state public service commissions, public utility commissions or similar state regulatory bodies ("Public Utility Commissions") under state public utility statutes and similar laws.

j) Absence of Certain Changes. Since December 31, 1995, (i) there has not occurred or arisen any event having, and neither GCI nor any of its subsidiaries has suffered, a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole, (ii) GCI and its subsidiaries have conducted their businesses only in the ordinary course, consistent with past practices, and (iii) neither GCI nor any of its subsidiaries has taken any actions described in Sections 7 a) through e).

k) Fees. Neither GCI nor any of its subsidiaries has paid or become obligated to pay any fee, commission to any broker, finder or intermediary in connection with the transactions contemplated by this Agreement.

l) Certain Agreements. Except as set forth on the attached Schedule 4(l), there are no contracts, agreements, arrangements or understandings to which GCI or any of its subsidiaries, officers, agents or representatives is a party, that create, govern or purport to govern the right of another party to acquire GCI or an equity interest in GCI, or any subsidiary of GCI, or to increase any such equity interest.

m) Labor Relations. Neither GCI nor any of its subsidiaries is a party to any collective bargaining agreement. Since March 31, 1993, neither GCI nor any of its subsidiaries has (i) had any employee strikes, work stoppages, slowdowns or lockouts, or (ii) except as set forth on the attached Schedule 4(m)(ii), received any request for certification of bargaining units or any other requests for collective bargaining.

n) Licenses. GCI and its subsidiaries have all permits, licenses, waivers, authorizations, approvals and certificates of public convenience and necessity ("Licenses") (including, without limitation, Licenses by the FCC and Public Utility Commissions) which are necessary for GCI and its subsidiaries to conduct their operations in the manner heretofore conducted, except for Licenses, the failure of which to obtain would not have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. No event has occurred, been initiated or threatened with respect to the Licenses which permits, or after notice or lapse of time or both would permit, revocation or termination thereof or would result in any material impairment of the rights of the holder of any of the Licenses except for revocations, terminations or impairments that would not, in the aggregate, have a material adverse effect on the business, properties or

financial condition of GCI and its subsidiaries taken as a whole.

o) Employee Benefit Plans. Each employee benefit plan, as such term is defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), of GCI or any subsidiary of GCI ("Pension Plan") and each other employee benefit plan within the meaning of ERISA (collectively with the Pension Plans, ("Plans") complies in all material respects with all applicable requirements of ERISA and the Internal Revenue Code of 1986, as amended ("Code"), and other applicable laws. None of the Plans is a multi-employer plan, as such term is defined in Section 3(37) of ERISA. Each Pension Plan which is intended to be qualified under Section 401(a) of the Code has been determined by the Internal Revenue Service to be qualified and nothing has occurred since the date of any such determination or application which would adversely affect such qualification. Neither GCI nor any subsidiary of GCI, nor any Plan nor any of their respective directors, officers, employees or agents has, with respect to any Plan, engaged in any "prohibited transaction," as such term is defined in Section 4975 of the Code or Section 406 of ERISA, which could result in any taxes or penalties or other liabilities under Section 4975 of the Code or Section 502(i) of ERISA, except taxes, penalties or liabilities which in the aggregate would not have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. No liability to the Pension Benefit Guaranty Corporation has been incurred with respect to any Pension Plan that has not been satisfied in full. No Pension Plan has incurred an "accumulated funding deficiency" within the meaning of the Code. There has been no "reportable event" within the meaning of Section 4043 of ERISA with respect to any Pension Plan. All amounts required by the provisions of any Pension Plan to be contributed have been so contributed.

p) Property and Leases. Except as set forth on the attached Schedule 4(p), GCI and its subsidiaries have good title to all material assets reflected on the Balance Sheet except for (i) liens for current taxes and assessments not yet past due, (ii) inchoate mechanics' and materialmens' liens for construction in progress, (iii) workers', repairmens', warehousemens' and carriers' liens arising out of the ordinary course of business, and (iv) all matters of record, liens and imperfections of title and encumbrances which matters, liens and imperfections would not, in the aggregate, have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole.

q) Material Agreements. Schedule 4(q) attached hereto sets forth a complete listing of all contracts and agreements existing on the date hereof to which GCI or any of its subsidiaries is a party or by which any of their respective properties or assets is bound other than contracts for services purchased under tariffs, which (i) are with any customer which accounted for more than two percent of GCI or any of its subsidiary's revenues for the year ended December 31, 1995, (ii) involve contracts that call for annual aggregate expenditures by GCI in excess of $5,000,000, or (iii) involve contracts that call for aggregate expenditures by GCI during the remainder of their respective term in excess of $10,000,000. All such contracts and agreements

are valid and binding, in full force and effect and enforceable against the parties thereto in accordance with their respective terms. Except as set forth on the attached Schedule 4(q)(i), to GCI's knowledge, there is not under any such contract or agreement any existing default, or event which, after notice of lapse of time, or both, would constitute a default, by GCI or any of its subsidiaries or any other party.

r) Compliance with Laws.

(i) GCI is in material compliance with all applicable laws, rules, regulations, orders, ordinances, and codes of the United States of America, its territories and possessions, and of any state, county, municipality, or other political subdivision or any agency of any of the foregoing having jurisdiction over GCI's business and affairs.

In General.

GCI has constructed, maintained and operated, and is constructing, maintaining and operating, its business (including, without limitation, the real property owned or leased by GCI ("GCI's Real Property")) in material compliance with all applicable laws including the Communications Act, the rules and regulations of the FCC, the APUC (in each case as the same are currently in effect);

(i) All reports, notices, forms and filings, and all fees and payments, required to be given to, filed with, or paid to, any governmental authority by GCI under all applicable laws have been timely and properly given and made by GCI, and are complete and accurate in all material

respects, in each case as required by applicable law;

(ii) GCI has not received any notice (written or oral) from any governmental authority or any other Person that it, or its ownership and operation of its business is in material violation of any applicable law, and GCI knows of no basis for the allegation of any such violations; and

(iii) GCI has complied in all material respects with all applicable legal requirements relating to the employment of labor, including ERISA, continuation coverage requirements with respect to group health plans, and those relating to wages, hours, unemployment compensation, worker's compensation, equal employment opportunity, age and disability discrimination, immigration control and the payment and withholding of taxes, and no reportable event, within the meaning of Title IV of ERISA, has occurred and is continuing with respect to any "employee benefit plan" or "multiemployer plan" (as those terms are defined in ERISA) maintained by GCI or its affiliates (as defined in Section 407(d)(7) of ERISA). No prohibited transaction, within the meaning of Title I of ERISA, has occurred with respect to any such employee benefit plan or multiemployer plan, and no material accumulated funding deficiency (as defined

in Title I of ERISA) or withdrawal liability (as defined in Title IV of ERISA) exists with respect to any such employee benefit plan or multiemployer plan.

(iv) To GCI's knowledge, except as set forth in Schedule 4(r)(v): (i) GCI has not received any notice (written or oral) from any governmental authority or other Person that the Person giving such notice is investigating whether, or has determined that there are, any violations of Environmental Laws by GCI, or violations of Environmental Law due to activities on, or affecting, or related to GCI's Real Property, (ii) none of GCI's Real Property has previously been used by any Person for the generation, production, emission, manufacture, handling, processing, treatment, storage, transportation, disposal or discharge of any Hazardous Substances, (iii) GCI has not used, generated, produced, emitted, manufactured, handled, possessed, treated, stored, transported, disposed or discharged, and does not presently use, generate, produce, emit, manufacture, handle, possess, treat, store, transport, dispose or discharge, any Hazardous Substances on, into or from GCI's Real Property, (iv) GCI is in compliance in all material respects with all laws applicable to its own (as distinguished from other Persons') use, generation, production, emission, manufacturing, treatment, storage, transportation, disposal, and discharge of any Hazardous Substances on, into or from GCI's Real Property, (v) there are no above ground or underground storage tanks, or any Equipment containing polychlorinated biphenyls, on GCI's Real Property, (vi) no release of Hazardous Substances outside GCI's Real Property has entered or threatens to enter any of GCI's Real Property, nor is there any pending or threatened claim based on Environmental Laws which arises from any condition of the land surrounding any of GCI's Real Property, (vii) no Real Property has been used at any time as a gasoline service station or any other facility for storing, pumping, dispensing or producing gasoline or any other petroleum products or wastes, (viii) no building or other structure on any of GCI's Real Property contains asbestos, and (ix) there are no incinerators, septic tanks or cesspools on GCI's Real Property and all waste is discharged into a public sanitary sewer system. GCI has provided MCI with complete and correct copies of (A) all studies, reports, surveys or other materials in GCI's possession or of which GCI has knowledge and to which GCI has access relating to the presence or alleged presence of Hazardous Substances at, on or affecting GCI's Real Property, (B) all notices or other materials in GCI's possession or of which GCI has knowledge and to which GCI has access that were received from any governmental authority having the power to administer or enforce any Environmental Laws relating to current or past ownership, use or operation of the real property or activities at or affecting GCI's Real Property and (C) all materials in GCI's possession or to which GCI has access relating to any claim, allegation or action by any private third party under any Environmental Law. The representations and warranties in this Section 4(r) are the only representations and warranties given by GCI with respect to the Environmental Law compliance of GCI and its business.

s) Tax Returns and Other Reports. GCI has duly and timely filed in proper form all federal, state, local, and foreign, income, franchise, sales, use,

property, excise, payroll, and other tax returns and other reports (whether or not relating to taxes) required to be filed by law with the appropriate governmental authority, and, to the extent applicable, has paid or made provision for payment of all taxes, fees, and assessments of whatever nature including penalties and interest, if any, which are due with respect to any aspect of its business or any of its properties. Except as set forth on Schedule 4(s), there are no tax audits pending and no outstanding agreements or waivers

extending the statutory period of limitations applicable to any relevant tax return.

t) Transfer Taxes. There are no sales, use, transfer, excise, or license taxes, fees, or charges applicable with respect to the transactions contemplated by this Agreement.

u) Disclosure. No written statement in this Agreement or in any agreement or other document delivered pursuant to this Agreement by or on behalf of GCI contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading. None of the periodic filings made by GCI with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, since January 1, 1995, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

v) Investment Company. GCI is not an "investment company" or a company "controlled" by an investment company within the meaning of the Investment Company Act of 1940, as amended (the "Act"), and GCI has not relied on rule 3a-2 under the Act as a means of excluding it from the definition of an "investment company" under the Act at any time within the three (3) year period preceding the Closing Date.

w) No Insolvency. As of even date and as of the Closing Date, GCI is not and shall not be insolvent.

5. Representations and Warranties of MCI. MCI represents and warrants to GCI as follows:

a) Due Organization. MCI is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, with corporate power to own its properties and to conduct its business as now owned and conducted.

b) Authorization. MCI has the requisite corporate power to enter into this Agreement and to perform its obligations hereunder. The execution and delivery by MCI of, and the performance by MCI of its obligations under this Agreement have been duly authorized by all requisite corporate action of MCI and this Agreement

is a valid and binding agreement of MCI, enforceable against MCI in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally or by the principles governing the availability of equitable remedies.

c) Purchase for Investment; Existing Shareholder. MCI is purchasing the Shares for investment for its own account and not with a view to or for sale in connection with any distribution thereof within the meaning of the Securities Act. MCI is an existing security holder of shares of issued and outstanding common stock of GCI and no commission or other remuneration shall be paid by MCI, directly or indirectly, in connection with MCI's purchase of Shares.

d) No Registration of Shares. MCI understands that (i) the Shares have not been registered under the Securities Act or under any state securities laws and are being issued in reliance on the exemptions from the registration and prospectus delivery requirements of the Securities Act which are set forth in Sections 4(2) and 4(6) of the Securities Act and the regulations promulgated thereunder and in reliance on exemptions from the registration requirements of applicable state securities laws; and (ii) the Shares cannot be transferred without compliance with the registration requirements of the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available, and (iii) the reliance of GCI upon the aforesaid exemptions is predicated in part upon MCI's representations and warranties.

e) Residence. The jurisdiction in which MCI's principal executive offices are located is in the District of Columbia.

f) Accredited Investor. MCI is an "accredited investor" as defined in Rule 501 promulgated under the Securities Act.

g) Availability of Information. GCI has made available to MCI the opportunity to ask questions of, and to receive answers from, GCI's officers and directors, and any other person acting on their behalf, concerning the terms and conditions of this Agreement and the transactions contemplated herein and to obtain any other information requested by MCI to the extent GCI possesses such information or can acquire it without unreasonable effort or expense. MCI has been afforded the opportunity to inspect, and to have its auditors or other agents inspect, the books and records of GCI. The

furnishing of such information, the opportunity to inspect and any inspection so undertaken by MCI shall not affect MCI's right to rely on the representations and warranties of GCI set forth in this Agreement.

h) Disclosure. No written statement in this Agreement or in any agreement or other document delivered pursuant to this Agreement by or on behalf of MCI contains any untrue statement of a material fact or omits to state a material fact

necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading.

i) Investment Company. MCI is not an "investment company" or a company "controlled" by an investment company within the meaning of the Investment Company Act of 1940, as amended (the "Act"), and MCI has not relied on rule 3a-2 under the Act as a means of excluding it from the definition of an "investment company" under the Act at any time within the three (3) year period preceding the Closing Date.

j) No Insolvency. As of even date and as of the Closing Date, MCI is not and shall not be insolvent.

6. Restrictive Legend. The certificates representing the Shares shall bear a legend substantially to the effect of the following:

> "The securities represented by this certificate have been issued without registration under the Securities Act of 1933, as amended, or any state securities laws and may not be offered, sold or otherwise disposed of, unless the securities are registered under such act and applicable state securities laws or exemptions from the registration requirements thereof are available for the transaction."

7. Additional Agreements. During the period from the date of this Agreement to the Final Closing Date:

a) Interim Operations. GCI shall, and shall cause its subsidiaries to, conduct their respective business only in the ordinary course, and maintain, keep and preserve their respective assets and properties in good condition and repair, ordinary wear and tear excepted.

b) Certificate and By-laws. GCI shall not, and shall not permit any of its subsidiaries to, make or propose any change or amendment in their respective Certificates of Incorporation or By-laws.

c) Capital Stock. Except in connection with the Cable Acquisitions (as defined below), GCI shall not, and shall not permit any of its subsidiaries to, issue, pledge or sell any shares of capital stock or any other securities of any of them or issue any securities convertible into, or exchangeable for or representing the right to purchase or receive, or enter into any contract with respect to the issuance of, any shares of capital stock or any other securities of any of them (other than pursuant to this Agreement or the exercise of stock options outstanding on the date hereof), or enter into any contract with respect to the purchase or voting of shares of their capital stock or

adjust, split, combine, reclassify any of their securities, or make any other material changes in their capital structures.

d) Dividends. GCI shall not declare, set aside, pay or make any dividend or other distribution or payment (whether in cash, stock or property) with respect to, or purchase or redeem, any shares of capital stock.

e) Assets; Mergers; Etc. GCI shall not, and shall not permit any of its subsidiaries to, encumber, sell, lease or otherwise dispose of or acquire any material assets, or encumber, sell, lease or otherwise dispose of assets having a value in excess of $3,000,000 in the aggregate, or enter into any merger or other agreement providing for the acquisition of any material assets of GCI or any of its subsidiaries by any third party or acquire (by merger, consolidation, or acquisition of stock or assets) any corporation, partnership or other business organization or division thereof or enter any contract, agreement, commitment or arrangement to do any of the foregoing, except under: (i) the Prime SPA, (ii) the Alaskan Cable Network Asset Purchase Agreement, dated April 15, 1996, and (iii) the Alaska Cablevision, Inc. and McCaw/Rock Associates Asset Purchase Agreements, dated May 10, 1996 ((i), (ii) and (iii) above collectively, "Cable Acquisitions").

f) Access to Information. GCI shall, and shall cause its subsidiaries, officers, directors, employees and agents-to, afford MCI

access at all reasonable times to their officers, employees, agents, properties, books, records and contracts, and shall furnish MCI all financial, operating and other data and information as MCI may reasonably request.

g) Certain Filings, Consents and Arrangements. MCI and GCI shall (i) cooperate with one another in promptly (x) determining whether any filings are required to be made or consents, approvals, permits or authorizations are required to be obtained under any federal or state law or regulation or any consents, approvals or waivers are required to be obtained from other parties to loan agreements or other contracts material to GCI's business in connection with the transaction contemplated by this Agreement, and (y) making any such filings, furnishing information required in connection therewith and seeking timely response to obtain any such consents, permits, authorizations, approvals or waivers; and (ii) as promptly as practicable, file with the Federal Trade Commission and the Department of Justice the notification and report forms, if required.

h) Amendments to Prime SPA. GCI shall not amend, modify or alter, in any manner whatsoever, the Prime SPA without the prior written consent of MCI.

8. Conditions.

a) Conditions to Obligations of MCI and GCI. The obligations of MCI and GCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The consummation of the transactions contemplated by this Agreement shall not be precluded by any order, decree or preliminary or permanent injunction of a federal or state court of competent jurisdiction; and

(ii) The consummation of the transactions contemplated under the Prime SPA.

b) Conditions to Obligations of GCI. The obligations of GCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The representations of MCI set forth in this Agreement shall have been true and correct in all material respects when made and (unless made as of a specified date) shall be true and correct in all material respects as if made as of the Final Closing Date;

(ii) MCI shall have performed in all material respects its agreements contained in this Agreement required to be performed at or prior to the Final Closing Date;

(iii) GCI shall have received a certificate of an officer of MCI, dated as of the Final Closing Date, certifying as to the fulfillment of the matters contained in paragraphs (i) and (ii) of this Section 8 b); and

(iv) GCI shall have received from MCI the amount of $13,000,000.00 by wire transfer of immediately available funds.

c) Conditions to Obligations of MCI. The obligations of MCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The representations of GCI set forth in this Agreement shall have been true and correct in all material respects when made and (unless made as of a specified date) shall be true and correct in all material respects as if made as of the Final Closing Date;

(ii) GCI shall have performed in all material respects its agreements contained in this Agreement required to be performed at or prior to the Final Closing Date;

(iii) All applicable consents and approvals (including those of the FCC and any applicable Public Utility Commission) which are necessary to consummate the transactions contemplated by this Agreement, shall have been obtained;

(iv) MCI shall have received from GCI certificates representing the Shares, registered in MCI's name and with all the

necessary documentary stock transfer stamps annexed thereto;

(v) MCI shall have received a certified copy of GCI's articles of incorporation and by-laws, as amended as of the Final Closing Date and a certificate of good standing for GCI from its jurisdiction of incorporation dated as of a date on or after January 1, 1996;

(vi) MCI shall have received (a) the Registration Rights Agreement attached as Exhibit B executed by a duly authorized officer of GCI dated as of the Final Closing Date, and (b) the Voting Agreement attached as Exhibit C executed by a duly authorized officer of all the parties thereto dated as of the Final Closing Date;

(vii) MCI shall have received an opinion of Hartig, Rhodes, Norman, Mahoney & Edwards, P.C., counsel to GCI, dated as of the Final Closing Date in the form of Exhibit D;

(viii) MCI shall have received a certificate of the Secretary or Assistant Secretary of GCI, dated as of the Final Closing Date, certifying that attached thereto is a complete copy of a resolution duly adopted by the board of directors of GCI authorizing and approving the execution of this Agreement and the consummation of the transactions contemplated by this Agreement;

(ix) MCI shall have received a certificate of an officer of GCI, dated as of the Final Closing Date, certifying as to the fulfillment of the matters contained in paragraphs (i) through (iii) of this Section 8 c);

(x) the Prime SPA shall not have been amended, modified or altered without the prior written consent of MCI; and

(xi) GCI shall not have issued, in the aggregate, more than 18,000,000 shares of its Class A Common Stock in connection with the Cable Acquisitions and the price per share for any share of Class A Common Stock issued in connection therewith shall have been at least $6.50.

9. Termination. This Agreement and the transactions contemplated hereby may be terminated at any time prior to the Closing Date:

a) by the mutual written consent of MCI and GCI;

b) by MCI and GCI if either is prohibited by an order or injunction (other than an injunction on a temporary or preliminary basis) of a court of competent jurisdiction from consummating the transactions contemplated by this Agreement and all means of appeal and all appeals from such order or injunction have been finally exhausted;

c) by MCI or GCI if the Final Closing Date shall not have occurred on or before December 31, 1996; provided, however, that the right to terminate under this paragraph c) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause of the failure of the Closing to occur on or before such date.

In the event of termination, no party hereto shall have any liability or further obligation to the other party hereto, except that nothing herein will relieve any party from any breach of this Agreement.

10. Survival of Representations, Warranties and Covenants. All representations, warranties and covenants contained herein shall survive the execution of this Agreement and the consummation of the transactions contemplated hereby.

11. Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. MCI shall have the right to assign to any direct or indirect subsidiary of MCI or its parent, MCI Communications Corporation, any and all rights and obligations of MCI under this Agreement.

12. Notices. Any notice or other communication provided for herein or given hereunder to a party hereto shall be in writing and shall be given by personal delivery, by telex, telecopier or by mail (registered or certified mail, postage prepaid, return receipt requested) to the respective parties as follows:

If to GCI:

General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503
Attn: Chief Financial Officer

If to MCI:

MCI Telecommunications Corporation
1801 Pennsylvania Avenue, NW
Washington, DC 20006
Attn: Vice President Corporate Development

With a copy to:

MCI Telecommunications Corporation
1133 19th Street, NW
Washington, DC 20036
Attn: Office of the General Counsel (0596/003)

or to such other address with respect to a party as such party shall notify the other in writing. Any such notice shall be deemed given upon receipt.

13. Amendment; Waiver. This Agreement may not be amended except by a writing duly signed by the parties. No party may waive any of the terms or conditions of this Agreement except by a duly signed writing referring to the specific provision to be waived.

14. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Alaska, without regard to the conflict of laws and rules thereof.

15. Entire Agreement. This Agreement (including the Exhibits and Schedules hereto) constitutes the entire agreement with respect to the transactions contemplated hereby, and supersedes all other and prior agreements and understandings, both written and oral, among the parties to this Agreement.

16. Expenses. Each party hereto shall pay its own expenses incident to preparing for, entering into and carrying out this Agreement and the consummation of the transactions contemplated hereby.

17. Captions. The Section and Paragraph captions herein are for convenience only, do not constitute part of this Agreement, and shall not be deemed to limit or otherwise affect any of the provisions hereof.

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

19. Cable Acquisitions. GCI agrees that it will not, at any time, issue, in the aggregate, more than 18,000,000 shares of its Class A Common Stock in connection with the Cable Acquisitions and the price per share for any share of Class A Common Stock issued in connection therewith shall have been at least $6.50.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered on the day and year first written above.

GENERAL COMMUNICATION, INC.

By /s/
John M. Lowber
Its: Senior Vice President

MCI TELECOMMUNICATIONS
CORPORATION

By /s/
Name:
Its:

<TABLE>

ATTACHMENT
Table of Contents

<CAPTION>
<S> <C>
I...

Exhibit A	-	Capital Stock....550
Exhibit B	-	Registration Rights Agreement....551
Exhibit C	-	Voting Agreement....564
Exhibit D	-	Opinion of Hartig Rhodes Norman Mahoney & Edwards, P.C....571

II....

Schedule 4(c)(i)	-	Options, Warrants, Rights or Convertible Securities....576
Schedule 4(c)(ii)	-	Voting Agreements....577
Schedule 4(c)(iii)	-	Ownership and Outstanding Capital Stock of each GCI subsidiary....578
Schedule 4(h)	-	Pending Litigation....579
Schedule 4(l)	-	Equity Agreements....580
Schedule 4(m)(ii)	-	Collective Bargaining Requests....581
Schedule 4(p)	-	Asset Liens....582
Schedule 4(q)	-	Material Contracts....583
Schedule 4(q)(i)	-	Existing Defaults....585
Schedule 4(r)(v)	-	Environmental Notices....586
Schedule 4(s)	-	Tax Audits....587

III....

Section 8(b)(iii)	-	MCI's Officer's Certificate....588
Section 8((c)(i)	-	GCI's Officer's Certificate....589
Section 8(c)(ii)	-	GCI's Officer's Certificate....589
Section 8(c)(iii)	-	GCI's Officer's Certificate....589
Section 8(c)(viii)	-	GCI's Officer's Certificate....589
Section 8(c)(ix)	-	GCI's Officer's Certificate....589

</TABLE>

EXHIBIT A
Capital Stock

As of the date hereof and after the issuance of the Shares as contemplated by this Agreement, the authorized and issued and outstanding capital stock of GCI will be as follows, except for such changes resulting from the exercise of stock options, warrants and common stock contemplated herein:

	Authorized Shares
Class A Common	50,000,000
Class B Common	10,000,000
Preferred	1,000,000

	Issued Shares As of 07/15/96	After Issuance of MCI Shares	After Issuance of Prime/Rock/Cooke Shares
Class A Common	19,768,1501 (1)	21,768,1501	38,029,1501
Class B Common	4,159,657	4,159,657	4,159,657
Preferred	-0-	-0-	-0-

- ------------------------
(1) Includes 120,111 treasury shares.

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement ("Agreement"), dated as of this day of , 1996, is between General Communication, Inc., an Alaska corporation ("GCI"), and MCI Telecommunications Corporation, a Delaware corporation ("MCI").

RECITALS

A. MCI has acquired Two Million (2,000,000) shares of GCI's Class A Common Stock, no par value. All such shares of GCI's Class A Common Stock which MCI now owns and any securities issued in exchange for or in respect of such stock, whether pursuant to a stock dividend, stock split, stock reclassification or otherwise are collectively referred to in this Agreement as the "Registrable Shares."

B. GCI desires to grant registration rights to MCI and any successor or assign of MCI as the holder of all or any portion of the Registrable Shares. MCI and such successors and assigns are referred to in this Agreement as the "Holders," or, individually as a "Holder."

AGREEMENT

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

1. Demand Registration.

(a) Following the expiration of a one hundred eighty (180) day "stand still period" after the date hereof and then only if required to permit resales of the Registrable Shares by Holders, Holders shall at any time and from time to time, have the right to require registration under the Securities Act of 1933, as amended ("Securities Act"), of all or any portion of the Registrable Shares on the terms and subject to the conditions set forth in this Agreement.

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

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

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

(e) Notwithstanding the foregoing, GCI shall not be obligated to effect a registration pursuant to this Section 1 during the period starting with the date sixty (60) days prior to GCI's estimated date of filing of, and ending on a date six (6) months following the effective date of, a registration statement pertaining to an underwritten public offering of equity

securities for GCI's account, provided that (i) GCI is actively employing in good faith all reasonable efforts to cause such registration statement to become effective and that GCI's estimate of the date of filing on such registration statement is made in good faith, and (ii) GCI shall furnish to the Holders a certificate signed by GCI's President stating that in the Board of Directors' good-faith judgment, it would be seriously detrimental to GCI or its shareholders for a Registration Statement to be filed in the near future; and in such event, GCI's obligations to file a Registration Statement shall be deferred for a period not to exceed six (6) months.

2. Incidental Registration. Each time that GCI proposes to register any of its equity securities under the Securities Act (other than a registration effected

solely to implement an employee benefit or stock option plan or to sell shares obtained under an employee benefit or stock option plan or a transaction to which Rule 145 or any other similar rule of the Commission under the Securities Act is applicable), GCI will give written notice to the Holders of its intention to do so. Each of the Selling Holders may give GCI a written request to register all or some of its Registrable Shares in the registration described in GCI's written notice as set forth in the foregoing sentence, provided that such written request is given within twenty (20) days after receipt of any such GCI notice. Such request will state (i) the amount of Registrable Shares to be disposed of and the intended method of disposition of such Registrable Shares, and (ii) any other information GCI reasonably requests to properly effect the registration of such Registrable Shares. Upon receipt of such request, GCI will use its best efforts promptly to cause all such Registrable Shares intended to be disposed of to be registered under the Securities Act so as to permit their sale or other disposition (in accordance with the intended methods set forth in the request for registration), unless the sale is a firmly underwritten public offering and GCI determines reasonably and in good faith in writing that the inclusion of such securities would adversely affect the offering or materially increase the offering's costs. In which case such securities and all other securities to be registered, other than those to be offered for GCI's account, shall be excluded to the extent the underwriter determines. The total number of secondary shares included in such registration shall be shared pro rata by all security holders having contractual registration rights based upon the amount of GCI's securities requested by such security holders to be sold thereunder. GCI's obligations under this Section 2 shall apply to a registration to be effected for securities to be sold for GCI's account as well as a registration statement which includes securities to be offered for the account of other holders of GCI equity securities having contractual registration rights; however, the registration rights granted pursuant to the provisions of this Section 2 are subject to the registration rights granted by GCI pursuant to (a) the Registration Rights Agreement dated as of January 18, 1991, between GCI and WestMarc Communications, Inc., (b) the Registration Rights Agreement dated as of March 31, 1993, between GCI and MCI, (c) the Registration Rights Agreement of even date between GCI and the owners of Prime Cable of Alaska, L.P., (d) the Registration Rights Agreement of even date between GCI and the owners of Alaskan Cable Network, Inc., and (e) the Registration Rights Agreement of even date between GCI and the owners of Alaska Cablevision, Inc., the effect of which agreements is that all parties hereto and thereto have pro rata piggy-back registration rights.

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

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

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

attorneys and accountants, and all transfer taxes and brokerage and underwriters' discounts and commissions directly attributable to the Registrable Shares being offered and sold by such Selling Holder.

4. Limitations on Registration Rights. Notwithstanding the provisions of Section 1 of this Agreement, GCI shall not be required to effect any registration under that Section if (i) the request(s) for registration cover an aggregate number of Registrable Shares having an aggregate Market Value of less than One Million Five Hundred Thousand Dollars ($1,500,000.00) as of the date of the last of such requests, (ii) GCI has previously filed two (2) registration statements under the Securities Act pursuant to Section 1, (iii) GCI, in order to comply with such request, would be required to (A) undergo a special interim audit or (B) prepare and file with the Commission, sooner than would otherwise be required, pro forma or other financial statements relating to any proposed transaction, or (iv) if, in the opinion of counsel to GCI, the form of which opinion of counsel shall be acceptable to the Holders, a registration is not required in order to permit resale by Holders. The first demand registration under this Agreement may be requested only by the Holders of a minimum of thirty percent (30%) of the Registrable Shares. "Market Value" as used in this Agreement shall mean, as to each class of Registrable Shares at any date, the average of the daily closing prices for such class of Registrable Shares, for the ten (10) consecutive trading days before the day in question. The closing price for shares of such class for each day shall be the last reported sale price regular way, or, in case no such reported sale takes place on such day, the average of the reported closing bid and asked prices regular way, in either case on the composite tape, or if the shares of such class are not quoted on the composite tape, on the principal United States securities exchange registered under the Securities Exchange Act of 1934, as amended ("Exchange Act"), on which shares of such class are listed or admitted to trading, or if they are not listed or admitted to trading on any such exchange, the closing sale price (or the average of the quoted closing bid and asked price if no sale is reported) as reported by the National Association of Securities Dealers Automated Quotation System ("NASDAQ") or any comparable system, or if the shares

of such class are not quoted on NASDAQ or any comparable system, the average of the closing bid and asked prices as furnished by any market maker in the securities of such class who is a member of the National Association of Securities Dealers, Inc., or in the absence of such closing bid and asked price, as determined by such other method as GCI's Board of Directors shall from time to time deem to be fair.

5. Obligations with Respect to Registration.

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

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

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

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

(iv) Furnish at GCI's expense to the Selling Holders such number of copies of a preliminary, final, supplemental or amended

prospectus, in conformity with the requirements of the Securities Act and the rules and regulations

promulgated thereunder, as may reasonably be required in order to facilitate the disposition of the Registrable Shares covered by a Registration Statement, but only while GCI is required under the provisions hereof to cause a Registration Statement to remain effective; and

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

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

(vii) Cause all such Registrable Shares to be listed on each securities exchange on which similar securities issued by GCI are then listed and to be qualified for trading on each system on which similar securities issued by GCI are from time to time qualified;

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

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

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

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

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

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

efforts to promptly obtain the withdrawal of such order.

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

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

(ii) During such time as the Selling Holder may be engaged in a distribution of the Registration Shares, such Selling Holder shall comply with Rules 10b-2, 10b-6 and 10b-7 promulgated under the Exchange Act and pursuant thereto it

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

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

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

6. Indemnification.

(a) By GCI. In the event of any registration under the Securities Act of any Registrable Shares pursuant to this Agreement, GCI shall indemnify and hold harmless any Selling Holder, any underwriter of such Selling Holder, each officer, director, employee or agent of such Selling Holder, and each other person, if any, who controls such Selling Holder or underwriter within the meaning of Section 15 of the Securities Act, against any losses, costs, claims, damages or liabilities, joint or several (or actions in respect thereof) ("Losses"), incurred by or to which each such indemnified party may become subject, under the Securities Act or otherwise, but only to the extent such Losses arise out of or based upon (i) any untrue statement or alleged untrue statement of any material fact contained, on the effective date thereof, in any Registration Statement under which such Registrable Shares were registered under the Securities Act, in any preliminary prospectus (if used prior to the effective date of such Registration Statement) or in any final prospectus or in any post effective amendment or supplement thereto (if used during the period GCI is required to keep the Registration Statement effective) ("Disclosure Documents"), (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading or (iii) any violation of any federal or state securities laws or rules or regulations thereunder committed by GCI in connection with the performance of its obligations under this Agreement; and GCI will reimburse each such indemnified party for all legal or other expenses reasonably incurred by such party

in connection with investigating or defending any such claims, including, subject to such indemnified party's compliance with the provisions of the last sentence of subsection (c) of this Section 6, any amounts paid in settlement of any litigation, commenced or threatened, so long as GCI's counsel agrees with the reasonableness of such settlement; provided, however, that GCI shall not be liable to an indemnified party in any such case to the extent that any such Losses arise out of or are based upon (i) an untrue statement or alleged untrue statement or omission or alleged omission (x) made in any such Disclosure

Documents in reliance upon and in conformity with written information furnished to GCI by or on behalf of such indemnified party specifically for use in the preparation thereof, (y) made in any preliminary or summary prospectus if a copy of the final prospectus was not delivered to the person alleging any loss, claim, damage or liability for which Losses arise at or prior to the written confirmation of the sale of such Registrable Shares to such person and the untrue statement or omission concerned had been corrected in such final prospectus or (z) made in any prospectus used by such indemnified party if a court of competent jurisdiction finally determines that at the time of such use such indemnified party had actual knowledge of such untrue statement or omission or (ii) the delivery by an indemnified party of any prospectus after such time as GCI has advised such indemnified party in writing that the filing of a post-effective amendment or supplement thereto is required, except the prospectus as so amended or supplemented, or the delivery of any prospectus after such time as GCI's obligation to keep the same current and effective has expired.

(b) By the Selling Holders. In the event of any registration under the Securities Act of any Registrable Shares pursuant to this Agreement, each Selling Holder shall, and shall cause any underwriter retained by it who participates in the offering to agree to, indemnify and hold harmless GCI, each of its directors, each of its officers who have signed the Registration Statement and each other person, if any, who controls GCI within the meaning of Section 15 of the Securities Act, against any Losses, joint or several, incurred by or to which such indemnified party may become subject under the Securities Act or otherwise, but only to the extent such Losses arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in any of the Disclosure Documents or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading, if the statement or omission was in reliance upon and in conformity with written information furnished to GCI by such indemnifying party specifically for use in the preparation thereof, (ii) the delivery by such indemnifying party of any prospectus after such time as GCI has advised such indemnifying party in writing that the filing of a post-effective amendment or supplement thereto is required, except the prospectus as so amended or supplemented, or after such time as the obligation of GCI to keep the Registration Statement effective and current has expired or (iii) any violation by such indemnifying party of its obligations under Section 5(b) of this Agreement or any information given or representation made by such indemnifying party in connection with the sale of the Selling Holder's Registrable Shares which is not contained in and not in conformity with the prospectus (as amended or

supplemented at the time of the giving of such information or making of such representation); and each Selling Holder shall, and shall cause any underwriter retained by it who participates in the offering to agree to, reimburse each such indemnified party for all legal or other expenses reasonably incurred by such party in connection with investigating or defending any such claim, including, subject to such indemnified party's compliance with the provisions of the last sentence of subsection (c) of this Section 6, any amounts paid in settlement of any litigation, commenced or threatened; provided, however, that the indemnity agreement contained in this Section 6(b) shall not apply to amounts paid in settlement of any loss, claim, damage, liability or action arising pursuant to a registration if such settlement is effected without the consent of Selling Holder; and provided further, that no Selling Holder shall be required to undertake liability under this Section 6(b) for any amounts in excess of the proceeds to be received by such Selling Holder from the sale of its securities pursuant to such registration, as reduced by any damages or other amounts that such Selling Holder was otherwise required to pay hereunder.

(c) Third Party Claims. Promptly after the receipt by any party hereto of notice of any claim, action, suit or proceeding by any person who is not a party to this Agreement (collectively, an "Action") which is subject to indemnification hereunder, such party ("Indemnified Party") shall give reasonable written notice to the party from whom indemnification is claimed ("Indemnifying Party"). The Indemnifying Party shall be entitled, at the Indemnifying Party's sole expense and liability, to exercise full control of the defense, compromise or settlement of any such Action unless the Indemnifying Party, within a reasonable time after the giving of such notice by the Indemnified Party, shall (i) admit in writing to the Indemnified Party, the Indemnifying Party's liability to the Indemnified Party for such Action under the terms of this Section 6, (ii) notify the Indemnified Party in writing of the Indemnifying Party's intention to assume the defense thereof and (iii) retain legal counsel reasonably satisfactory to the Indemnified Party to conduct the defense of such Action. The Indemnified Party and the Indemnifying Party shall cooperate with the party assuming the defense, compromise or settlement of any such Action in accordance herewith in any manner that such party reasonably may request. If the Indemnifying Party so assumes the defense of any such Action, the Indemnified Party shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, but the fees and expenses of such counsel shall be the Indemnified Party's sole expense unless (i) the Indemnifying Party has agreed to pay such fees and

expenses, (ii) any relief other than the payment of money damages is sought against the Indemnified Party or (iii) the Indemnified Party shall have been advised by its counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Indemnifying Party, and in any such case the fees and expenses of such separate counsel shall be borne by the Indemnifying Party. No Indemnifying Party shall settle or compromise any such Action in which any relief other than the payment of money damages is sought against any Indemnified Party unless the Indemnified Party consents in writing to such compromise or settlement, which consent shall not be unreasonably

withheld. No Indemnified Party shall settle or compromise any such Action for which it is entitled to indemnification hereunder without the Indemnifying Party's prior written consent, unless the Indemnifying Party shall have failed, after reasonable notice thereof, to undertake control of such Action in the manner provided above in this Section 6.

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

7. Miscellaneous.

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

(i) if to GCI at:

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

(ii) if to MCI, at:

MCI Telecommunications Corporation
1801 Pennsylvania Avenue, NW
Washington, DC 20006
ATTN: Senior Vice President
and Chief Financial Officer
Telecopy: (202) 887-2195

with a copy to:

MCI Telecommunications Corporation
1133 19th Street, NW
Washington, DC 20036
ATTN: Office of the General Counsel

(iii) if to any Holder other than MCI, at the address provided to GCI (and if none provided, to MCI)

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

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

(c) Binding Effect; Benefit. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. Nothing in this Agreement, expressed or implied is intended to confer on any person other than the parties hereto or their respective successors and assigns (including, in the case of MCI, any successor or assign of MCI as the holder of

Registrable Shares), any rights, remedies, obligations or liabilities under or by reason of this Agreement, other than rights conferred upon indemnified persons under Section 6.

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

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

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

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

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

GENERAL COMMUNICATION, INC.

By
John M. Lowber, Senior Vice President

MCI TELECOMMUNICATIONS CORPORATION

By
Name:
Its

VOTING AGREEMENT

THIS VOTING AGREEMENT ("Agreement") is entered into effective on the day of , 1996, by and between Prime II Management, L.P. ("Prime"), as the designated agent for the parties named on Annex 1 attached hereto (collectively, "Prime Sellers"), MCI Telecommunications Corporation, Ronald A. Duncan, Robert M. Walp, and TCI GCI, Inc. (Prime, as designated agent for the Prime Sellers, "Duncan," "Walp," and "TCI GCI," respectively, or individually, "Party" and collectively, "Parties"), all of whom are shareholders of General Communication, Inc., an Alaska corporation ("GCI"), as identified in this Agreement.

WHEREAS, the Parties are as of the date of this Agreement, the owners of the amounts of GCI's Class A and Class B common stock as set forth in this Agreement;

WHEREAS, the Parties desire to combine their votes as shareholders of GCI in the election of certain positions of the Board of Directors ("Board") of GCI and specifically to vote on certain issues as set forth in this Agreement;

WHEREAS, the Parties desire to establish their mutual rights and obligations in regard to the Board and those certain issues to come before the shareholders or before the Board;

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained in this Agreement, the Parties agree as follows:

Section 1. Shares. The shares of GCI's Class A and Class B common stock subject to this Agreement will consist of those shares held by each Party as set forth in this Section 1 and any additional shares of GCI's voting stock acquired in any manner by any one or more of the Parties ("Shares"):

(1) Prime - ( ) shares of Class A common stock;

(2) MCI - 8,251,509 Shares of Class A common stock and 1,275,791 Shares of Class B common stock, which total to an aggregate of 21,009,419 votes for MCI;

(3) Duncan - 852,775 Shares of Class A common stock and 233,708 Shares of Class B common stock, which total to an aggregate of 3,189,855 votes for Duncan;

(4) Walp - 534,616 Shares of Class A common stock and 301,049 Shares of Class B common stock, which total to an aggregate of 3,545,106 votes for Walp; and

(5) TCI GCI - 590,043 Shares of Class B common stock, which totals to an aggregate of 5,900,430 votes for TCI GCI.

Section 2. Voting. (a) All of the Shares will, during the term of this Agreement, be voted as one block in the following matters:

(1) For so long as the full membership on the Board is at least eight, the election to the Board of individuals recommended by a Party ("Nominees"), with the allocation of such recommendations to be in the following amounts and by the following identified Parties:

(A) For recommendations from MCI, two Nominees;

(B) For recommendations from Duncan and Walp, one Nominee from each;

(C) For recommendations from TCI GCI, two Nominees; and

(D) For recommendations from Prime, two (2) nominees, for so long as (i) the Prime Sellers (and their distributees who agree in writing to be bound by the terms of this Agreement) collectively own at least ten percent of the issued and then-outstanding shares of GCI's Class A common stock, and (ii) that certain Management Agreement between Prime and GCI dated of even date herewith ("Prime Management Agreement") is in full force and effect. If either of these conditions are not satisfied, then Prime shall only be entitled to recommend one Nominee. If neither of these conditions are met, Prime shall not be entitled to recommend any Nominee at that time;

(2) To the extent possible, to cause the full membership of the Board to be maintained at not less than eight members;

(3) Other matters to which the Parties unanimously agree.

(b) The Parties will abide by the classification by the Board of a Nominee in accordance with the provisions for classification of the Board as set forth in Article V(b) of GCI's Articles of Incorporation and Section 2(b) of GCI's Article IV of Bylaws which classification was, as of the date of this Agreement, for Nominees allocated to MCI as follows: one in Class I and one in

Class III, and for Nominees allocated to Prime as follows: one in Class II and one in Class III, and for Nominees allocated to TCI GCI as follows: one in Class II and one in Class III.

(c) The Parties understand that to insure the election of their allocated Nominees, the Shares must constitute sufficient voting power to cause those elections and that as new shares are issued by GCI through the exercise of warrants and options,

acquisitions by employee benefit plans, or otherwise, the number of outstanding shares of voting common stock will increase, making the percentage which the Shares represent of the outstanding shares decrease.

(d) The Parties will take such action as is necessary to cause the election to the Board of each Party's Nominee(s).

Section 3. Manner of Voting. Votes, for purposes of this Section 3, will be as determined by written ballot upon each matter to be voted upon. Should such a matter require shareholder action, e.g., election of Nominees to the Board or should the Board choose to present the matter for shareholder consent, approval or ratification, such balloting must take place so that the results are received by GCI at its principal executive offices not less than 120 calendar days in advance of the date of GCI's proxy statement released to security holders in connection with the previous year's annual meeting of security holders.

Section 4. Limitation on Voting. Except as set forth in (a) of Section 2 of this Agreement, the Agreement will not extend to voting upon other questions and matters on which shareholders will have the right to vote under GCI's Articles of Incorporation, GCI's Bylaws of the Company, or the laws of the State of Alaska.

Section 5. Term of Agreement. (a) The term of this Agreement will be through the completion of the annual meeting of GCI's shareholders taking place in June, 2001 or until there is only one Party to the Agreement, whichever occurs first; provided that the Parties may extend the term of this Agreement only upon unanimous vote and written amendment to this Agreement.

(b) Except as provided in (a) and (d) of this Section 5, a Party (other than Prime) will be subject to this Agreement until the Party disposes of more than 25% of the votes represented by the Party's holdings of common stock which equates to the following (adjusted for stock splits) for each party:

1. MCI - 5,252,355 votes;

2. Duncan - 797,464 votes;

3. Walp - 886,277 votes; and

4. TCI GCI - 1,475,108 votes.

(c) Should one party dispose of an amount of its portion of the Shares in excess of the limit as set forth in (b) of this Section 5, each other Party will have the right to withdraw and terminate that Party's rights and obligations under this Agreement by giving written notice to the other Parties.

(d) Anything to the contrary in this Agreement notwithstanding each Party shall remain a Party to this Agreement with respect to its obligation to vote (a) for

Prime's Nominee(s) pursuant to Section 2(a)(1) above, and (b) to maintain at least an eight (8) member Board pursuant to Section 2(a)(2) above only, for so long as either (i) the Prime Sellers (and their distributees who agree in writing to be bound by the terms of this Agreement) collectively own at least ten percent (10%) of the issued and then-outstanding shares of GCI's Class A common stock or (ii) the Prime Management Agreement is in effect. Upon each request, Prime shall, within a reasonable period of time after delivery by GCI to Prime of GCI's shareholders list showing the number of shares of GCI common stock owned by each such shareholder, provide GCI with its certificate, in form and substance reasonably satisfactory to GCI, confirming the Prime Sellers' aggregate, then-current percentage ownership of GCI Class A common stock.

Section 6. Binding Effect. The Parties will, during the term of this Agreement, be fully subject to its provisions. There will be no prohibition against transfer or other assignment of Shares under the terms of this Agreement. Should a Party transfer or otherwise assign Shares, and the new holder of those Shares will not have any rights under, nor be subject to the

terms of, this Agreement, except that any assignee which is an affiliate or subsidiary entity of a Party shall be bound by, and have the benefits of, this Agreement; provided, however, that anything to the contrary in the foregoing notwithstanding, any distributee of a Prime Seller that agrees in writing to be bound by the terms of this Agreement will have rights under and be subject to the terms of this Agreement.

Section 7. GCI's Agreement. GCI agrees (i) to submit the Nominees selected pursuant to Section 2(a) above in its proxy materials delivered to GCI's shareholders in connection with each election of GCI directors; and (ii) not to take any action inconsistent with the agreements of the Parties set forth herein.

Section 8. Notices. Notices required or otherwise given under this Agreement will be given by hand delivery or certified mail to the following addresses, unless otherwise changed by a Party with notice to the other Parties:

To Prime:

Prime II Management, L.P.
600 Congress Avenue, Suite 3000
Austin, Texas 78701
Attn: President

With copies (which shall not constitute notice) to:

Edens Snodgrass Nichols & Breeland, P.C.
2800 Franklin Plaza
111 Congress Avenue
Austin, Texas 78701
ATTN: Patrick K. Breeland

To MCI:

MCI Telecommunications Corporation
1133 19th Street, N.W.
Washington, D.C. 20035
ATTN: Douglas Maine, Chief Financial Officer

To Duncan:

Ronald A. Duncan
President and Chief Executive Officer
General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503

To Walp:

Robert A. Walp
Vice Chairman
General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503

To TCI GCI :

Larry E. Romrell, President
TCI GCI, Inc.
5619 DTC Parkway
Englewood, Colorado 80111

Section 9. Performance. The Parties agree that damages are not an adequate remedy for a breach of the terms of this Agreement. Should a Party be in breach of a term of this Agreement, one or more of the other Parties may seek the specific performance or injunction of that Party under the terms of this Agreement by bringing an appropriate action in a court in Anchorage, Alaska.

Section 10. Governing Law. The terms of this Agreement will be governed by and construed in accordance with the laws of the State of Alaska.

Section 11. Amendments. This Agreement constitutes the entire Agreement between the Parties, and any amendment of it must be in writing and approved by all Parties.

Section 12. Group. Prior to a Party filing a Schedule 13D or an amendment to such a schedule pursuant to the Securities Exchange Act of 1934, the Party will provide a written notice to each of the other Parties within five days after the triggering event under that schedule and at least two days prior to the filing of that schedule or amendment, as the case may be, and further provide to any other Party any information or documentation reasonably requested by that Party in this regard.

Section 13. Termination of Prior Agreement. This Agreement supersedes and replaces in its entirety that certain Voting Agreement dated effective as of March 31, 1993, by and between MCI, Duncan, Walp and TCI GCI, as successor in interest to WestMarc Communications, Inc.

Section 14. Severability. If a court of competent jurisdiction finds any portion of this Agreement invalid or not enforceable, this Agreement shall be automatically reformed to carry out the intent of the Parties as nearly as possible without regard to the portion so invalidated. If this entire Agreement is determined to be limited in duration by a court of competent jurisdiction, the Parties agree to enter into a new Agreement which carries forward the intent of the Parties upon such termination.

IN WITNESS WHEREOF, the Parties set their hands to this Agreement, effective on the first date above written.

PRIME II MANAGEMENT, L.P.
By Prime II Management, Inc.
Its General Partner

By
Name:
Its:

MCI TELECOMMUNICATIONS CORPORATION

By
Name:
Its:

RONALD A. DUNCAN

ROBERT M. WALP

TCI GCI, INC.

By
Name:
Its:

GENERAL COMMUNICATION, INC.

By
Name:
Its:

EXHIBIT "D"
Form of Legal Opinion

[HARTIG, RHODES LETTERHEAD]

, 1996

Anchorage

MCI Telecommunications Corporation
1133 19th Street, NW

Washington, D.C. 20038

RE: Stock Purchase Agreement (the "Agreement") dated as of , 1996 between General Communication, Inc. (the "Company") and MCI Telecommunications Corporation (the "Purchaser")
Our File: 6552-35

Ladies and Gentlemen:

This opinion letter is delivered to you pursuant to Paragraph 8(c)(vii) of the Agreement. Capitalized terms used but not defined in this opinion letter have the meanings given to them in the Agreement.

We have acted as counsel to the Company in connection with the preparation and the execution and delivery of the Agreement and the related documents. In that capacity we have examined the Agreement and the related documents, including, but not limited to, the Registration Rights Agreement, dated of even date herewith, between the

Company and the Purchaser and the Voting Agreement, dated of even date herewith, by and between the Company, Prime II Management, L.P., as the designated agent, the Purchaser, Ronald A. Duncan, Robert M. Walp and TCI GCI, Inc. ("Related Agreements") and such other documents and records, and we have made such other investigations, as we have deemed necessary to enable us to state the opinions expressed below. As to certain factual matters, we have relied upon the representations of the Company and the Purchaser contained in the Agreement and upon certificates of officers of the Company and the Purchaser.

In such examination, we have assumed the genuineness and authenticity of all documents submitted to us as originals, the conformity with genuine and authentic originals of all documents submitted to us as copies, the genuineness of all signatures, the power and authority of each entity which may be a party thereto (other than the Company and its subsidiaries), the authority of each person signing for each such entity (other than the Company and its subsidiaries), and the due organization, existence, qualification and authorization to transact business of each such party (other than the Company and its subsidiaries).

This opinion letter is governed by, and shall be interpreted in accordance with, the Legal Opinion Accord (the "Accord") of the American Bar Association Section of Business Law (1991). As a consequence, it is subject to a number of qualifications, exceptions, definitions, limitations on coverage and other limitations, all as more particularly described in the Accord, and this opinion letter should be read in conjunction therewith. The law covered by the opinions expressed herein is limited to the federal law of the United States (except as provided in the Accord) as currently in effect, and the law of the State of Alaska (except as provided in the Accord) as currently in effect. Furthermore, we express no opinion with respect to: (i) matters governed by the Federal Communications Act of 1934, as amended, and the rules and regulations of the Federal Communications Commission thereunder; or (ii) matters governed by the Federal Aviation Act of 1958, as amended, and the rules and regulations of the Federal Aviation Administration thereunder.

On the basis of our examination and subject to stated qualifications, assumptions and limitations, in our opinion:

1. The Company and each of its subsidiaries are duly organized, validly existing and in good standing under the laws of the State of Alaska, have all requisite corporate power and authority to own their property as now owned and carry on their business as now conducted and are qualified to do business and is in good standing in each jurisdiction in which the conduct of their business or the ownership of their property requires such qualification, except, in each case, where the failure to qualify would not have a material adverse effect on the financial condition or operations of the Company or its subsidiary.

2. The Shares are duly authorized, validly issued, fully paid and nonassessable shares of Common Stock having the rights, preferences, privileges and restrictions set forth in the Articles of Incorporation, will not be subject to any preemptive rights, and, to our knowledge, will be free and clear of any security interest, lien, charge or encumbrance of any nature whatsoever.

3. The execution, delivery and performance by the Company of the Agreement and the Related Agreements are within the corporate powers of the Company, have been duly authorized by all necessary corporate action of the Company, and do not and will not conflict with or constitute a breach of the

terms, conditions or provisions of, or constitute a default under, its Articles of Incorporation and Bylaws or any material contract, undertaking, indenture or other agreement or instrument by which the Company is bound or to which it or any of its assets is subject.

4. The Company is not required, in connection with the execution, delivery, and performance of the Agreement and the Related Agreements to give any notice to or obtain any consent from any lender pursuant to any agreement or instrument for borrowed money of which we have knowledge and to which the Company is a party or by which the property of the Company is bound, except that consent to the issuance of the Shares is required from NationsBank of Texas, N.A. ("NationsBank"), as Administrative Lender under that certain Credit Agreement dated as of April 26, 1996, between GCI Communication Corp. and NationsBank.

5. Registration is not required under the Securities Act or the Alaska Securities Act of 1959, as amended, for the issuance and delivery of the Shares. In expressing the opinion set forth in the foregoing sentence, we have relied, without any independent investigation, on the representations of Purchaser set forth in Paragraphs 5 (c) and (d) of the Agreement and A.S. 45.55.900(b)(7). The applicable exemption from the registration requirements under the Securities Act is set forth in Section 4(2) of the Securities Act. We express no opinions as to the necessity of registering the Shares under the laws of any state, other than the State of Alaska, in connection with the transaction.

6. The Company is not required to make any filings with or give any notice to, or obtain any consents, approvals, or authorizations from, any governmental authority in connection with the execution, delivery and performance by the company of the Agreement and the Related Agreements. The execution, delivery, and performance by the Company of the Agreement and the Related Agreements, do not and will not violate any law, rule, regulation or order of any court or other governmental authority applicable to the Company.

7. The Agreement and the Related Agreements are the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as the enforceability of those agreements may be affected or

limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally or by general principles of equity, whether applied in a proceeding in equity or at law.

8. There is no pending, or to the best of our knowledge, threatened, judicial, administrative or arbitral action, suit, proceeding or claim against or investigation of the Company which questions the validity of the Agreement or the Related Agreements.

The opinions expressed above are subject to and qualified in all respects by the Accord and the following:

We have relied as to factual matters on the representations and warranties of the Company set forth in the Agreement, certificates of officers and other representatives of the Company and the following additional items, and have made no other investigation or inquiry as to such factual matters:

(a) Certificates from the State of Alaska as to the existence and good standing of the Company and its subsidiaries.

(b) Constituent Documents of the Company and its subsidiaries.

We have rendered the foregoing opinion as of the date hereof, and we do not undertake to supplement our opinion with respect to the factual matters or changes in the law which may hereafter occur.

You are hereby notified that (a) we do not consider you to be our client in the matters to which this opinion letter relates, (b) neither the Alaska Code of Professional Responsibility nor current case law clearly articulates the circumstances under which an attorney may give a legal opinion to a person other than the attorney's own client, (c) a court might determine that it is improper to us to issue, and for you to rely upon, a legal opinion issued by us when we have acted as counsel to the Company in connection with the transactions, and (d) you may wish to obtain a legal opinion from your own legal counsel as to the matters addressed in this opinion letter.

We express no opinions herein regarding the enforceability of provisions involving choices or conflicts of law or of provisions of the Registration Rights Agreement purporting to require indemnification of a party for its own action or inaction, to the extent the action or inaction involves negligence.

This opinion is given solely to you and may be relied upon by you only in connection with the Agreement and may not be used or relied upon by you or

any other person or entity for any other purposes whatsoever. This opinion letter may not be quoted, circulated or published, in whole or in part, or furnished to or relied upon by any other party, or otherwise referred to, or be filed with or furnished to any governmental

agency or other person or entity not involved in the Agreement without prior written consent.

Sincerely,

HARTIG, RHODES, NORMAN,
MAHONEY & EDWARDS, P.C.

By:
Robert B. Flint

SCHEDULE 4(c)(i)
GCI's Stock Option Plans, Warrants,
Rights or Convertible Securities

General Communication, Inc. Outstanding Options:

	No. of Shares	Exercise Price
Shares reserved for exercise of options issued pursuant to GCI's Incentive Stock Option Plan	2,233,734	$.75 to $4.50 per share
Shares to be issued pursuant to an option agreement with William C. Behnke, an Officer	85,190	$.001 per share
Shares to be Issued pursuant to an option agreement with John M. Lowber, an Officer	100,000	$.75 per share
Shares to be issued to MCI Telecommunications Corporation	2,000,000	$6.50 per share
Shares to be issued to Prime entities	11,800,000	$6.50 per share
Shares to be issued to Cooke entities	2,923,077	$6.50 per share
Shares to be issuable to the Rock entities pursuant to a $10,000,000 convertible note	1,538,462	$6.50 per share

NOTE: For additional details regarding GCI's Stock Option Plan, please refer to the footnotes in GCI's financial statements in its SEC Forms 10K and 10Q.

SCHEDULE 4(c)(ii)
Voting Agreements

There are no voting trusts or other agreements or understandings to which GCI or any subsidiary is a party, and to GCI's knowledge no other voting trusts exist with respect to the voting of the capital stock of GCI or any of its subsidiaries, except for (i) that Voting Agreement entered into as of March 31, 1993, by and between MCI Telecommunications Corporation ("MCI"), Ronald A. Duncan ("Duncan"), Robert M. Walp ("Walp"), and WestMarc Communications, Inc., all as shareholders of GCI; which is projected to be superseded and replaced in its entirety by (ii) that Voting Agreement to be entered into as of   , 1996, by and between Prime II Management, L.P., Prime Venture I Holdings, L.P., Prime Cable Growth Partners, L.P., Alaska Cable, Inc., MCI, Duncan, Walp, TCI GCI, Inc. and GCI.

SCHEDULE 4(c)(iii)
Outstanding Stock Liens

GCI owns the entire equity interest in each of its subsidiaries, and all the outstanding capital stock of each subsidiary of GCI are validly issued, fully paid and nonassessable and are owned by GCI free and clear of all liens, charges, preemptive rights, claims or encumbrances, except as follows:

1. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated as of May 14, 1993, as amended, holds the original Stock Certificates Nos. 1, 2 and 3, for One Thousand (1,000), One Hundred Thousand (100,000) and Ten Thousand (10,000) shares respectively, of Class A Common Stock of GCI Communication Corp. for security purposes only, not as purchaser. GCI is the owner of all of such One Hundred Eleven Thousand (111,000) shares of GCI Communication Corp. stock.

2. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated as of May 14, 1993, as amended, also holds the original Stock Certificate No. 1 for One Hundred (100) shares of GCI Communication Services, Inc., for security purposes only, not as purchaser. GCI is the owner of such One Hundred (100) shares.

3. National Bank of Alaska ("NBA"), as Lender under the Loan Agreement dated December 31, 1992, holds the original Stock Certificate No. 1 for One Hundred (100) shares of the Common Stock of GCI Leasing Co., Inc. for security purposes only, not as purchaser. GCI Communication Services, Inc., is the owner of such 100 shares. NationsBank of Texas, N.A., as Administrative Agent, holds a second lien on such shares.

SCHEDULE 4(h)
Pending Litigation

None.

SCHEDULE 4(l)
Contracts/Agreements to Acquire Equity
Interest in GCI or its Subsidiaries

1. The proposed Common A stock issuance to acquire (i) the ongoing cable television and cable television systems of Prime Cable of Alaska, L.P., pursuant to the terms of the Securities Purchase Agreement dated as of May 2, 1996, among General Communication, Inc., Prime Venture I Holdings, L.P., Prime Cable Growth Partners, L.P., Prime Venture II, L.P., Prime Cable Limited Partnership, Austin Ventures, L.P., William Blair Venture Partners III Limited Partnership, Centennial Fund, II, L.P., Centennial Fund III, L.P., Centennial Business Development Fund, Ltd., BancBoston Capital, Inc., First Chicago Investment Corporation, Madison Dearborn Partners, Prime II Management, L.P., Prime Cable of Alaska, L.P., Alaska Cable, Inc. and Prime Cable Fund I, Inc.

2. The proposed Common A stock issuance to acquire certain ongoing cable television business and cable television systems pursuant to the (i) Asset Purchase Agreements dated as of May 10, 1996, among General Communication, Inc. and McCaw/Rock Homer Cable Systems and McCaw/Rock Seward Cable System respectively; and (ii) the Asset Purchase Agreement, dated May 10, 1996, among General Communication, Inc. and Alaska Cablevision, Inc.

3. The proposed Common A stock issuance to acquire certain ongoing

cable television business and cable television systems pursuant to that Asset Purchase Agreement, dated as of April 15, 1996, among General Communication, Inc., Alaskan Cable Network/Fairbanks, Inc., Alaskan Cable Network/Juneau, Inc. and Alaskan Cable Network/Ketchikan-Sitka, Inc.

SCHEDULE 4(m)(ii)
Requests for Collective Bargaining

None.

SCHEDULE 4(p)
Asset Liens

GCI and its subsidiaries have good title to all material assets on the Balance Sheet, except as set forth in paragraph 4(p)(i) through (iv) of the MCI Stock Purchase Agreement, and except as follows:

1. To secure a debt in the current principal amount of $30,100,000. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated April 26, 1996, holds a security position on substantially all of GCI's and GCI Communication Corp.'s property and equipment, including, without limitation, the stock listed in Schedule 4(c)(iii) hereof, all of GCI Communication Corp.'s fixtures as a transmitting utility on all of its real properties and leasehold estates located both in Alaska and Washington.

2. To secure a debt in the current principal amount of $7,595,595, National Bank of Alaska, as Lender under the Loan Agreement dated December 31, 1992, holds a security interest in GCI Communication Corp.'s undersea fiber operations, as well as a security interest in the lease payments from MCI.

3. There is a capital lease in the current principal amount of $766,049; RDB Partnership holds title to the building occupied by GCI Communication Corp.

4. There is a capital lease in the current principal amount of $143,973; the National Bank of Alaska Leasing Co. holds title to GCI Communication Services, Inc.'s shared hub assets and contract proceeds. However, GCISI has an option to acquire those assets at the end of the capital lease's term.

SCHEDULE 4(q)
Material Contracts

The following is a complete listing of all contracts and agreements existing on the date hereof for GCI and/or its subsidiaries which (i) are with any customer which accounted for greater than 2% of GCI's or any of its subsidiary's revenues for the year ended 12/31/95; (ii) involve contracts that call for annual aggregate expenditures by GCI of greater than $5,000,000; or (iii) involve contracts that call for aggregate expenditures by GCI during the remainder of their respective terms in excess of $10,000,000:

1. Customers which account for greater than 2% of GCI or any of its subsidiary's revenues for the year ended 12/31/95.

a. GCI Communication Services, Inc.: 2% Floor is approx. greater than $20,000/year: Chevron Shared Hub contract; est. $880,000 annual revenues.

b. GCI Communication Corp.: 2% Floor is approx. greater than $1,538,000/year:

i. Carrier Agreement with MCI Telecommunications Corporation;
ii. Service Agreement with US Sprint Communications Company Limited Partnership of Delaware; and
iii. Agreement with British Petroleum.

c. General Communication, Inc. and GCI Leasing Co., Inc.: None.

2. Contracts calling for annual aggregate expenditures by GCI or its subsidiaries of greater than $5,000,000 annually or for aggregate expenditures by GCI during the remainder of their respective terms of greater than $10,000,000.

a. GCI and GCI Communication Corp.:

i. NationsBank of Texas, N.A. These entities owe the current principal amount of $ 30,100,000 to NationsBank of Texas, N.A. as Administrative Agent under the Credit Agreement dated April 26, 1996.

ii. National Bank of Alaska. GCI Communication Corp. owes the current principal amount of $7,595,595, National Bank of

Alaska, as Lender under the Loan Agreement dated December 31, 1992, relating to its undersea fiber operations.

iii. MCI Telecommunications Corporation. The lease agreement between MCI and GCI Leasing Company, Inc., dated December 31, 1992, will result in payments exceeding $10 Million over its term.

iv. Scientific-Atlanta, Inc. The Company's 1996 commitment under its equipment purchase contract with Scientific-Atlanta, Inc. exceeds $5,000,000.

v. Hughes Communications Galaxy, Inc. 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 will exceed $5 Million and the remaining commitment will exceed $10 Million.

SCHEDULE 4(q)(i)
Existing Defaults

None.

SCHEDULE 4(r)(v)
Environmental Notices

None.

SCHEDULE 4(s)
Tax Audits

GCI's 1993 federal income tax return was selected for examination by the Internal Revenue Service ("IRS") during 1995. The examination commenced during the fourth quarter of 1995 and was completed in March, 1996. GCI has received a letter from the agent conducting the examination indicating that no changes are proposed or required.

The IRS is in the process of reviewing GCI's compliance with the federal excise tax on telecommunication services. No substantive issues have been raised at this time.

The Washington State Department of Revenue has notified GCI that it intends to conduct an audit in July, 1996, of Washington state sales, use and business occupation taxes for the period of January, 1992 through March, 1996.

Management believes these examinations will not result in material adjustments and will not have a material impact on GCI's financial statements.

MCI's OFFICER'S CERTIFICATE
(Section 8(b)(iii))

In compliance with Section 8(b)(iii) of the Stock Purchase Agreement dated , 1996, between GENERAL COMMUNICATION, INC. ("GCI") and MCI TELECOMMUNICATIONS CORPORATION ("Agreement") I, the undersigned, certify as follows:

1. I am the duly appointed and acting of MCI and I am authorized to execute this Certificate.

2. The Final Closing Date as defined in the Agreement is , 1996.

3. This representations of MCI set forth in the Agreement are true and correct in all material respects as of the date when made and (unless made as of a specified date) are true and correct in all material respects as if made as of the Final Closing Date.

4. MCI has performed in all material respects its agreements contained in the Agreement required to be performed at or prior to the Final Closing Date.

Dated this day of , 1996.

MCI TELECOMMUNICATIONS CORPORATION

By:
Name:
Its:

GCI's OFFICER'S CERTIFICATE
(Section 8(c)(i), (ii), (iii), (viii) and (ix))

In compliance with Section 8(c)(i), (ii), (iii), (viii) and (ix) of the Stock Purchase Agreement dated , 1996, between GENERAL COMMUNICATION, INC. ("GCI") and MCI TELECOMMUNICATIONS CORPORATION ("Agreement") I, John M. Lowber, certify as follows:

1. I am the duly appointed and acting Secretary of GCI authorized to execute this Certificate.

2. The Final Closing Date as defined in the Agreement is , 1996.

3. This representations of GCI set forth in the Agreement are true and correct in all material respects as of the date when made and (unless made as of a specified date) are true and correct in all material respects as if made as of the Final Closing Date.

4. GCI has performed in all material respects its agreements contained in the Agreement required to be performed at or prior to the Final Closing Date.

5. All applicable consents and approvals (including those of the FCC and any applicable Public Utility Commission which are necessary to consummate the transactions contemplated by the Agreement have been obtained.

6. Attached hereto is a complete copy of a resolution duly adopted by the board of directors of GCI authorizing and approving the execution of the Agreement and the consummation of the transactions contemplated by the Agreement.

Dated this day of , 1996.

GENERAL COMMUNICATION, INC.

By:
John M. Lowber, Secretary

EXHIBIT 2.8

STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement ("Agreement"), dated as of September 13, 1996, is between General Communication, Inc., an Alaska corporation ("GCI"), and MCI Telecommunications Corporation, a Delaware corporation ("MCI").

1. Agreement to Purchase and Sell Shares. On the terms and subject to the conditions contained in this Agreement, on the Final Closing Date, as defined below, GCI agrees to sell to MCI, and MCI agrees to purchase from GCI, two million (2,000,000) shares of GCI's Class A Common Stock ("Shares"). On the Final Closing Date, GCI shall deliver to MCI certificates representing the Shares. The Final Closing Date ("Final Closing Date") shall occur on the fifth (5th) business day after which all franchise transfer and other regulatory consents have been obtained which are required for the full performance of the Securities Purchase and Sale Agreement dated effective as of May 2, 1996 for the purchase and sale of Prime Cable of Alaska, L.P., Alaska Cable, Inc. and Prime Cable Fund I, Inc. (the "Prime SPA").

2. Purchase Price. The purchase price payable for the Shares shall be Thirteen Million Dollars $13,000,000.00 ("Purchase Price"). On the Final Closing Date MCI shall pay to GCI the Purchase Price by wire transfer of immediately available funds to a GCI designated account.

3. Closing. Unless this Agreement and the transactions contemplated hereby shall have been terminated, the closing ("Closing") of this Agreement shall take place at the offices of Hartig, Rhodes, Norman, Mahoney & Edwards, P.C., 717 K Street, Anchorage, Alaska 99501 on or before the fifth (5th) business day following the latest of (i) the full consummation and performance of the Prime SPA, or (ii) the last condition precedent set forth in Section 8 shall have been satisfied or waived, or at such other time or place as MCI and GCI shall mutually agree in writing.

4. Representations and Warranties of GCI. GCI represents and warrants to MCI as follows:

a) Due Organization and Qualification. GCI and each of its subsidiaries are corporations duly organized, validly existing and in good standing under the laws of their respective jurisdictions of incorporation, with corporate power and authority to own, lease and operate their respective properties and to conduct their respective businesses as they are now owned, leased and operated, and conducted. Each of GCI and its subsidiaries is duly qualified as a foreign corporation to do business, and is in good standing, in each jurisdiction where the character of its properties owned or held under lease or the nature of its activities makes such qualification necessary,

except where the failure so to qualify would not have a material adverse effect on GCI and its subsidiaries taken as a whole.

b) Authorization. GCI has the requisite corporate power to enter into this Agreement and to perform its obligations hereunder. The execution and delivery by GCI of, and the performance by GCI of its obligations under this Agreement have been duly authorized by all requisite corporate action of GCI, and this Agreement is a valid and binding agreement of GCI, enforceable against GCI in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally, or by the principles governing the availability of equitable remedies. None of the execution and delivery by GCI of this Agreement, the issuance and sale by GCI of the Shares, the consummation of the transactions contemplated hereby, or the compliance by GCI with the terms, conditions and provisions hereof, will conflict with or result in a breach or violation of any of the terms, conditions, or provisions of GCI's articles of incorporation or by-laws or of any material agreement or instrument to which GCI is a party or by which GCI or any of its material properties may be bound, or constitute, with or without the provision of notice or the passage of time, or both, a default or create a right of termination, cancellation or acceleration thereunder, or result in the creation or imposition of any security interest, mortgage, lien, charge or encumbrance of any nature whatsoever upon GCI or any of its material properties or assets.

c) Capital Stock. As of the date hereof and after the issuance of the Shares as contemplated by this Agreement, the authorized and issued and outstanding capital stock of GCI will be as set forth on the attached Exhibit A, except for such changes (i) resulting from the exercise of stock options, (ii) the purchase of shares contemplated herein, and (iii) the purchase and sale of securities in connection with the Cable Acquisitions (as defined below)..

All of the outstanding shares of Class A Common Stock and Class B Common Stock

listed on the Exhibit A have been or when issued, will be validly issued and outstanding, fully paid, nonassessable and not entitled to any preemptive rights. Except as set forth on Schedule 4(c)(i), there are currently outstanding no options, warrants, rights or convertible securities or other agreements or commitments of any character providing for the issuance of capital stock of GCI or any of its subsidiaries. Except as set forth on the attached Schedule 4(c)(ii), there are no voting trusts and other agreements or understandings to which GCI or any subsidiary is a party, and to GCI's knowledge, no other voting trusts exist with respect to the voting of the capital stock of GCI or any of its subsidiaries.

Except as set forth on the attached Schedule 4(c)(iii), GCI owns the entire equity interest in each of its subsidiaries, and all the outstanding capital stock of each subsidiary of GCI are validly issued, fully paid and nonassessable and are owned by GCI free and clear of all liens, charges, preemptive rights, claims or encumbrances.

d) Issuance of Shares. The Shares, when sold and delivered by GCI to MCI pursuant to this Agreement, will have been duly authorized and validly issued, and will be fully paid and non-assessable, not subject to any preemptive rights and free and clear of any security interest, lien, charge or encumbrance of any nature whatsoever.

e) SEC Reports. GCI has timely filed all forms, reports, statements and schedules with the Commission required to be filed by it pursuant to the Securities Exchange Act of 1934, as amended ("Exchange Act") or other federal securities laws since June 30, 1993, and has heretofore delivered to MCI (in the form filed with the Commission), together with any amendments or supplements thereto, including superseding amendments, its (i) Annual Reports on Form 10-K for the fiscal years ended December 31, 1994 and December 31, 1995, (ii) all definitive proxy statements relating to GCI's meetings of stockholders (whether annual or special) held since March 31, 1993 as filed with the Securities and Exchange Commission ("Commission"), and (iii) all other reports or registration statements filed by GCI pursuant to the Exchange Act and the Securities Act of 1933, as amended ("Securities Act") since March 31, 1993 (collectively, "SEC Reports"). The SEC Reports (i) were prepared in compliance with the applicable requirements of the Securities Act or the Exchange Act, as the case may be, and (ii) did not as of their respective dates contain any untrue statement of material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading. None of the subsidiaries of GCI is required to file any reports, statements, forms or other documents with the Commission.

f) Financial Statements. The audited financial statements of GCI included or incorporated by reference in the SEC Reports and the unaudited interim monthly financial statements for periods subsequent to such audited financial statements (collectively, including the footnotes thereto, "Financial Statements") are correct and complete, were prepared in accordance with generally accepted accounting principles applied on a consistent basis ("GAAP") (except as otherwise stated in the Financial Statements or in the related reports of GCI's independent accountants) and present fairly the consolidated financial position of GCI and its subsidiaries as of the dates thereof, and the results of operations, changes in financial position and the statements of stockholders' equity of GCI and its subsidiaries on a consolidated basis for the periods indicated. No event has occurred since the preparation of the Financial Statements that would require a restatement of the Financial Statements under GAAP. GCI has received no notice of any fact which may form a basis for any claim by a third party which, if asserted, could result in liability affecting GCI not disclosed by or reserved against in GCI's most recent balance sheet. The Financial Statements reflect and at the Closing Date will reflect, the interest of GCI in the assets, liabilities and operations of all subsidiaries of GCI.

Neither GCI nor any of its subsidiaries has any material liability, obligation or commitment of any nature whatsoever (whether known or unknown, due or to become due, accrued, fixed, contingent, liquidated, unliquidated, or otherwise) other than liabilities, obligations or commitments (i) which are accrued or reserved against in the consolidated balance sheet of GCI and its consolidated subsidiaries ("Balance Sheet") as of December 31, 1995 or reflected in the notes thereto, (ii) which (x) arose in the ordinary course of business since such date and (y) do not or would not individually or in the aggregate have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole, or (iii) which are the type that would not be required to be reflected on a consolidated balance sheet of GCI and its subsidiaries or in the notes thereto if such balance sheet were prepared in accordance with GAAP as of the date hereof or as at the Closing Date, as the case may be. From the date of the most recent balance sheet included in the Financial Statements to and including the date hereof, (i) GCI's business has

been operated only in the ordinary course, (ii) GCI has not sold or disposed of any assets other than in the ordinary course of business, (iii) there has not occurred any material adverse change or event in GCI's business, operations, assets, liabilities, financial condition or results of operations compared to the business, operations, assets, liabilities, financial condition or results of operations reflected in the Financial Statements, and (iv) there has not occurred any theft, damage, destruction or loss which has had a material adverse effect on GCI.

g) Related Transactions. Since the date of GCI's 1995 Proxy Statement to the date hereof, GCI has not entered into or otherwise become obligated with respect to any transactions which would require a disclosure pursuant to Item 404 of Regulation S-K in accordance with Items 7(b) or (c) of Schedule 14A under the Exchange Act were GCI to distribute a proxy statement as of the date hereof and the Closing Date.

h) Litigation. Except as set forth on Schedule 4(h), there is no claim, suit, action, governmental investigation or proceeding pending or, to the knowledge of GCI, threatened against or affecting GCI or any of its subsidiaries which (i) seek to restrain or enjoin the consummation of the transactions contemplated by this Agreement, or (ii) if decided adversely to GCI or such subsidiary would have, or would be likely to have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. There is no outstanding order, writ, injunction or decree or, to the knowledge of GCI, any claim or investigation of any court, governmental agency or arbitration tribunal materially and adversely affecting or which can reasonably be expected to materially and adversely affect GCI, any of its subsidiaries, or their respective properties, assets or businesses, franchises, licenses or permits under which they operate, or their ability to operate their respective businesses in the ordinary course.

i) Governmental. No governmental consent, approval, hearing, filing, registration or other action, including the passage of time, is necessary for the

execution and delivery of this Agreement, the issuance and sale of the Shares, or the consummation of the transactions contemplated by this Agreement, other than (i) any applicable consents and/or approvals of the Federal Communications Commission ("FCC"), and (ii) any applicable filings with and consents and/or approvals of state public service commissions, public utility commissions or similar state regulatory bodies ("Public Utility Commissions") under state public utility statutes and similar laws.

j) Absence of Certain Changes. Since December 31, 1995, (i) there has not occurred or arisen any event having, and neither GCI nor any of its subsidiaries has suffered, a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole, (ii) GCI and its subsidiaries have conducted their businesses only in the ordinary course, consistent with past practices, and (iii) neither GCI nor any of its subsidiaries has taken any actions described in Sections 7 a) through e).

k) Fees. Neither GCI nor any of its subsidiaries has paid or become obligated to pay any fee, commission to any broker, finder or intermediary in connection with the transactions contemplated by this Agreement.

l) Certain Agreements. Except as set forth on the attached Schedule 4(l), there are no contracts, agreements, arrangements or understandings to which GCI or any of its subsidiaries, officers, agents or representatives is a party, that create, govern or purport to govern the right of another party to acquire GCI or an equity interest in GCI, or any subsidiary of GCI, or to increase any such equity interest.

m) Labor Relations. Neither GCI nor any of its subsidiaries is a party to any collective bargaining agreement. Since March 31, 1993, neither GCI nor any of its subsidiaries has (i) had any employee strikes, work stoppages, slowdowns or lockouts, or (ii) except as set forth on the attached Schedule 4(m)(ii), received any request for certification of bargaining units or any other requests for collective bargaining.

n) Licenses. GCI and its subsidiaries have all permits, licenses, waivers, authorizations, approvals and certificates of public convenience and necessity ("Licenses") (including, without limitation, Licenses by the FCC and Public Utility Commissions) which are necessary for GCI and its subsidiaries to conduct their operations in the manner heretofore conducted, except for Licenses, the failure of which to obtain would not have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. No event has occurred, been initiated or threatened with respect to the Licenses which permits, or after notice or lapse of time or both would permit, revocation or termination thereof or would result in any material impairment of the rights of the holder of any of the Licenses except for revocations, terminations or impairments that would not, in the aggregate, have a material adverse effect on the business, properties or

financial condition of GCI and its subsidiaries taken as a whole.

o) Employee Benefit Plans. Each employee benefit plan, as such term is defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), of GCI or any subsidiary of GCI ("Pension Plan") and each other employee benefit plan within the meaning of ERISA (collectively with the Pension Plans, ("Plans") complies in all material respects with all applicable requirements of ERISA and the Internal Revenue Code of 1986, as amended ("Code"), and other applicable laws. None of the Plans is a multi-employer plan, as such term is defined in Section 3(37) of ERISA. Each Pension Plan which is intended to be qualified under Section 401(a) of the Code has been determined by the Internal Revenue Service to be qualified and nothing has occurred since the date of any such determination or application which would adversely affect such qualification. Neither GCI nor any subsidiary of GCI, nor any Plan nor any of their respective directors, officers, employees or agents has, with respect to any Plan, engaged in any "prohibited transaction," as such term is defined in Section 4975 of the Code or Section 406 of ERISA, which could result in any taxes or penalties or other liabilities under Section 4975 of the Code or Section 502(i) of ERISA, except taxes, penalties or liabilities which in the aggregate would not have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. No liability to the Pension Benefit Guaranty Corporation has been incurred with respect to any Pension Plan that has not been satisfied in full. No Pension Plan has incurred an "accumulated funding deficiency" within the meaning of the Code. There has been no "reportable event" within the meaning of Section 4043 of ERISA with respect to any Pension Plan. All amounts required by the provisions of any Pension Plan to be contributed have been so contributed.

p) Property and Leases. Except as set forth on the attached Schedule 4(p), GCI and its subsidiaries have good title to all material assets reflected on the Balance Sheet except for (i) liens for current taxes and assessments not yet past due, (ii) inchoate mechanics' and materialmens' liens for construction in progress, (iii) workers', repairmens', warehousemens' and carriers' liens arising out of the ordinary course of business, and (iv) all matters of record, liens and imperfections of title and encumbrances which matters, liens and imperfections would not, in the aggregate, have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole.

q) Material Agreements. Schedule 4(q) attached hereto sets forth a complete listing of all contracts and agreements existing on the date hereof to which GCI or any of its subsidiaries is a party or by which any of their respective properties or assets is bound other than contracts for services purchased under tariffs, which (i) are with any customer which accounted for more than two percent of GCI or any of its subsidiary's revenues for the year ended December 31, 1995, (ii) involve contracts that call for annual aggregate expenditures by GCI in excess of $5,000,000, or (iii) involve contracts that call for aggregate expenditures by GCI during the remainder of their respective term in excess of $10,000,000. All such contracts and agreements

are valid and binding, in full force and effect and enforceable against the parties thereto in accordance with their respective terms. Except as set forth on the attached Schedule 4(q)(i), to GCI's knowledge, there is not under any such contract or agreement any existing default, or event which, after notice of lapse of time, or both, would constitute a default, by GCI or any of its subsidiaries or any other party.

r) Compliance with Laws.

(i) GCI is in material compliance with all applicable laws, rules, regulations, orders, ordinances, and codes of the United States of America, its territories and possessions, and of any state, county, municipality, or other political subdivision or any agency of any of the foregoing having jurisdiction over GCI's business and affairs.

In General.

GCI has constructed, maintained and operated, and is constructing, maintaining and operating, its business (including, without limitation, the real property owned or leased by GCI ("GCI's Real Property")) in material compliance with all applicable laws including the Communications Act, the rules and regulations of the FCC, the APUC (in each case as the same are currently in effect);

(i) All reports, notices, forms and filings, and all fees and payments, required to be given to, filed with, or paid to, any governmental authority by GCI under all applicable laws have been timely and properly given and made by GCI, and are complete and accurate in all material

respects, in each case as required by applicable law;

(ii) GCI has not received any notice (written or oral) from any governmental authority or any other Person that it, or its ownership and operation of its business is in material violation of any applicable law, and GCI knows of no basis for the allegation of any such violations; and

(iii) GCI has complied in all material respects with all applicable legal requirements relating to the employment of labor, including ERISA, continuation coverage requirements with respect to group health plans, and those relating to wages, hours, unemployment compensation, worker's compensation, equal employment opportunity, age and disability discrimination, immigration control and the payment and withholding of taxes, and no reportable event, within the meaning of Title IV of ERISA, has occurred and is continuing with respect to any "employee benefit plan" or "multiemployer plan" (as those terms are defined in ERISA) maintained by GCI or its affiliates (as defined in Section 407(d)(7) of ERISA). No prohibited transaction, within the meaning of Title I of ERISA, has occurred with respect to any such employee benefit plan or multiemployer plan, and no material accumulated funding deficiency (as defined

in Title I of ERISA) or withdrawal liability (as defined in Title IV of ERISA) exists with respect to any such employee benefit plan or multiemployer plan.

(iv) To GCI's knowledge, except as set forth in Schedule 4(r)(v): (i) GCI has not received any notice (written or oral) from any governmental authority or other Person that the Person giving such notice is investigating whether, or has determined that there are, any violations of Environmental Laws by GCI, or violations of Environmental Law due to activities on, or affecting, or related to GCI's Real Property, (ii) none of GCI's Real Property has previously been used by any Person for the generation, production, emission, manufacture, handling, processing, treatment, storage, transportation, disposal or discharge of any Hazardous Substances, (iii) GCI has not used, generated, produced, emitted, manufactured, handled, possessed, treated, stored, transported, disposed or discharged, and does not presently use, generate, produce, emit, manufacture, handle, possess, treat, store, transport, dispose or discharge, any Hazardous Substances on, into or from GCI's Real Property, (iv) GCI is in compliance in all material respects with all laws applicable to its own (as distinguished from other Persons') use, generation, production, emission, manufacturing, treatment, storage, transportation, disposal, and discharge of any Hazardous Substances on, into or from GCI's Real Property, (v) there are no above ground or underground storage tanks, or any Equipment containing polychlorinated biphenyls, on GCI's Real Property, (vi) no release of Hazardous Substances outside GCI's Real Property has entered or threatens to enter any of GCI's Real Property, nor is there any pending or threatened claim based on Environmental Laws which arises from any condition of the land surrounding any of GCI's Real Property, (vii) no Real Property has been used at any time as a gasoline service station or any other facility for storing, pumping, dispensing or producing gasoline or any other petroleum products or wastes, (viii) no building or other structure on any of GCI's Real Property contains asbestos, and (ix) there are no incinerators, septic tanks or cesspools on GCI's Real Property and all waste is discharged into a public sanitary sewer system. GCI has provided MCI with complete and correct copies of (A) all studies, reports, surveys or other materials in GCI's possession or of which GCI has knowledge and to which GCI has access relating to the presence or alleged presence of Hazardous Substances at, on or affecting GCI's Real Property, (B) all notices or other materials in GCI's possession or of which GCI has knowledge and to which GCI has access that were received from any governmental authority having the power to administer or enforce any Environmental Laws relating to current or past ownership, use or operation of the real property or activities at or affecting GCI's Real Property and (C) all materials in GCI's possession or to which GCI has access relating to any claim, allegation or action by any private third party under any Environmental Law. The representations and warranties in this Section 4(r) are the only representations and warranties given by GCI with respect to the Environmental Law compliance of GCI and its business.

s) Tax Returns and Other Reports. GCI has duly and timely filed in proper form all federal, state, local, and foreign, income, franchise, sales, use,

property, excise, payroll, and other tax returns and other reports (whether or not relating to taxes) required to be filed by law with the appropriate governmental authority, and, to the extent applicable, has paid or made provision for payment of all taxes, fees, and assessments of whatever nature including penalties and interest, if any, which are due with respect to any aspect of its business or any of its properties. Except as set forth on Schedule 4(s), there are no tax audits pending and no outstanding agreements or waivers

extending the statutory period of limitations applicable to any relevant tax return.

t) Transfer Taxes. There are no sales, use, transfer, excise, or license taxes, fees, or charges applicable with respect to the transactions contemplated by this Agreement.

u) Disclosure. No written statement in this Agreement or in any agreement or other document delivered pursuant to this Agreement by or on behalf of GCI contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading. None of the periodic filings made by GCI with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, since January 1, 1995, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

v) Investment Company. GCI is not an "investment company" or a company "controlled" by an investment company within the meaning of the Investment Company Act of 1940, as amended (the "Act"), and GCI has not relied on rule 3a-2 under the Act as a means of excluding it from the definition of an "investment company" under the Act at any time within the three (3) year period preceding the Closing Date.

w) No Insolvency. As of even date and as of the Closing Date, GCI is not and shall not be insolvent.

5. Representations and Warranties of MCI. MCI represents and warrants to GCI as follows:

a) Due Organization. MCI is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, with corporate power to own its properties and to conduct its business as now owned and conducted.

b) Authorization. MCI has the requisite corporate power to enter into this Agreement and to perform its obligations hereunder. The execution and delivery by MCI of, and the performance by MCI of its obligations under this Agreement have been duly authorized by all requisite corporate action of MCI and this Agreement

is a valid and binding agreement of MCI, enforceable against MCI in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally or by the principles governing the availability of equitable remedies.

c) Purchase for Investment; Existing Shareholder. MCI is purchasing the Shares for investment for its own account and not with a view to or for sale in connection with any distribution thereof within the meaning of the Securities Act. MCI is an existing security holder of shares of issued and outstanding common stock of GCI and no commission or other remuneration shall be paid by MCI, directly or indirectly, in connection with MCI's purchase of Shares.

d) No Registration of Shares. MCI understands that (i) the Shares have not been registered under the Securities Act or under any state securities laws and are being issued in reliance on the exemptions from the registration and prospectus delivery requirements of the Securities Act which are set forth in Sections 4(2) and 4(6) of the Securities Act and the regulations promulgated thereunder and in reliance on exemptions from the registration requirements of applicable state securities laws; and (ii) the Shares cannot be transferred without compliance with the registration requirements of the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available, and (iii) the reliance of GCI upon the aforesaid exemptions is predicated in part upon MCI's representations and warranties.

e) Residence. The jurisdiction in which MCI's principal executive offices are located is in the District of Columbia.

f) Accredited Investor. MCI is an "accredited investor" as defined in Rule 501 promulgated under the Securities Act.

g) Availability of Information. GCI has made available to MCI the opportunity to ask questions of, and to receive answers from, GCI's officers and directors, and any other person acting on their behalf, concerning the terms and conditions of this Agreement and the transactions contemplated herein and to obtain any other information requested by MCI to the extent GCI possesses such information or can acquire it without unreasonable effort or expense. MCI has been afforded the opportunity to inspect, and to have its auditors or other agents inspect, the books and records of GCI. The

furnishing of such information, the opportunity to inspect and any inspection so undertaken by MCI shall not affect MCI's right to rely on the representations and warranties of GCI set forth in this Agreement.

h) Disclosure. No written statement in this Agreement or in any agreement or other document delivered pursuant to this Agreement by or on behalf of MCI contains any untrue statement of a material fact or omits to state a material fact

necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading.

i) Investment Company. MCI is not an "investment company" or a company "controlled" by an investment company within the meaning of the Investment Company Act of 1940, as amended (the "Act"), and MCI has not relied on rule 3a-2 under the Act as a means of excluding it from the definition of an "investment company" under the Act at any time within the three (3) year period preceding the Closing Date.

j) No Insolvency. As of even date and as of the Closing Date, MCI is not and shall not be insolvent.

6. Restrictive Legend. The certificates representing the Shares shall bear a legend substantially to the effect of the following:

> "The securities represented by this certificate have been issued without registration under the Securities Act of 1933, as amended, or any state securities laws and may not be offered, sold or otherwise disposed of, unless the securities are registered under such act and applicable state securities laws or exemptions from the registration requirements thereof are available for the transaction."

7. Additional Agreements. During the period from the date of this Agreement to the Final Closing Date:

a) Interim Operations. GCI shall, and shall cause its subsidiaries to, conduct their respective business only in the ordinary course, and maintain, keep and preserve their respective assets and properties in good condition and repair, ordinary wear and tear excepted.

b) Certificate and By-laws. GCI shall not, and shall not permit any of its subsidiaries to, make or propose any change or amendment in their respective Certificates of Incorporation or By-laws.

c) Capital Stock. Except in connection with the Cable Acquisitions (as defined below), GCI shall not, and shall not permit any of its subsidiaries to, issue, pledge or sell any shares of capital stock or any other securities of any of them or issue any securities convertible into, or exchangeable for or representing the right to purchase or receive, or enter into any contract with respect to the issuance of, any shares of capital stock or any other securities of any of them (other than pursuant to this Agreement or the exercise of stock options outstanding on the date hereof), or enter into any contract with respect to the purchase or voting of shares of their capital stock or

adjust, split, combine, reclassify any of their securities, or make any other material changes in their capital structures.

d) Dividends. GCI shall not declare, set aside, pay or make any dividend or other distribution or payment (whether in cash, stock or property) with respect to, or purchase or redeem, any shares of capital stock.

e) Assets; Mergers; Etc. GCI shall not, and shall not permit any of its subsidiaries to, encumber, sell, lease or otherwise dispose of or acquire any material assets, or encumber, sell, lease or otherwise dispose of assets having a value in excess of $3,000,000 in the aggregate, or enter into any merger or other agreement providing for the acquisition of any material assets of GCI or any of its subsidiaries by any third party or acquire (by merger, consolidation, or acquisition of stock or assets) any corporation, partnership or other business organization or division thereof or enter any contract, agreement, commitment or arrangement to do any of the foregoing, except under: (i) the Prime SPA, (ii) the Alaskan Cable Network Asset Purchase Agreement, dated April 15, 1996, and (iii) the Alaska Cablevision, Inc. and McCaw/Rock Associates Asset Purchase Agreements, dated May 10, 1996 ((i), (ii) and (iii) above collectively, "Cable Acquisitions").

f) Access to Information. GCI shall, and shall cause its subsidiaries, officers, directors, employees and agents-to, afford MCI

access at all reasonable times to their officers, employees, agents, properties, books, records and contracts, and shall furnish MCI all financial, operating and other data and information as MCI may reasonably request.

g) Certain Filings, Consents and Arrangements. MCI and GCI shall (i) cooperate with one another in promptly (x) determining whether any filings are required to be made or consents, approvals, permits or authorizations are required to be obtained under any federal or state law or regulation or any consents, approvals or waivers are required to be obtained from other parties to loan agreements or other contracts material to GCI's business in connection with the transaction contemplated by this Agreement, and (y) making any such filings, furnishing information required in connection therewith and seeking timely response to obtain any such consents, permits, authorizations, approvals or waivers; and (ii) as promptly as practicable, file with the Federal Trade Commission and the Department of Justice the notification and report forms, if required.

h) Amendments to Prime SPA. GCI shall not amend, modify or alter, in any manner whatsoever, the Prime SPA without the prior written consent of MCI.

8. Conditions.

a) Conditions to Obligations of MCI and GCI. The obligations of MCI and GCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The consummation of the transactions contemplated by this Agreement shall not be precluded by any order, decree or preliminary or permanent injunction of a federal or state court of competent jurisdiction; and

(ii) The consummation of the transactions contemplated under the Prime SPA.

b) Conditions to Obligations of GCI. The obligations of GCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The representations of MCI set forth in this Agreement shall have been true and correct in all material respects when made and (unless made as of a specified date) shall be true and correct in all material respects as if made as of the Final Closing Date;

(ii) MCI shall have performed in all material respects its agreements contained in this Agreement required to be performed at or prior to the Final Closing Date;

(iii) GCI shall have received a certificate of an officer of MCI, dated as of the Final Closing Date, certifying as to the fulfillment of the matters contained in paragraphs (i) and (ii) of this Section 8 b); and

(iv) GCI shall have received from MCI the amount of $13,000,000.00 by wire transfer of immediately available funds.

c) Conditions to Obligations of MCI. The obligations of MCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The representations of GCI set forth in this Agreement shall have been true and correct in all material respects when made and (unless made as of a specified date) shall be true and correct in all material respects as if made as of the Final Closing Date;

(ii) GCI shall have performed in all material respects its agreements contained in this Agreement required to be performed at or prior to the Final Closing Date;

(iii) All applicable consents and approvals (including those of the FCC and any applicable Public Utility Commission) which are necessary to consummate the transactions contemplated by this Agreement, shall have been obtained;

(iv) MCI shall have received from GCI certificates representing the Shares, registered in MCI's name and with all the

necessary documentary stock transfer stamps annexed thereto;

(v) MCI shall have received a certified copy of GCI's articles of incorporation and by-laws, as amended as of the Final Closing Date and a certificate of good standing for GCI from its jurisdiction of incorporation dated as of a date on or after January 1, 1996;

(vi) MCI shall have received (a) the Registration Rights Agreement attached as Exhibit B executed by a duly authorized officer of GCI dated as of the Final Closing Date, and (b) the Voting Agreement attached as Exhibit C executed by a duly authorized officer of all the parties thereto dated as of the Final Closing Date;

(vii) MCI shall have received an opinion of Hartig, Rhodes, Norman, Mahoney & Edwards, P.C., counsel to GCI, dated as of the Final Closing Date in the form of Exhibit D;

(viii) MCI shall have received a certificate of the Secretary or Assistant Secretary of GCI, dated as of the Final Closing Date, certifying that attached thereto is a complete copy of a resolution duly adopted by the board of directors of GCI authorizing and approving the execution of this Agreement and the consummation of the transactions contemplated by this Agreement;

(ix) MCI shall have received a certificate of an officer of GCI, dated as of the Final Closing Date, certifying as to the fulfillment of the matters contained in paragraphs (i) through (iii) of this Section 8 c);

(x) the Prime SPA shall not have been amended, modified or altered without the prior written consent of MCI; and

(xi) GCI shall not have issued, in the aggregate, more than 18,000,000 shares of its Class A Common Stock in connection with the Cable Acquisitions and the price per share for any share of Class A Common Stock issued in connection therewith shall have been at least $6.50.

9. Termination. This Agreement and the transactions contemplated hereby may be terminated at any time prior to the Closing Date:

a) by the mutual written consent of MCI and GCI;

b) by MCI and GCI if either is prohibited by an order or injunction (other than an injunction on a temporary or preliminary basis) of a court of competent jurisdiction from consummating the transactions contemplated by this Agreement and all means of appeal and all appeals from such order or injunction have been finally exhausted;

c) by MCI or GCI if the Final Closing Date shall not have occurred on or before December 31, 1996; provided, however, that the right to terminate under this paragraph c) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause of the failure of the Closing to occur on or before such date.

In the event of termination, no party hereto shall have any liability or further obligation to the other party hereto, except that nothing herein will relieve any party from any breach of this Agreement.

10. Survival of Representations, Warranties and Covenants. All representations, warranties and covenants contained herein shall survive the execution of this Agreement and the consummation of the transactions contemplated hereby.

11. Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. MCI shall have the right to assign to any direct or indirect subsidiary of MCI or its parent, MCI Communications Corporation, any and all rights and obligations of MCI under this Agreement.

12. Notices. Any notice or other communication provided for herein or given hereunder to a party hereto shall be in writing and shall be given by personal delivery, by telex, telecopier or by mail (registered or certified mail, postage prepaid, return receipt requested) to the respective parties as follows:

If to GCI:

General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503
Attn: Chief Financial Officer

If to MCI:

MCI Telecommunications Corporation
1801 Pennsylvania Avenue, NW
Washington, DC 20006
Attn: Vice President Corporate Development

With a copy to:

MCI Telecommunications Corporation
1133 19th Street, NW
Washington, DC 20036
Attn: Office of the General Counsel (0596/003)

or to such other address with respect to a party as such party shall notify the other in writing. Any such notice shall be deemed given upon receipt.

13. Amendment; Waiver. This Agreement may not be amended except by a writing duly signed by the parties. No party may waive any of the terms or conditions of this Agreement except by a duly signed writing referring to the specific provision to be waived.

14. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Alaska, without regard to the conflict of laws and rules thereof.

15. Entire Agreement. This Agreement (including the Exhibits and Schedules hereto) constitutes the entire agreement with respect to the transactions contemplated hereby, and supersedes all other and prior agreements and understandings, both written and oral, among the parties to this Agreement.

16. Expenses. Each party hereto shall pay its own expenses incident to preparing for, entering into and carrying out this Agreement and the consummation of the transactions contemplated hereby.

17. Captions. The Section and Paragraph captions herein are for convenience only, do not constitute part of this Agreement, and shall not be deemed to limit or otherwise affect any of the provisions hereof.

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

19. Cable Acquisitions. GCI agrees that it will not, at any time, issue, in the aggregate, more than 18,000,000 shares of its Class A Common Stock in connection with the Cable Acquisitions and the price per share for any share of Class A Common Stock issued in connection therewith shall have been at least $6.50.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered on the day and year first written above.

GENERAL COMMUNICATION, INC.

By /s/
John M. Lowber
Its: Senior Vice President

MCI TELECOMMUNICATIONS
CORPORATION

By /s/
Name:
Its:

<TABLE>

ATTACHMENT
Table of Contents

<CAPTION>
<S> <C>
I..

Exhibit A	-	Capital Stock	550
Exhibit B	-	Registration Rights Agreement	551
Exhibit C	-	Voting Agreement	564
Exhibit D	-	Opinion of Hartig Rhodes Norman Mahoney & Edwards, P.C.	571

II

Schedule 4(c)(i)	-	Options, Warrants, Rights or Convertible Securities	576
Schedule 4(c)(ii)	-	Voting Agreements	577
Schedule 4(c)(iii)	-	Ownership and Outstanding Capital Stock of each GCI subsidiary	578
Schedule 4(h)	-	Pending Litigation	579
Schedule 4(l)	-	Equity Agreements	580
Schedule 4(m)(ii)	-	Collective Bargaining Requests	581
Schedule 4(p)	-	Asset Liens	582
Schedule 4(q)	-	Material Contracts	583
Schedule 4(q)(i)	-	Existing Defaults	585
Schedule 4(r)(v)	-	Environmental Notices	586
Schedule 4(s)	-	Tax Audits	587

III

Section 8(b)(iii)	-	MCI's Officer's Certificate	588
Section 8((c)(i)	-	GCI's Officer's Certificate	589
Section 8(c)(ii)	-	GCI's Officer's Certificate	589
Section 8(c)(iii)	-	GCI's Officer's Certificate	589
Section 8(c)(viii)	-	GCI's Officer's Certificate	589
Section 8(c)(ix)	-	GCI's Officer's Certificate	589

</TABLE>

EXHIBIT A
Capital Stock

As of the date hereof and after the issuance of the Shares as contemplated by this Agreement, the authorized and issued and outstanding capital stock of GCI will be as follows, except for such changes resulting from the exercise of stock options, warrants and common stock contemplated herein:

	Authorized Shares
Class A Common	50,000,000
Class B Common	10,000,000
Preferred	1,000,000

	Issued Shares As of 07/15/96	After Issuance of MCI Shares	After Issuance of Prime/Rock/Cooke Shares
Class A Common	19,768,1501 (1)	21,768,1501	38,029,1501
Class B Common	4,159,657	4,159,657	4,159,657
Preferred	-0-	-0-	-0-

- ------------------------
(1) Includes 120,111 treasury shares.

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement ("Agreement"), dated as of this day of , 1996, is between General Communication, Inc., an Alaska corporation ("GCI"), and MCI Telecommunications Corporation, a Delaware corporation ("MCI").

RECITALS

A. MCI has acquired Two Million (2,000,000) shares of GCI's Class A Common Stock, no par value. All such shares of GCI's Class A Common Stock which MCI now owns and any securities issued in exchange for or in respect of such stock, whether pursuant to a stock dividend, stock split, stock reclassification or otherwise are collectively referred to in this Agreement as the "Registrable Shares."

B. GCI desires to grant registration rights to MCI and any successor or assign of MCI as the holder of all or any portion of the Registrable Shares. MCI and such successors and assigns are referred to in this Agreement as the "Holders," or, individually as a "Holder."

AGREEMENT

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

1. Demand Registration.

(a) Following the expiration of a one hundred eighty (180) day "stand still period" after the date hereof and then only if required to permit resales of the Registrable Shares by Holders, Holders shall at any time and from time to time, have the right to require registration under the Securities Act of 1933, as amended ("Securities Act"), of all or any portion of the Registrable Shares on the terms and subject to the conditions set forth in this Agreement.

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

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

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

(e) Notwithstanding the foregoing, GCI shall not be obligated to effect a registration pursuant to this Section 1 during the period starting with the date sixty (60) days prior to GCI's estimated date of filing of, and ending on a date six (6) months following the effective date of, a registration statement pertaining to an underwritten public offering of equity

securities for GCI's account, provided that (i) GCI is actively employing in good faith all reasonable efforts to cause such registration statement to become effective and that GCI's estimate of the date of filing on such registration statement is made in good faith, and (ii) GCI shall furnish to the Holders a certificate signed by GCI's President stating that in the Board of Directors' good-faith judgment, it would be seriously detrimental to GCI or its shareholders for a Registration Statement to be filed in the near future; and in such event, GCI's obligations to file a Registration Statement shall be deferred for a period not to exceed six (6) months.

2. Incidental Registration. Each time that GCI proposes to register any of its equity securities under the Securities Act (other than a registration effected

solely to implement an employee benefit or stock option plan or to sell shares obtained under an employee benefit or stock option plan or a transaction to which Rule 145 or any other similar rule of the Commission under the Securities Act is applicable), GCI will give written notice to the Holders of its intention to do so. Each of the Selling Holders may give GCI a written request to register all or some of its Registrable Shares in the registration described in GCI's written notice as set forth in the foregoing sentence, provided that such written request is given within twenty (20) days after receipt of any such GCI notice. Such request will state (i) the amount of Registrable Shares to be disposed of and the intended method of disposition of such Registrable Shares, and (ii) any other information GCI reasonably requests to properly effect the registration of such Registrable Shares. Upon receipt of such request, GCI will use its best efforts promptly to cause all such Registrable Shares intended to be disposed of to be registered under the Securities Act so as to permit their sale or other disposition (in accordance with the intended methods set forth in the request for registration), unless the sale is a firmly underwritten public offering and GCI determines reasonably and in good faith in writing that the inclusion of such securities would adversely affect the offering or materially increase the offering's costs. In which case such securities and all other securities to be registered, other than those to be offered for GCI's account, shall be excluded to the extent the underwriter determines. The total number of secondary shares included in such registration shall be shared pro rata by all security holders having contractual registration rights based upon the amount of GCI's securities requested by such security holders to be sold thereunder. GCI's obligations under this Section 2 shall apply to a registration to be effected for securities to be sold for GCI's account as well as a registration statement which includes securities to be offered for the account of other holders of GCI equity securities having contractual registration rights; however, the registration rights granted pursuant to the provisions of this Section 2 are subject to the registration rights granted by GCI pursuant to (a) the Registration Rights Agreement dated as of January 18, 1991, between GCI and WestMarc Communications, Inc., (b) the Registration Rights Agreement dated as of March 31, 1993, between GCI and MCI, (c) the Registration Rights Agreement of even date between GCI and the owners of Prime Cable of Alaska, L.P., (d) the Registration Rights Agreement of even date between GCI and the owners of Alaskan Cable Network, Inc., and (e) the Registration Rights Agreement of even date between GCI and the owners of Alaska Cablevision, Inc., the effect of which agreements is that all parties hereto and thereto have pro rata piggy-back registration rights.

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

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

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

attorneys and accountants, and all transfer taxes and brokerage and underwriters' discounts and commissions directly attributable to the Registrable Shares being offered and sold by such Selling Holder.

4. Limitations on Registration Rights. Notwithstanding the provisions of Section 1 of this Agreement, GCI shall not be required to effect any registration under that Section if (i) the request(s) for registration cover an aggregate number of Registrable Shares having an aggregate Market Value of less than One Million Five Hundred Thousand Dollars ($1,500,000.00) as of the date of the last of such requests, (ii) GCI has previously filed two (2) registration statements under the Securities Act pursuant to Section 1, (iii) GCI, in order to comply with such request, would be required to (A) undergo a special interim audit or (B) prepare and file with the Commission, sooner than would otherwise be required, pro forma or other financial statements relating to any proposed transaction, or (iv) if, in the opinion of counsel to GCI, the form of which opinion of counsel shall be acceptable to the Holders, a registration is not required in order to permit resale by Holders. The first demand registration under this Agreement may be requested only by the Holders of a minimum of thirty percent (30%) of the Registrable Shares. "Market Value" as used in this Agreement shall mean, as to each class of Registrable Shares at any date, the average of the daily closing prices for such class of Registrable Shares, for the ten (10) consecutive trading days before the day in question. The closing price for shares of such class for each day shall be the last reported sale price regular way, or, in case no such reported sale takes place on such day, the average of the reported closing bid and asked prices regular way, in either case on the composite tape, or if the shares of such class are not quoted on the composite tape, on the principal United States securities exchange registered under the Securities Exchange Act of 1934, as amended ("Exchange Act"), on which shares of such class are listed or admitted to trading, or if they are not listed or admitted to trading on any such exchange, the closing sale price (or the average of the quoted closing bid and asked price if no sale is reported) as reported by the National Association of Securities Dealers Automated Quotation System ("NASDAQ") or any comparable system, or if the shares

of such class are not quoted on NASDAQ or any comparable system, the average of the closing bid and asked prices as furnished by any market maker in the securities of such class who is a member of the National Association of Securities Dealers, Inc., or in the absence of such closing bid and asked price, as determined by such other method as GCI's Board of Directors shall from time to time deem to be fair.

5. Obligations with Respect to Registration.

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

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

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

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

(iv) Furnish at GCI's expense to the Selling Holders such number of copies of a preliminary, final, supplemental or amended

prospectus, in conformity with the requirements of the Securities Act and the rules and regulations

promulgated thereunder, as may reasonably be required in order to facilitate the disposition of the Registrable Shares covered by a Registration Statement, but only while GCI is required under the provisions hereof to cause a Registration Statement to remain effective; and

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

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

(vii) Cause all such Registrable Shares to be listed on each securities exchange on which similar securities issued by GCI are then listed and to be qualified for trading on each system on which similar securities issued by GCI are from time to time qualified;

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

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

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

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

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

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

efforts to promptly obtain the withdrawal of such order.

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

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

(ii) During such time as the Selling Holder may be engaged in a distribution of the Registration Shares, such Selling Holder shall comply with Rules 10b-2, 10b-6 and 10b-7 promulgated under the Exchange Act and pursuant thereto it

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

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

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

6. Indemnification.

(a) By GCI. In the event of any registration under the Securities Act of any Registrable Shares pursuant to this Agreement, GCI shall indemnify and hold harmless any Selling Holder, any underwriter of such Selling Holder, each officer, director, employee or agent of such Selling Holder, and each other person, if any, who controls such Selling Holder or underwriter within the meaning of Section 15 of the Securities Act, against any losses, costs, claims, damages or liabilities, joint or several (or actions in respect thereof) ("Losses"), incurred by or to which each such indemnified party may become subject, under the Securities Act or otherwise, but only to the extent such Losses arise out of or based upon (i) any untrue statement or alleged untrue statement of any material fact contained, on the effective date thereof, in any Registration Statement under which such Registrable Shares were registered under the Securities Act, in any preliminary prospectus (if used prior to the effective date of such Registration Statement) or in any final prospectus or in any post effective amendment or supplement thereto (if used during the period GCI is required to keep the Registration Statement effective) ("Disclosure Documents"), (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading or (iii) any violation of any federal or state securities laws or rules or regulations thereunder committed by GCI in connection with the performance of its obligations under this Agreement; and GCI will reimburse each such indemnified party for all legal or other expenses reasonably incurred by such party

in connection with investigating or defending any such claims, including, subject to such indemnified party's compliance with the provisions of the last sentence of subsection (c) of this Section 6, any amounts paid in settlement of any litigation, commenced or threatened, so long as GCI's counsel agrees with the reasonableness of such settlement; provided, however, that GCI shall not be liable to an indemnified party in any such case to the extent that any such Losses arise out of or are based upon (i) an untrue statement or alleged untrue statement or omission or alleged omission (x) made in any such Disclosure

Documents in reliance upon and in conformity with written information furnished to GCI by or on behalf of such indemnified party specifically for use in the preparation thereof, (y) made in any preliminary or summary prospectus if a copy of the final prospectus was not delivered to the person alleging any loss, claim, damage or liability for which Losses arise at or prior to the written confirmation of the sale of such Registrable Shares to such person and the untrue statement or omission concerned had been corrected in such final prospectus or (z) made in any prospectus used by such indemnified party if a court of competent jurisdiction finally determines that at the time of such use such indemnified party had actual knowledge of such untrue statement or omission or (ii) the delivery by an indemnified party of any prospectus after such time as GCI has advised such indemnified party in writing that the filing of a post-effective amendment or supplement thereto is required, except the prospectus as so amended or supplemented, or the delivery of any prospectus after such time as GCI's obligation to keep the same current and effective has expired.

(b) By the Selling Holders. In the event of any registration under the Securities Act of any Registrable Shares pursuant to this Agreement, each Selling Holder shall, and shall cause any underwriter retained by it who participates in the offering to agree to, indemnify and hold harmless GCI, each of its directors, each of its officers who have signed the Registration Statement and each other person, if any, who controls GCI within the meaning of Section 15 of the Securities Act, against any Losses, joint or several, incurred by or to which such indemnified party may become subject under the Securities Act or otherwise, but only to the extent such Losses arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in any of the Disclosure Documents or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading, if the statement or omission was in reliance upon and in conformity with written information furnished to GCI by such indemnifying party specifically for use in the preparation thereof, (ii) the delivery by such indemnifying party of any prospectus after such time as GCI has advised such indemnifying party in writing that the filing of a post-effective amendment or supplement thereto is required, except the prospectus as so amended or supplemented, or after such time as the obligation of GCI to keep the Registration Statement effective and current has expired or (iii) any violation by such indemnifying party of its obligations under Section 5(b) of this Agreement or any information given or representation made by such indemnifying party in connection with the sale of the Selling Holder's Registrable Shares which is not contained in and not in conformity with the prospectus (as amended or

supplemented at the time of the giving of such information or making of such representation); and each Selling Holder shall, and shall cause any underwriter retained by it who participates in the offering to agree to, reimburse each such indemnified party for all legal or other expenses reasonably incurred by such party in connection with investigating or defending any such claim, including, subject to such indemnified party's compliance with the provisions of the last sentence of subsection (c) of this Section 6, any amounts paid in settlement of any litigation, commenced or threatened; provided, however, that the indemnity agreement contained in this Section 6(b) shall not apply to amounts paid in settlement of any loss, claim, damage, liability or action arising pursuant to a registration if such settlement is effected without the consent of Selling Holder; and provided further, that no Selling Holder shall be required to undertake liability under this Section 6(b) for any amounts in excess of the proceeds to be received by such Selling Holder from the sale of its securities pursuant to such registration, as reduced by any damages or other amounts that such Selling Holder was otherwise required to pay hereunder.

(c) Third Party Claims. Promptly after the receipt by any party hereto of notice of any claim, action, suit or proceeding by any person who is not a party to this Agreement (collectively, an "Action") which is subject to indemnification hereunder, such party ("Indemnified Party") shall give reasonable written notice to the party from whom indemnification is claimed ("Indemnifying Party"). The Indemnifying Party shall be entitled, at the Indemnifying Party's sole expense and liability, to exercise full control of the defense, compromise or settlement of any such Action unless the Indemnifying Party, within a reasonable time after the giving of such notice by the Indemnified Party, shall (i) admit in writing to the Indemnified Party, the Indemnifying Party's liability to the Indemnified Party for such Action under the terms of this Section 6, (ii) notify the Indemnified Party in writing of the Indemnifying Party's intention to assume the defense thereof and (iii) retain legal counsel reasonably satisfactory to the Indemnified Party to conduct the defense of such Action. The Indemnified Party and the Indemnifying Party shall cooperate with the party assuming the defense, compromise or settlement of any such Action in accordance herewith in any manner that such party reasonably may request. If the Indemnifying Party so assumes the defense of any such Action, the Indemnified Party shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, but the fees and expenses of such counsel shall be the Indemnified Party's sole expense unless (i) the Indemnifying Party has agreed to pay such fees and

expenses, (ii) any relief other than the payment of money damages is sought against the Indemnified Party or (iii) the Indemnified Party shall have been advised by its counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Indemnifying Party, and in any such case the fees and expenses of such separate counsel shall be borne by the Indemnifying Party. No Indemnifying Party shall settle or compromise any such Action in which any relief other than the payment of money damages is sought against any Indemnified Party unless the Indemnified Party consents in writing to such compromise or settlement, which consent shall not be unreasonably

withheld. No Indemnified Party shall settle or compromise any such Action for which it is entitled to indemnification hereunder without the Indemnifying Party's prior written consent, unless the Indemnifying Party shall have failed, after reasonable notice thereof, to undertake control of such Action in the manner provided above in this Section 6.

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

7. Miscellaneous.

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

(i) if to GCI at:

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

(ii) if to MCI, at:

MCI Telecommunications Corporation
1801 Pennsylvania Avenue, NW
Washington, DC 20006
ATTN: Senior Vice President
and Chief Financial Officer
Telecopy: (202) 887-2195

with a copy to:

MCI Telecommunications Corporation
1133 19th Street, NW
Washington, DC 20036
ATTN: Office of the General Counsel

(iii) if to any Holder other than MCI, at the address provided to GCI (and if none provided, to MCI)

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

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

(c) Binding Effect; Benefit. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. Nothing in this Agreement, expressed or implied is intended to confer on any person other than the parties hereto or their respective successors and assigns (including, in the case of MCI, any successor or assign of MCI as the holder of

Registrable Shares), any rights, remedies, obligations or liabilities under or by reason of this Agreement, other than rights conferred upon indemnified persons under Section 6.

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

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

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

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

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

GENERAL COMMUNICATION, INC.

By
John M. Lowber, Senior Vice President

MCI TELECOMMUNICATIONS CORPORATION

By
Name:
Its

VOTING AGREEMENT

THIS VOTING AGREEMENT ("Agreement") is entered into effective on the day of , 1996, by and between Prime II Management, L.P. ("Prime"), as the designated agent for the parties named on Annex 1 attached hereto (collectively, "Prime Sellers"), MCI Telecommunications Corporation, Ronald A. Duncan, Robert M. Walp, and TCI GCI, Inc. (Prime, as designated agent for the Prime Sellers, "Duncan," "Walp," and "TCI GCI," respectively, or individually, "Party" and collectively, "Parties"), all of whom are shareholders of General Communication, Inc., an Alaska corporation ("GCI"), as identified in this Agreement.

WHEREAS, the Parties are as of the date of this Agreement, the owners of the amounts of GCI's Class A and Class B common stock as set forth in this Agreement;

WHEREAS, the Parties desire to combine their votes as shareholders of GCI in the election of certain positions of the Board of Directors ("Board") of GCI and specifically to vote on certain issues as set forth in this Agreement;

WHEREAS, the Parties desire to establish their mutual rights and obligations in regard to the Board and those certain issues to come before the shareholders or before the Board;

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained in this Agreement, the Parties agree as follows:

Section 1. Shares. The shares of GCI's Class A and Class B common stock subject to this Agreement will consist of those shares held by each Party as set forth in this Section 1 and any additional shares of GCI's voting stock acquired in any manner by any one or more of the Parties ("Shares"):

(1) Prime - ( ) shares of Class A common stock;

(2) MCI - 8,251,509 Shares of Class A common stock and 1,275,791 Shares of Class B common stock, which total to an aggregate of 21,009,419 votes for MCI;

(3) Duncan - 852,775 Shares of Class A common stock and 233,708 Shares of Class B common stock, which total to an aggregate of 3,189,855 votes for Duncan;

(4) Walp - 534,616 Shares of Class A common stock and 301,049 Shares of Class B common stock, which total to an aggregate of 3,545,106 votes for Walp; and

(5) TCI GCI - 590,043 Shares of Class B common stock, which totals to an aggregate of 5,900,430 votes for TCI GCI.

Section 2. Voting. (a) All of the Shares will, during the term of this Agreement, be voted as one block in the following matters:

(1) For so long as the full membership on the Board is at least eight, the election to the Board of individuals recommended by a Party ("Nominees"), with the allocation of such recommendations to be in the following amounts and by the following identified Parties:

(A) For recommendations from MCI, two Nominees;

(B) For recommendations from Duncan and Walp, one Nominee from each;

(C) For recommendations from TCI GCI, two Nominees; and

(D) For recommendations from Prime, two (2) nominees, for so long as (i) the Prime Sellers (and their distributees who agree in writing to be bound by the terms of this Agreement) collectively own at least ten percent of the issued and then-outstanding shares of GCI's Class A common stock, and (ii) that certain Management Agreement between Prime and GCI dated of even date herewith ("Prime Management Agreement") is in full force and effect. If either of these conditions are not satisfied, then Prime shall only be entitled to recommend one Nominee. If neither of these conditions are met, Prime shall not be entitled to recommend any Nominee at that time;

(2) To the extent possible, to cause the full membership of the Board to be maintained at not less than eight members;

(3) Other matters to which the Parties unanimously agree.

(b) The Parties will abide by the classification by the Board of a Nominee in accordance with the provisions for classification of the Board as set forth in Article V(b) of GCI's Articles of Incorporation and Section 2(b) of GCI's Article IV of Bylaws which classification was, as of the date of this Agreement, for Nominees allocated to MCI as follows: one in Class I and one in

Class III, and for Nominees allocated to Prime as follows: one in Class II and one in Class III, and for Nominees allocated to TCI GCI as follows: one in Class II and one in Class III.

(c) The Parties understand that to insure the election of their allocated Nominees, the Shares must constitute sufficient voting power to cause those elections and that as new shares are issued by GCI through the exercise of warrants and options,

acquisitions by employee benefit plans, or otherwise, the number of outstanding shares of voting common stock will increase, making the percentage which the Shares represent of the outstanding shares decrease.

(d) The Parties will take such action as is necessary to cause the election to the Board of each Party's Nominee(s).

Section 3. Manner of Voting. Votes, for purposes of this Section 3, will be as determined by written ballot upon each matter to be voted upon. Should such a matter require shareholder action, e.g., election of Nominees to the Board or should the Board choose to present the matter for shareholder consent, approval or ratification, such balloting must take place so that the results are received by GCI at its principal executive offices not less than 120 calendar days in advance of the date of GCI's proxy statement released to security holders in connection with the previous year's annual meeting of security holders.

Section 4. Limitation on Voting. Except as set forth in (a) of Section 2 of this Agreement, the Agreement will not extend to voting upon other questions and matters on which shareholders will have the right to vote under GCI's Articles of Incorporation, GCI's Bylaws of the Company, or the laws of the State of Alaska.

Section 5. Term of Agreement. (a) The term of this Agreement will be through the completion of the annual meeting of GCI's shareholders taking place in June, 2001 or until there is only one Party to the Agreement, whichever occurs first; provided that the Parties may extend the term of this Agreement only upon unanimous vote and written amendment to this Agreement.

(b) Except as provided in (a) and (d) of this Section 5, a Party (other than Prime) will be subject to this Agreement until the Party disposes of more than 25% of the votes represented by the Party's holdings of common stock which equates to the following (adjusted for stock splits) for each party:

1. MCI - 5,252,355 votes;

2. Duncan - 797,464 votes;

3. Walp - 886,277 votes; and

4. TCI GCI - 1,475,108 votes.

(c) Should one party dispose of an amount of its portion of the Shares in excess of the limit as set forth in (b) of this Section 5, each other Party will have the right to withdraw and terminate that Party's rights and obligations under this Agreement by giving written notice to the other Parties.

(d) Anything to the contrary in this Agreement notwithstanding each Party shall remain a Party to this Agreement with respect to its obligation to vote (a) for

Prime's Nominee(s) pursuant to Section 2(a)(1) above, and (b) to maintain at least an eight (8) member Board pursuant to Section 2(a)(2) above only, for so long as either (i) the Prime Sellers (and their distributees who agree in writing to be bound by the terms of this Agreement) collectively own at least ten percent (10%) of the issued and then-outstanding shares of GCI's Class A common stock or (ii) the Prime Management Agreement is in effect. Upon each request, Prime shall, within a reasonable period of time after delivery by GCI to Prime of GCI's shareholders list showing the number of shares of GCI common stock owned by each such shareholder, provide GCI with its certificate, in form and substance reasonably satisfactory to GCI, confirming the Prime Sellers' aggregate, then-current percentage ownership of GCI Class A common stock.

Section 6. Binding Effect. The Parties will, during the term of this Agreement, be fully subject to its provisions. There will be no prohibition against transfer or other assignment of Shares under the terms of this Agreement. Should a Party transfer or otherwise assign Shares, and the new holder of those Shares will not have any rights under, nor be subject to the

terms of, this Agreement, except that any assignee which is an affiliate or subsidiary entity of a Party shall be bound by, and have the benefits of, this Agreement; provided, however, that anything to the contrary in the foregoing notwithstanding, any distributee of a Prime Seller that agrees in writing to be bound by the terms of this Agreement will have rights under and be subject to the terms of this Agreement.

Section 7. GCI's Agreement. GCI agrees (i) to submit the Nominees selected pursuant to Section 2(a) above in its proxy materials delivered to GCI's shareholders in connection with each election of GCI directors; and (ii) not to take any action inconsistent with the agreements of the Parties set forth herein.

Section 8. Notices. Notices required or otherwise given under this Agreement will be given by hand delivery or certified mail to the following addresses, unless otherwise changed by a Party with notice to the other Parties:

To Prime:

Prime II Management, L.P.
600 Congress Avenue, Suite 3000
Austin, Texas 78701
Attn: President

With copies (which shall not constitute notice) to:

Edens Snodgrass Nichols & Breeland, P.C.
2800 Franklin Plaza
111 Congress Avenue
Austin, Texas 78701
ATTN: Patrick K. Breeland

To MCI:

MCI Telecommunications Corporation
1133 19th Street, N.W.
Washington, D.C. 20035
ATTN: Douglas Maine, Chief Financial Officer

To Duncan:

Ronald A. Duncan
President and Chief Executive Officer
General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503

To Walp:

Robert A. Walp
Vice Chairman
General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503

To TCI GCI :

Larry E. Romrell, President
TCI GCI, Inc.
5619 DTC Parkway
Englewood, Colorado 80111

Section 9. Performance. The Parties agree that damages are not an adequate remedy for a breach of the terms of this Agreement. Should a Party be in breach of a term of this Agreement, one or more of the other Parties may seek the specific performance or injunction of that Party under the terms of this Agreement by bringing an appropriate action in a court in Anchorage, Alaska.

Section 10. Governing Law. The terms of this Agreement will be governed by and construed in accordance with the laws of the State of Alaska.

Section 11. Amendments. This Agreement constitutes the entire Agreement between the Parties, and any amendment of it must be in writing and approved by all Parties.

Section 12. Group. Prior to a Party filing a Schedule 13D or an amendment to such a schedule pursuant to the Securities Exchange Act of 1934, the Party will provide a written notice to each of the other Parties within five days after the triggering event under that schedule and at least two days prior to the filing of that schedule or amendment, as the case may be, and further provide to any other Party any information or documentation reasonably requested by that Party in this regard.

Section 13. Termination of Prior Agreement. This Agreement supersedes and replaces in its entirety that certain Voting Agreement dated effective as of March 31, 1993, by and between MCI, Duncan, Walp and TCI GCI, as successor in interest to WestMarc Communications, Inc.

Section 14. Severability. If a court of competent jurisdiction finds any portion of this Agreement invalid or not enforceable, this Agreement shall be automatically reformed to carry out the intent of the Parties as nearly as possible without regard to the portion so invalidated. If this entire Agreement is determined to be limited in duration by a court of competent jurisdiction, the Parties agree to enter into a new Agreement which carries forward the intent of the Parties upon such termination.

IN WITNESS WHEREOF, the Parties set their hands to this Agreement, effective on the first date above written.

PRIME II MANAGEMENT, L.P.
By Prime II Management, Inc.
Its General Partner

By
Name:
Its:

MCI TELECOMMUNICATIONS CORPORATION

By
Name:
Its:

RONALD A. DUNCAN

ROBERT M. WALP

TCI GCI, INC.

By
Name:
Its:

GENERAL COMMUNICATION, INC.

By
Name:
Its:

EXHIBIT "D"
Form of Legal Opinion

[HARTIG, RHODES LETTERHEAD]

, 1996

Anchorage

MCI Telecommunications Corporation
1133 19th Street, NW

Washington, D.C. 20038

RE: Stock Purchase Agreement (the "Agreement") dated as of , 1996 between General Communication, Inc. (the "Company") and MCI Telecommunications Corporation (the "Purchaser")
Our File: 6552-35

Ladies and Gentlemen:

This opinion letter is delivered to you pursuant to Paragraph 8(c)(vii) of the Agreement. Capitalized terms used but not defined in this opinion letter have the meanings given to them in the Agreement.

We have acted as counsel to the Company in connection with the preparation and the execution and delivery of the Agreement and the related documents. In that capacity we have examined the Agreement and the related documents, including, but not limited to, the Registration Rights Agreement, dated of even date herewith, between the

Company and the Purchaser and the Voting Agreement, dated of even date herewith, by and between the Company, Prime II Management, L.P., as the designated agent, the Purchaser, Ronald A. Duncan, Robert M. Walp and TCI GCI, Inc. ("Related Agreements") and such other documents and records, and we have made such other investigations, as we have deemed necessary to enable us to state the opinions expressed below. As to certain factual matters, we have relied upon the representations of the Company and the Purchaser contained in the Agreement and upon certificates of officers of the Company and the Purchaser.

In such examination, we have assumed the genuineness and authenticity of all documents submitted to us as originals, the conformity with genuine and authentic originals of all documents submitted to us as copies, the genuineness of all signatures, the power and authority of each entity which may be a party thereto (other than the Company and its subsidiaries), the authority of each person signing for each such entity (other than the Company and its subsidiaries), and the due organization, existence, qualification and authorization to transact business of each such party (other than the Company and its subsidiaries).

This opinion letter is governed by, and shall be interpreted in accordance with, the Legal Opinion Accord (the "Accord") of the American Bar Association Section of Business Law (1991). As a consequence, it is subject to a number of qualifications, exceptions, definitions, limitations on coverage and other limitations, all as more particularly described in the Accord, and this opinion letter should be read in conjunction therewith. The law covered by the opinions expressed herein is limited to the federal law of the United States (except as provided in the Accord) as currently in effect, and the law of the State of Alaska (except as provided in the Accord) as currently in effect. Furthermore, we express no opinion with respect to: (i) matters governed by the Federal Communications Act of 1934, as amended, and the rules and regulations of the Federal Communications Commission thereunder; or (ii) matters governed by the Federal Aviation Act of 1958, as amended, and the rules and regulations of the Federal Aviation Administration thereunder.

On the basis of our examination and subject to stated qualifications, assumptions and limitations, in our opinion:

1. The Company and each of its subsidiaries are duly organized, validly existing and in good standing under the laws of the State of Alaska, have all requisite corporate power and authority to own their property as now owned and carry on their business as now conducted and are qualified to do business and is in good standing in each jurisdiction in which the conduct of their business or the ownership of their property requires such qualification, except, in each case, where the failure to qualify would not have a material adverse effect on the financial condition or operations of the Company or its subsidiary.

2. The Shares are duly authorized, validly issued, fully paid and nonassessable shares of Common Stock having the rights, preferences, privileges and restrictions set forth in the Articles of Incorporation, will not be subject to any preemptive rights, and, to our knowledge, will be free and clear of any security interest, lien, charge or encumbrance of any nature whatsoever.

3. The execution, delivery and performance by the Company of the Agreement and the Related Agreements are within the corporate powers of the Company, have been duly authorized by all necessary corporate action of the Company, and do not and will not conflict with or constitute a breach of the

terms, conditions or provisions of, or constitute a default under, its Articles of Incorporation and Bylaws or any material contract, undertaking, indenture or other agreement or instrument by which the Company is bound or to which it or any of its assets is subject.

4. The Company is not required, in connection with the execution, delivery, and performance of the Agreement and the Related Agreements to give any notice to or obtain any consent from any lender pursuant to any agreement or instrument for borrowed money of which we have knowledge and to which the Company is a party or by which the property of the Company is bound, except that consent to the issuance of the Shares is required from NationsBank of Texas, N.A. ("NationsBank"), as Administrative Lender under that certain Credit Agreement dated as of April 26, 1996, between GCI Communication Corp. and NationsBank.

5. Registration is not required under the Securities Act or the Alaska Securities Act of 1959, as amended, for the issuance and delivery of the Shares. In expressing the opinion set forth in the foregoing sentence, we have relied, without any independent investigation, on the representations of Purchaser set forth in Paragraphs 5 (c) and (d) of the Agreement and A.S. 45.55.900(b)(7). The applicable exemption from the registration requirements under the Securities Act is set forth in Section 4(2) of the Securities Act. We express no opinions as to the necessity of registering the Shares under the laws of any state, other than the State of Alaska, in connection with the transaction.

6. The Company is not required to make any filings with or give any notice to, or obtain any consents, approvals, or authorizations from, any governmental authority in connection with the execution, delivery and performance by the company of the Agreement and the Related Agreements. The execution, delivery, and performance by the Company of the Agreement and the Related Agreements, do not and will not violate any law, rule, regulation or order of any court or other governmental authority applicable to the Company.

7. The Agreement and the Related Agreements are the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as the enforceability of those agreements may be affected or

limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally or by general principles of equity, whether applied in a proceeding in equity or at law.

8. There is no pending, or to the best of our knowledge, threatened, judicial, administrative or arbitral action, suit, proceeding or claim against or investigation of the Company which questions the validity of the Agreement or the Related Agreements.

The opinions expressed above are subject to and qualified in all respects by the Accord and the following:

We have relied as to factual matters on the representations and warranties of the Company set forth in the Agreement, certificates of officers and other representatives of the Company and the following additional items, and have made no other investigation or inquiry as to such factual matters:

(a) Certificates from the State of Alaska as to the existence and good standing of the Company and its subsidiaries.

(b) Constituent Documents of the Company and its subsidiaries.

We have rendered the foregoing opinion as of the date hereof, and we do not undertake to supplement our opinion with respect to the factual matters or changes in the law which may hereafter occur.

You are hereby notified that (a) we do not consider you to be our client in the matters to which this opinion letter relates, (b) neither the Alaska Code of Professional Responsibility nor current case law clearly articulates the circumstances under which an attorney may give a legal opinion to a person other than the attorney's own client, (c) a court might determine that it is improper to us to issue, and for you to rely upon, a legal opinion issued by us when we have acted as counsel to the Company in connection with the transactions, and (d) you may wish to obtain a legal opinion from your own legal counsel as to the matters addressed in this opinion letter.

We express no opinions herein regarding the enforceability of provisions involving choices or conflicts of law or of provisions of the Registration Rights Agreement purporting to require indemnification of a party for its own action or inaction, to the extent the action or inaction involves negligence.

This opinion is given solely to you and may be relied upon by you only in connection with the Agreement and may not be used or relied upon by you or

any other person or entity for any other purposes whatsoever. This opinion letter may not be quoted, circulated or published, in whole or in part, or furnished to or relied upon by any other party, or otherwise referred to, or be filed with or furnished to any governmental

agency or other person or entity not involved in the Agreement without prior written consent.

Sincerely,

HARTIG, RHODES, NORMAN,
MAHONEY & EDWARDS, P.C.

By:
Robert B. Flint

SCHEDULE 4(c)(i)
GCI's Stock Option Plans, Warrants,
Rights or Convertible Securities

General Communication, Inc. Outstanding Options:

	No. of Shares	Exercise Price
Shares reserved for exercise of options issued pursuant to GCI's Incentive Stock Option Plan	2,233,734	$.75 to $4.50 per share
Shares to be issued pursuant to an option agreement with William C. Behnke, an Officer	85,190	$.001 per share
Shares to be Issued pursuant to an option agreement with John M. Lowber, an Officer	100,000	$.75 per share
Shares to be issued to MCI Telecommunications Corporation	2,000,000	$6.50 per share
Shares to be issued to Prime entities	11,800,000	$6.50 per share
Shares to be issued to Cooke entities	2,923,077	$6.50 per share
Shares to be issuable to the Rock entities pursuant to a $10,000,000 convertible note	1,538,462	$6.50 per share

NOTE: For additional details regarding GCI's Stock Option Plan, please refer to the footnotes in GCI's financial statements in its SEC Forms 10K and 10Q.

SCHEDULE 4(c)(ii)
Voting Agreements

There are no voting trusts or other agreements or understandings to which GCI or any subsidiary is a party, and to GCI's knowledge no other voting trusts exist with respect to the voting of the capital stock of GCI or any of its subsidiaries, except for (i) that Voting Agreement entered into as of March 31, 1993, by and between MCI Telecommunications Corporation ("MCI"), Ronald A. Duncan ("Duncan"), Robert M. Walp ("Walp"), and WestMarc Communications, Inc., all as shareholders of GCI; which is projected to be superseded and replaced in its entirety by (ii) that Voting Agreement to be entered into as of , 1996, by and between Prime II Management, L.P., Prime Venture I Holdings, L.P., Prime Cable Growth Partners, L.P., Alaska Cable, Inc., MCI, Duncan, Walp, TCI GCI, Inc. and GCI.

SCHEDULE 4(c)(iii)
Outstanding Stock Liens

GCI owns the entire equity interest in each of its subsidiaries, and all the outstanding capital stock of each subsidiary of GCI are validly issued, fully paid and nonassessable and are owned by GCI free and clear of all liens, charges, preemptive rights, claims or encumbrances, except as follows:

1. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated as of May 14, 1993, as amended, holds the original Stock Certificates Nos. 1, 2 and 3, for One Thousand (1,000), One Hundred Thousand (100,000) and Ten Thousand (10,000) shares respectively, of Class A Common Stock of GCI Communication Corp. for security purposes only, not as purchaser. GCI is the owner of all of such One Hundred Eleven Thousand (111,000) shares of GCI Communication Corp. stock.

2. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated as of May 14, 1993, as amended, also holds the original Stock Certificate No. 1 for One Hundred (100) shares of GCI Communication Services, Inc., for security purposes only, not as purchaser. GCI is the owner of such One Hundred (100) shares.

3. National Bank of Alaska ("NBA"), as Lender under the Loan Agreement dated December 31, 1992, holds the original Stock Certificate No. 1 for One Hundred (100) shares of the Common Stock of GCI Leasing Co., Inc. for security purposes only, not as purchaser. GCI Communication Services, Inc., is the owner of such 100 shares. NationsBank of Texas, N.A., as Administrative Agent, holds a second lien on such shares.

SCHEDULE 4(h)
Pending Litigation

None.

SCHEDULE 4(l)
Contracts/Agreements to Acquire Equity
Interest in GCI or its Subsidiaries

1. The proposed Common A stock issuance to acquire (i) the ongoing cable television and cable television systems of Prime Cable of Alaska, L.P., pursuant to the terms of the Securities Purchase Agreement dated as of May 2, 1996, among General Communication, Inc., Prime Venture I Holdings, L.P., Prime Cable Growth Partners, L.P., Prime Venture II, L.P., Prime Cable Limited Partnership, Austin Ventures, L.P., William Blair Venture Partners III Limited Partnership, Centennial Fund, II, L.P., Centennial Fund III, L.P., Centennial Business Development Fund, Ltd., BancBoston Capital, Inc., First Chicago Investment Corporation, Madison Dearborn Partners, Prime II Management, L.P., Prime Cable of Alaska, L.P., Alaska Cable, Inc. and Prime Cable Fund I, Inc.

2. The proposed Common A stock issuance to acquire certain ongoing cable television business and cable television systems pursuant to the (i) Asset Purchase Agreements dated as of May 10, 1996, among General Communication, Inc. and McCaw/Rock Homer Cable Systems and McCaw/Rock Seward Cable System respectively; and (ii) the Asset Purchase Agreement, dated May 10, 1996, among General Communication, Inc. and Alaska Cablevision, Inc.

3. The proposed Common A stock issuance to acquire certain ongoing

cable television business and cable television systems pursuant to that Asset Purchase Agreement, dated as of April 15, 1996, among General Communication, Inc., Alaskan Cable Network/Fairbanks, Inc., Alaskan Cable Network/Juneau, Inc. and Alaskan Cable Network/Ketchikan-Sitka, Inc.

SCHEDULE 4(m)(ii)
Requests for Collective Bargaining

None.

SCHEDULE 4(p)
Asset Liens

GCI and its subsidiaries have good title to all material assets on the Balance Sheet, except as set forth in paragraph 4(p)(i) through (iv) of the MCI Stock Purchase Agreement, and except as follows:

1. To secure a debt in the current principal amount of $30,100,000. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated April 26, 1996, holds a security position on substantially all of GCI's and GCI Communication Corp.'s property and equipment, including, without limitation, the stock listed in Schedule 4(c)(iii) hereof, all of GCI Communication Corp.'s fixtures as a transmitting utility on all of its real properties and leasehold estates located both in Alaska and Washington.

2. To secure a debt in the current principal amount of $7,595,595, National Bank of Alaska, as Lender under the Loan Agreement dated December 31, 1992, holds a security interest in GCI Communication Corp.'s undersea fiber operations, as well as a security interest in the lease payments from MCI.

3. There is a capital lease in the current principal amount of $766,049; RDB Partnership holds title to the building occupied by GCI Communication Corp.

4. There is a capital lease in the current principal amount of $143,973; the National Bank of Alaska Leasing Co. holds title to GCI Communication Services, Inc.'s shared hub assets and contract proceeds. However, GCISI has an option to acquire those assets at the end of the capital lease's term.

SCHEDULE 4(q)
Material Contracts

The following is a complete listing of all contracts and agreements existing on the date hereof for GCI and/or its subsidiaries which (i) are with any customer which accounted for greater than 2% of GCI's or any of its subsidiary's revenues for the year ended 12/31/95; (ii) involve contracts that call for annual aggregate expenditures by GCI of greater than $5,000,000; or (iii) involve contracts that call for aggregate expenditures by GCI during the remainder of their respective terms in excess of $10,000,000:

1. Customers which account for greater than 2% of GCI or any of its subsidiary's revenues for the year ended 12/31/95.

a. GCI Communication Services, Inc.: 2% Floor is approx. greater than $20,000/year: Chevron Shared Hub contract; est. $880,000 annual revenues.

b. GCI Communication Corp.: 2% Floor is approx. greater than $1,538,000/year:

i. Carrier Agreement with MCI Telecommunications Corporation;

ii. Service Agreement with US Sprint Communications Company Limited Partnership of Delaware; and

iii. Agreement with British Petroleum.

c. General Communication, Inc. and GCI Leasing Co., Inc.: None.

2. Contracts calling for annual aggregate expenditures by GCI or its subsidiaries of greater than $5,000,000 annually or for aggregate expenditures by GCI during the remainder of their respective terms of greater than $10,000,000.

a. GCI and GCI Communication Corp.:

i. NationsBank of Texas, N.A. These entities owe the current principal amount of $ 30,100,000 to NationsBank of Texas, N.A. as Administrative Agent under the Credit Agreement dated April 26, 1996.

ii. National Bank of Alaska. GCI Communication Corp. owes the current principal amount of $7,595,595, National Bank of

Alaska, as Lender under the Loan Agreement dated December 31, 1992, relating to its undersea fiber operations.

iii. MCI Telecommunications Corporation. The lease agreement between MCI and GCI Leasing Company, Inc., dated December 31, 1992, will result in payments exceeding $10 Million over its term.

iv. Scientific-Atlanta, Inc. The Company's 1996 commitment under its equipment purchase contract with Scientific-Atlanta, Inc. exceeds $5,000,000.

v. Hughes Communications Galaxy, Inc. 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 will exceed $5 Million and the remaining commitment will exceed $10 Million.

SCHEDULE 4(q)(i)
Existing Defaults

None.

SCHEDULE 4(r)(v)
Environmental Notices

None.

SCHEDULE 4(s)
Tax Audits

GCI's 1993 federal income tax return was selected for examination by the Internal Revenue Service ("IRS") during 1995. The examination commenced during the fourth quarter of 1995 and was completed in March, 1996. GCI has received a letter from the agent conducting the examination indicating that no changes are proposed or required.

The IRS is in the process of reviewing GCI's compliance with the federal excise tax on telecommunication services. No substantive issues have been raised at this time.

The Washington State Department of Revenue has notified GCI that it intends to conduct an audit in July, 1996, of Washington state sales, use and business occupation taxes for the period of January, 1992 through March, 1996.

Management believes these examinations will not result in material adjustments and will not have a material impact on GCI's financial statements.

MCI's OFFICER'S CERTIFICATE
(Section 8(b)(iii))

In compliance with Section 8(b)(iii) of the Stock Purchase Agreement dated , 1996, between GENERAL COMMUNICATION, INC. ("GCI") and MCI TELECOMMUNICATIONS CORPORATION ("Agreement") I, the undersigned, certify as follows:

1. I am the duly appointed and acting of MCI and I am authorized to execute this Certificate.

2. The Final Closing Date as defined in the Agreement is , 1996.

3. This representations of MCI set forth in the Agreement are true and correct in all material respects as of the date when made and (unless made as of a specified date) are true and correct in all material respects as if made as of the Final Closing Date.

4. MCI has performed in all material respects its agreements contained in the Agreement required to be performed at or prior to the Final Closing Date.

Dated this day of , 1996.

MCI TELECOMMUNICATIONS CORPORATION

By:
Name:
Its:

GCI's OFFICER'S CERTIFICATE
(Section 8(c)(i), (ii), (iii), (viii) and (ix))

In compliance with Section 8(c)(i), (ii), (iii), (viii) and (ix) of the Stock Purchase Agreement dated , 1996, between GENERAL COMMUNICATION, INC. ("GCI") and MCI TELECOMMUNICATIONS CORPORATION ("Agreement") I, John M. Lowber, certify as follows:

1. I am the duly appointed and acting Secretary of GCI authorized to execute this Certificate.

2. The Final Closing Date as defined in the Agreement is , 1996.

3. This representations of GCI set forth in the Agreement are true and correct in all material respects as of the date when made and (unless made as of a specified date) are true and correct in all material respects as if made as of the Final Closing Date.

4. GCI has performed in all material respects its agreements contained in the Agreement required to be performed at or prior to the Final Closing Date.

5. All applicable consents and approvals (including those of the FCC and any applicable Public Utility Commission which are necessary to consummate the transactions contemplated by the Agreement have been obtained.

6. Attached hereto is a complete copy of a resolution duly adopted by the board of directors of GCI authorizing and approving the execution of the Agreement and the consummation of the transactions contemplated by the Agreement.

Dated this day of , 1996.

GENERAL COMMUNICATION, INC.

By:
John M. Lowber, Secretary

EXHIBIT 2.8

STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement ("Agreement"), dated as of September 13, 1996, is between General Communication, Inc., an Alaska corporation ("GCI"), and MCI Telecommunications Corporation, a Delaware corporation ("MCI").

1. Agreement to Purchase and Sell Shares. On the terms and subject to the conditions contained in this Agreement, on the Final Closing Date, as defined below, GCI agrees to sell to MCI, and MCI agrees to purchase from GCI, two million (2,000,000) shares of GCI's Class A Common Stock ("Shares"). On the Final Closing Date, GCI shall deliver to MCI certificates representing the Shares. The Final Closing Date ("Final Closing Date") shall occur on the fifth (5th) business day after which all franchise transfer and other regulatory consents have been obtained which are required for the full performance of the Securities Purchase and Sale Agreement dated effective as of May 2, 1996 for the purchase and sale of Prime Cable of Alaska, L.P., Alaska Cable, Inc. and Prime Cable Fund I, Inc. (the "Prime SPA").

2. Purchase Price. The purchase price payable for the Shares shall be Thirteen Million Dollars $13,000,000.00 ("Purchase Price"). On the Final Closing Date MCI shall pay to GCI the Purchase Price by wire transfer of immediately available funds to a GCI designated account.

3. Closing. Unless this Agreement and the transactions contemplated hereby shall have been terminated, the closing ("Closing") of this Agreement shall take place at the offices of Hartig, Rhodes, Norman, Mahoney & Edwards, P.C., 717 K Street, Anchorage, Alaska 99501 on or before the fifth (5th) business day following the latest of (i) the full consummation and performance of the Prime SPA, or (ii) the last condition precedent set forth in Section 8 shall have been satisfied or waived, or at such other time or place as MCI and GCI shall mutually agree in writing.

4. Representations and Warranties of GCI. GCI represents and warrants to MCI as follows:

a) Due Organization and Qualification. GCI and each of its subsidiaries are corporations duly organized, validly existing and in good standing under the laws of their respective jurisdictions of incorporation, with corporate power and authority to own, lease and operate their respective properties and to conduct their respective businesses as they are now owned, leased and operated, and conducted. Each of GCI and its subsidiaries is duly qualified as a foreign corporation to do business, and is in good standing, in each jurisdiction where the character of its properties owned or held under lease or the nature of its activities makes such qualification necessary,

except where the failure so to qualify would not have a material adverse effect on GCI and its subsidiaries taken as a whole.

b) Authorization. GCI has the requisite corporate power to enter into this Agreement and to perform its obligations hereunder. The execution and delivery by GCI of, and the performance by GCI of its obligations under this Agreement have been duly authorized by all requisite corporate action of GCI, and this Agreement is a valid and binding agreement of GCI, enforceable against GCI in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally, or by the principles governing the availability of equitable remedies. None of the execution and delivery by GCI of this Agreement, the issuance and sale by GCI of the Shares, the consummation of the transactions contemplated hereby, or the compliance by GCI with the terms, conditions and provisions hereof, will conflict with or result in a breach or violation of any of the terms, conditions, or provisions of GCI's articles of incorporation or by-laws or of any material agreement or instrument to which GCI is a party or by which GCI or any of its material properties may be bound, or constitute, with or without the provision of notice or the passage of time, or both, a default or create a right of termination, cancellation or acceleration thereunder, or result in the creation or imposition of any security interest, mortgage, lien, charge or encumbrance of any nature whatsoever upon GCI or any of its material properties or assets.

c) Capital Stock. As of the date hereof and after the issuance of the Shares as contemplated by this Agreement, the authorized and issued and outstanding capital stock of GCI will be as set forth on the attached Exhibit A, except for such changes (i) resulting from the exercise of stock options, (ii) the purchase of shares contemplated herein, and (iii) the purchase and sale of securities in connection with the Cable Acquisitions (as defined below)..

All of the outstanding shares of Class A Common Stock and Class B Common Stock

listed on the Exhibit A have been or when issued, will be validly issued and outstanding, fully paid, nonassessable and not entitled to any preemptive rights. Except as set forth on Schedule 4(c)(i), there are currently outstanding no options, warrants, rights or convertible securities or other agreements or commitments of any character providing for the issuance of capital stock of GCI or any of its subsidiaries. Except as set forth on the attached Schedule 4(c)(ii), there are no voting trusts and other agreements or understandings to which GCI or any subsidiary is a party, and to GCI's knowledge, no other voting trusts exist with respect to the voting of the capital stock of GCI or any of its subsidiaries.

Except as set forth on the attached Schedule 4(c)(iii), GCI owns the entire equity interest in each of its subsidiaries, and all the outstanding capital stock of each subsidiary of GCI are validly issued, fully paid and nonassessable and are owned by GCI free and clear of all liens, charges, preemptive rights, claims or encumbrances.

d) Issuance of Shares. The Shares, when sold and delivered by GCI to MCI pursuant to this Agreement, will have been duly authorized and validly issued, and will be fully paid and non-assessable, not subject to any preemptive rights and free and clear of any security interest, lien, charge or encumbrance of any nature whatsoever.

e) SEC Reports. GCI has timely filed all forms, reports, statements and schedules with the Commission required to be filed by it pursuant to the Securities Exchange Act of 1934, as amended ("Exchange Act") or other federal securities laws since June 30, 1993, and has heretofore delivered to MCI (in the form filed with the Commission), together with any amendments or supplements thereto, including superseding amendments, its (i) Annual Reports on Form 10-K for the fiscal years ended December 31, 1994 and December 31, 1995, (ii) all definitive proxy statements relating to GCI's meetings of stockholders (whether annual or special) held since March 31, 1993 as filed with the Securities and Exchange Commission ("Commission"), and (iii) all other reports or registration statements filed by GCI pursuant to the Exchange Act and the Securities Act of 1933, as amended ("Securities Act") since March 31, 1993 (collectively, "SEC Reports"). The SEC Reports (i) were prepared in compliance with the applicable requirements of the Securities Act or the Exchange Act, as the case may be, and (ii) did not as of their respective dates contain any untrue statement of material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading. None of the subsidiaries of GCI is required to file any reports, statements, forms or other documents with the Commission.

f) Financial Statements. The audited financial statements of GCI included or incorporated by reference in the SEC Reports and the unaudited interim monthly financial statements for periods subsequent to such audited financial statements (collectively, including the footnotes thereto, "Financial Statements") are correct and complete, were prepared in accordance with generally accepted accounting principles applied on a consistent basis ("GAAP") (except as otherwise stated in the Financial Statements or in the related reports of GCI's independent accountants) and present fairly the consolidated financial position of GCI and its subsidiaries as of the dates thereof, and the results of operations, changes in financial position and the statements of stockholders' equity of GCI and its subsidiaries on a consolidated basis for the periods indicated. No event has occurred since the preparation of the Financial Statements that would require a restatement of the Financial Statements under GAAP. GCI has received no notice of any fact which may form a basis for any claim by a third party which, if asserted, could result in liability affecting GCI not disclosed by or reserved against in GCI's most recent balance sheet. The Financial Statements reflect and at the Closing Date will reflect, the interest of GCI in the assets, liabilities and operations of all subsidiaries of GCI.

Neither GCI nor any of its subsidiaries has any material liability, obligation or commitment of any nature whatsoever (whether known or unknown, due or to become due, accrued, fixed, contingent, liquidated, unliquidated, or otherwise) other than liabilities, obligations or commitments (i) which are accrued or reserved against in the consolidated balance sheet of GCI and its consolidated subsidiaries ("Balance Sheet") as of December 31, 1995 or reflected in the notes thereto, (ii) which (x) arose in the ordinary course of business since such date and (y) do not or would not individually or in the aggregate have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole, or (iii) which are the type that would not be required to be reflected on a consolidated balance sheet of GCI and its subsidiaries or in the notes thereto if such balance sheet were prepared in accordance with GAAP as of the date hereof or as at the Closing Date, as the case may be. From the date of the most recent balance sheet included in the Financial Statements to and including the date hereof, (i) GCI's business has

been operated only in the ordinary course, (ii) GCI has not sold or disposed of any assets other than in the ordinary course of business, (iii) there has not occurred any material adverse change or event in GCI's business, operations, assets, liabilities, financial condition or results of operations compared to the business, operations, assets, liabilities, financial condition or results of operations reflected in the Financial Statements, and (iv) there has not occurred any theft, damage, destruction or loss which has had a material adverse effect on GCI.

g) Related Transactions. Since the date of GCI's 1995 Proxy Statement to the date hereof, GCI has not entered into or otherwise become obligated with respect to any transactions which would require a disclosure pursuant to Item 404 of Regulation S-K in accordance with Items 7(b) or (c) of Schedule 14A under the Exchange Act were GCI to distribute a proxy statement as of the date hereof and the Closing Date.

h) Litigation. Except as set forth on Schedule 4(h), there is no claim, suit, action, governmental investigation or proceeding pending or, to the knowledge of GCI, threatened against or affecting GCI or any of its subsidiaries which (i) seek to restrain or enjoin the consummation of the transactions contemplated by this Agreement, or (ii) if decided adversely to GCI or such subsidiary would have, or would be likely to have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. There is no outstanding order, writ, injunction or decree or, to the knowledge of GCI, any claim or investigation of any court, governmental agency or arbitration tribunal materially and adversely affecting or which can reasonably be expected to materially and adversely affect GCI, any of its subsidiaries, or their respective properties, assets or businesses, franchises, licenses or permits under which they operate, or their ability to operate their respective businesses in the ordinary course.

i) Governmental. No governmental consent, approval, hearing, filing, registration or other action, including the passage of time, is necessary for the

execution and delivery of this Agreement, the issuance and sale of the Shares, or the consummation of the transactions contemplated by this Agreement, other than (i) any applicable consents and/or approvals of the Federal Communications Commission ("FCC"), and (ii) any applicable filings with and consents and/or approvals of state public service commissions, public utility commissions or similar state regulatory bodies ("Public Utility Commissions") under state public utility statutes and similar laws.

j) Absence of Certain Changes. Since December 31, 1995, (i) there has not occurred or arisen any event having, and neither GCI nor any of its subsidiaries has suffered, a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole, (ii) GCI and its subsidiaries have conducted their businesses only in the ordinary course, consistent with past practices, and (iii) neither GCI nor any of its subsidiaries has taken any actions described in Sections 7 a) through e).

k) Fees. Neither GCI nor any of its subsidiaries has paid or become obligated to pay any fee, commission to any broker, finder or intermediary in connection with the transactions contemplated by this Agreement.

l) Certain Agreements. Except as set forth on the attached Schedule 4(l), there are no contracts, agreements, arrangements or understandings to which GCI or any of its subsidiaries, officers, agents or representatives is a party, that create, govern or purport to govern the right of another party to acquire GCI or an equity interest in GCI, or any subsidiary of GCI, or to increase any such equity interest.

m) Labor Relations. Neither GCI nor any of its subsidiaries is a party to any collective bargaining agreement. Since March 31, 1993, neither GCI nor any of its subsidiaries has (i) had any employee strikes, work stoppages, slowdowns or lockouts, or (ii) except as set forth on the attached Schedule 4(m)(ii), received any request for certification of bargaining units or any other requests for collective bargaining.

n) Licenses. GCI and its subsidiaries have all permits, licenses, waivers, authorizations, approvals and certificates of public convenience and necessity ("Licenses") (including, without limitation, Licenses by the FCC and Public Utility Commissions) which are necessary for GCI and its subsidiaries to conduct their operations in the manner heretofore conducted, except for Licenses, the failure of which to obtain would not have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. No event has occurred, been initiated or threatened with respect to the Licenses which permits, or after notice or lapse of time or both would permit, revocation or termination thereof or would result in any material impairment of the rights of the holder of any of the Licenses except for revocations, terminations or impairments that would not, in the aggregate, have a material adverse effect on the business, properties or

financial condition of GCI and its subsidiaries taken as a whole.

o) Employee Benefit Plans. Each employee benefit plan, as such term is defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), of GCI or any subsidiary of GCI ("Pension Plan") and each other employee benefit plan within the meaning of ERISA (collectively with the Pension Plans, ("Plans") complies in all material respects with all applicable requirements of ERISA and the Internal Revenue Code of 1986, as amended ("Code"), and other applicable laws. None of the Plans is a multi-employer plan, as such term is defined in Section 3(37) of ERISA. Each Pension Plan which is intended to be qualified under Section 401(a) of the Code has been determined by the Internal Revenue Service to be qualified and nothing has occurred since the date of any such determination or application which would adversely affect such qualification. Neither GCI nor any subsidiary of GCI, nor any Plan nor any of their respective directors, officers, employees or agents has, with respect to any Plan, engaged in any "prohibited transaction," as such term is defined in Section 4975 of the Code or Section 406 of ERISA, which could result in any taxes or penalties or other liabilities under Section 4975 of the Code or Section 502(i) of ERISA, except taxes, penalties or liabilities which in the aggregate would not have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole. No liability to the Pension Benefit Guaranty Corporation has been incurred with respect to any Pension Plan that has not been satisfied in full. No Pension Plan has incurred an "accumulated funding deficiency" within the meaning of the Code. There has been no "reportable event" within the meaning of Section 4043 of ERISA with respect to any Pension Plan. All amounts required by the provisions of any Pension Plan to be contributed have been so contributed.

p) Property and Leases. Except as set forth on the attached Schedule 4(p), GCI and its subsidiaries have good title to all material assets reflected on the Balance Sheet except for (i) liens for current taxes and assessments not yet past due, (ii) inchoate mechanics' and materialmens' liens for construction in progress, (iii) workers', repairmens', warehousemens' and carriers' liens arising out of the ordinary course of business, and (iv) all matters of record, liens and imperfections of title and encumbrances which matters, liens and imperfections would not, in the aggregate, have a material adverse effect on the business, properties or financial condition of GCI and its subsidiaries taken as a whole.

q) Material Agreements. Schedule 4(q) attached hereto sets forth a complete listing of all contracts and agreements existing on the date hereof to which GCI or any of its subsidiaries is a party or by which any of their respective properties or assets is bound other than contracts for services purchased under tariffs, which (i) are with any customer which accounted for more than two percent of GCI or any of its subsidiary's revenues for the year ended December 31, 1995, (ii) involve contracts that call for annual aggregate expenditures by GCI in excess of $5,000,000, or (iii) involve contracts that call for aggregate expenditures by GCI during the remainder of their respective term in excess of $10,000,000. All such contracts and agreements

are valid and binding, in full force and effect and enforceable against the parties thereto in accordance with their respective terms. Except as set forth on the attached Schedule 4(q)(i), to GCI's knowledge, there is not under any such contract or agreement any existing default, or event which, after notice of lapse of time, or both, would constitute a default, by GCI or any of its subsidiaries or any other party.

r) Compliance with Laws.

(i) GCI is in material compliance with all applicable laws, rules, regulations, orders, ordinances, and codes of the United States of America, its territories and possessions, and of any state, county, municipality, or other political subdivision or any agency of any of the foregoing having jurisdiction over GCI's business and affairs.

In General.

GCI has constructed, maintained and operated, and is constructing, maintaining and operating, its business (including, without limitation, the real property owned or leased by GCI ("GCI's Real Property")) in material compliance with all applicable laws including the Communications Act, the rules and regulations of the FCC, the APUC (in each case as the same are currently in effect);

(i) All reports, notices, forms and filings, and all fees and payments, required to be given to, filed with, or paid to, any governmental authority by GCI under all applicable laws have been timely and properly given and made by GCI, and are complete and accurate in all material

respects, in each case as required by applicable law;

(ii) GCI has not received any notice (written or oral) from any governmental authority or any other Person that it, or its ownership and operation of its business is in material violation of any applicable law, and GCI knows of no basis for the allegation of any such violations; and

(iii) GCI has complied in all material respects with all applicable legal requirements relating to the employment of labor, including ERISA, continuation coverage requirements with respect to group health plans, and those relating to wages, hours, unemployment compensation, worker's compensation, equal employment opportunity, age and disability discrimination, immigration control and the payment and withholding of taxes, and no reportable event, within the meaning of Title IV of ERISA, has occurred and is continuing with respect to any "employee benefit plan" or "multiemployer plan" (as those terms are defined in ERISA) maintained by GCI or its affiliates (as defined in Section 407(d)(7) of ERISA). No prohibited transaction, within the meaning of Title I of ERISA, has occurred with respect to any such employee benefit plan or multiemployer plan, and no material accumulated funding deficiency (as defined

in Title I of ERISA) or withdrawal liability (as defined in Title IV of ERISA) exists with respect to any such employee benefit plan or multiemployer plan.

(iv) To GCI's knowledge, except as set forth in Schedule 4(r)(v): (i) GCI has not received any notice (written or oral) from any governmental authority or other Person that the Person giving such notice is investigating whether, or has determined that there are, any violations of Environmental Laws by GCI, or violations of Environmental Law due to activities on, or affecting, or related to GCI's Real Property, (ii) none of GCI's Real Property has previously been used by any Person for the generation, production, emission, manufacture, handling, processing, treatment, storage, transportation, disposal or discharge of any Hazardous Substances, (iii) GCI has not used, generated, produced, emitted, manufactured, handled, possessed, treated, stored, transported, disposed or discharged, and does not presently use, generate, produce, emit, manufacture, handle, possess, treat, store, transport, dispose or discharge, any Hazardous Substances on, into or from GCI's Real Property, (iv) GCI is in compliance in all material respects with all laws applicable to its own (as distinguished from other Persons') use, generation, production, emission, manufacturing, treatment, storage, transportation, disposal, and discharge of any Hazardous Substances on, into or from GCI's Real Property, (v) there are no above ground or underground storage tanks, or any Equipment containing polychlorinated biphenyls, on GCI's Real Property, (vi) no release of Hazardous Substances outside GCI's Real Property has entered or threatens to enter any of GCI's Real Property, nor is there any pending or threatened claim based on Environmental Laws which arises from any condition of the land surrounding any of GCI's Real Property, (vii) no Real Property has been used at any time as a gasoline service station or any other facility for storing, pumping, dispensing or producing gasoline or any other petroleum products or wastes, (viii) no building or other structure on any of GCI's Real Property contains asbestos, and (ix) there are no incinerators, septic tanks or cesspools on GCI's Real Property and all waste is discharged into a public sanitary sewer system. GCI has provided MCI with complete and correct copies of (A) all studies, reports, surveys or other materials in GCI's possession or of which GCI has knowledge and to which GCI has access relating to the presence or alleged presence of Hazardous Substances at, on or affecting GCI's Real Property, (B) all notices or other materials in GCI's possession or of which GCI has knowledge and to which GCI has access that were received from any governmental authority having the power to administer or enforce any Environmental Laws relating to current or past ownership, use or operation of the real property or activities at or affecting GCI's Real Property and (C) all materials in GCI's possession or to which GCI has access relating to any claim, allegation or action by any private third party under any Environmental Law. The representations and warranties in this Section 4(r) are the only representations and warranties given by GCI with respect to the Environmental Law compliance of GCI and its business.

s) Tax Returns and Other Reports. GCI has duly and timely filed in proper form all federal, state, local, and foreign, income, franchise, sales, use,

property, excise, payroll, and other tax returns and other reports (whether or not relating to taxes) required to be filed by law with the appropriate governmental authority, and, to the extent applicable, has paid or made provision for payment of all taxes, fees, and assessments of whatever nature including penalties and interest, if any, which are due with respect to any aspect of its business or any of its properties. Except as set forth on Schedule 4(s), there are no tax audits pending and no outstanding agreements or waivers

extending the statutory period of limitations applicable to any relevant tax return.

t) Transfer Taxes. There are no sales, use, transfer, excise, or license taxes, fees, or charges applicable with respect to the transactions contemplated by this Agreement.

u) Disclosure. No written statement in this Agreement or in any agreement or other document delivered pursuant to this Agreement by or on behalf of GCI contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading. None of the periodic filings made by GCI with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, since January 1, 1995, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

v) Investment Company. GCI is not an "investment company" or a company "controlled" by an investment company within the meaning of the Investment Company Act of 1940, as amended (the "Act"), and GCI has not relied on rule 3a-2 under the Act as a means of excluding it from the definition of an "investment company" under the Act at any time within the three (3) year period preceding the Closing Date.

w) No Insolvency. As of even date and as of the Closing Date, GCI is not and shall not be insolvent.

5. Representations and Warranties of MCI. MCI represents and warrants to GCI as follows:

a) Due Organization. MCI is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, with corporate power to own its properties and to conduct its business as now owned and conducted.

b) Authorization. MCI has the requisite corporate power to enter into this Agreement and to perform its obligations hereunder. The execution and delivery by MCI of, and the performance by MCI of its obligations under this Agreement have been duly authorized by all requisite corporate action of MCI and this Agreement

is a valid and binding agreement of MCI, enforceable against MCI in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally or by the principles governing the availability of equitable remedies.

c) Purchase for Investment; Existing Shareholder. MCI is purchasing the Shares for investment for its own account and not with a view to or for sale in connection with any distribution thereof within the meaning of the Securities Act. MCI is an existing security holder of shares of issued and outstanding common stock of GCI and no commission or other remuneration shall be paid by MCI, directly or indirectly, in connection with MCI's purchase of Shares.

d) No Registration of Shares. MCI understands that (i) the Shares have not been registered under the Securities Act or under any state securities laws and are being issued in reliance on the exemptions from the registration and prospectus delivery requirements of the Securities Act which are set forth in Sections 4(2) and 4(6) of the Securities Act and the regulations promulgated thereunder and in reliance on exemptions from the registration requirements of applicable state securities laws; and (ii) the Shares cannot be transferred without compliance with the registration requirements of the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available, and (iii) the reliance of GCI upon the aforesaid exemptions is predicated in part upon MCI's representations and warranties.

e) Residence. The jurisdiction in which MCI's principal executive offices are located is in the District of Columbia.

f) Accredited Investor. MCI is an "accredited investor" as defined in Rule 501 promulgated under the Securities Act.

g) Availability of Information. GCI has made available to MCI the opportunity to ask questions of, and to receive answers from, GCI's officers and directors, and any other person acting on their behalf, concerning the terms and conditions of this Agreement and the transactions contemplated herein and to obtain any other information requested by MCI to the extent GCI possesses such information or can acquire it without unreasonable effort or expense. MCI has been afforded the opportunity to inspect, and to have its auditors or other agents inspect, the books and records of GCI. The

furnishing of such information, the opportunity to inspect and any inspection so undertaken by MCI shall not affect MCI's right to rely on the representations and warranties of GCI set forth in this Agreement.

h) Disclosure. No written statement in this Agreement or in any agreement or other document delivered pursuant to this Agreement by or on behalf of MCI contains any untrue statement of a material fact or omits to state a material fact

necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading.

i) Investment Company. MCI is not an "investment company" or a company "controlled" by an investment company within the meaning of the Investment Company Act of 1940, as amended (the "Act"), and MCI has not relied on rule 3a-2 under the Act as a means of excluding it from the definition of an "investment company" under the Act at any time within the three (3) year period preceding the Closing Date.

j) No Insolvency. As of even date and as of the Closing Date, MCI is not and shall not be insolvent.

6. Restrictive Legend. The certificates representing the Shares shall bear a legend substantially to the effect of the following:

> "The securities represented by this certificate have been issued without registration under the Securities Act of 1933, as amended, or any state securities laws and may not be offered, sold or otherwise disposed of, unless the securities are registered under such act and applicable state securities laws or exemptions from the registration requirements thereof are available for the transaction."

7. Additional Agreements. During the period from the date of this Agreement to the Final Closing Date:

a) Interim Operations. GCI shall, and shall cause its subsidiaries to, conduct their respective business only in the ordinary course, and maintain, keep and preserve their respective assets and properties in good condition and repair, ordinary wear and tear excepted.

b) Certificate and By-laws. GCI shall not, and shall not permit any of its subsidiaries to, make or propose any change or amendment in their respective Certificates of Incorporation or By-laws.

c) Capital Stock. Except in connection with the Cable Acquisitions (as defined below), GCI shall not, and shall not permit any of its subsidiaries to, issue, pledge or sell any shares of capital stock or any other securities of any of them or issue any securities convertible into, or exchangeable for or representing the right to purchase or receive, or enter into any contract with respect to the issuance of, any shares of capital stock or any other securities of any of them (other than pursuant to this Agreement or the exercise of stock options outstanding on the date hereof), or enter into any contract with respect to the purchase or voting of shares of their capital stock or

adjust, split, combine, reclassify any of their securities, or make any other material changes in their capital structures.

d) Dividends. GCI shall not declare, set aside, pay or make any dividend or other distribution or payment (whether in cash, stock or property) with respect to, or purchase or redeem, any shares of capital stock.

e) Assets; Mergers; Etc. GCI shall not, and shall not permit any of its subsidiaries to, encumber, sell, lease or otherwise dispose of or acquire any material assets, or encumber, sell, lease or otherwise dispose of assets having a value in excess of $3,000,000 in the aggregate, or enter into any merger or other agreement providing for the acquisition of any material assets of GCI or any of its subsidiaries by any third party or acquire (by merger, consolidation, or acquisition of stock or assets) any corporation, partnership or other business organization or division thereof or enter any contract, agreement, commitment or arrangement to do any of the foregoing, except under: (i) the Prime SPA, (ii) the Alaskan Cable Network Asset Purchase Agreement, dated April 15, 1996, and (iii) the Alaska Cablevision, Inc. and McCaw/Rock Associates Asset Purchase Agreements, dated May 10, 1996 ((i), (ii) and (iii) above collectively, "Cable Acquisitions").

f) Access to Information. GCI shall, and shall cause its subsidiaries, officers, directors, employees and agents-to, afford MCI

access at all reasonable times to their officers, employees, agents, properties, books, records and contracts, and shall furnish MCI all financial, operating and other data and information as MCI may reasonably request.

g) Certain Filings, Consents and Arrangements. MCI and GCI shall (i) cooperate with one another in promptly (x) determining whether any filings are required to be made or consents, approvals, permits or authorizations are required to be obtained under any federal or state law or regulation or any consents, approvals or waivers are required to be obtained from other parties to loan agreements or other contracts material to GCI's business in connection with the transaction contemplated by this Agreement, and (y) making any such filings, furnishing information required in connection therewith and seeking timely response to obtain any such consents, permits, authorizations, approvals or waivers; and (ii) as promptly as practicable, file with the Federal Trade Commission and the Department of Justice the notification and report forms, if required.

h) Amendments to Prime SPA. GCI shall not amend, modify or alter, in any manner whatsoever, the Prime SPA without the prior written consent of MCI.

8. Conditions.

a) Conditions to Obligations of MCI and GCI. The obligations of MCI and GCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The consummation of the transactions contemplated by this Agreement shall not be precluded by any order, decree or preliminary or permanent injunction of a federal or state court of competent jurisdiction; and

(ii) The consummation of the transactions contemplated under the Prime SPA.

b) Conditions to Obligations of GCI. The obligations of GCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The representations of MCI set forth in this Agreement shall have been true and correct in all material respects when made and (unless made as of a specified date) shall be true and correct in all material respects as if made as of the Final Closing Date;

(ii) MCI shall have performed in all material respects its agreements contained in this Agreement required to be performed at or prior to the Final Closing Date;

(iii) GCI shall have received a certificate of an officer of MCI, dated as of the Final Closing Date, certifying as to the fulfillment of the matters contained in paragraphs (i) and (ii) of this Section 8 b); and

(iv) GCI shall have received from MCI the amount of $13,000,000.00 by wire transfer of immediately available funds.

c) Conditions to Obligations of MCI. The obligations of MCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Final Closing Date, of each of the following conditions:

(i) The representations of GCI set forth in this Agreement shall have been true and correct in all material respects when made and (unless made as of a specified date) shall be true and correct in all material respects as if made as of the Final Closing Date;

(ii) GCI shall have performed in all material respects its agreements contained in this Agreement required to be performed at or prior to the Final Closing Date;

(iii) All applicable consents and approvals (including those of the FCC and any applicable Public Utility Commission) which are necessary to consummate the transactions contemplated by this Agreement, shall have been obtained;

(iv) MCI shall have received from GCI certificates representing the Shares, registered in MCI's name and with all the

necessary documentary stock transfer stamps annexed thereto;

(v) MCI shall have received a certified copy of GCI's articles of incorporation and by-laws, as amended as of the Final Closing Date and a certificate of good standing for GCI from its jurisdiction of incorporation dated as of a date on or after January 1, 1996;

(vi) MCI shall have received (a) the Registration Rights Agreement attached as Exhibit B executed by a duly authorized officer of GCI dated as of the Final Closing Date, and (b) the Voting Agreement attached as Exhibit C executed by a duly authorized officer of all the parties thereto dated as of the Final Closing Date;

(vii) MCI shall have received an opinion of Hartig, Rhodes, Norman, Mahoney & Edwards, P.C., counsel to GCI, dated as of the Final Closing Date in the form of Exhibit D;

(viii) MCI shall have received a certificate of the Secretary or Assistant Secretary of GCI, dated as of the Final Closing Date, certifying that attached thereto is a complete copy of a resolution duly adopted by the board of directors of GCI authorizing and approving the execution of this Agreement and the consummation of the transactions contemplated by this Agreement;

(ix) MCI shall have received a certificate of an officer of GCI, dated as of the Final Closing Date, certifying as to the fulfillment of the matters contained in paragraphs (i) through (iii) of this Section 8 c);

(x) the Prime SPA shall not have been amended, modified or altered without the prior written consent of MCI; and

(xi) GCI shall not have issued, in the aggregate, more than 18,000,000 shares of its Class A Common Stock in connection with the Cable Acquisitions and the price per share for any share of Class A Common Stock issued in connection therewith shall have been at least $6.50.

9. Termination. This Agreement and the transactions contemplated hereby may be terminated at any time prior to the Closing Date:

a) by the mutual written consent of MCI and GCI;

b) by MCI and GCI if either is prohibited by an order or injunction (other than an injunction on a temporary or preliminary basis) of a court of competent jurisdiction from consummating the transactions contemplated by this Agreement and all means of appeal and all appeals from such order or injunction have been finally exhausted;

c) by MCI or GCI if the Final Closing Date shall not have occurred on or before December 31, 1996; provided, however, that the right to terminate under this paragraph c) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause of the failure of the Closing to occur on or before such date.

In the event of termination, no party hereto shall have any liability or further obligation to the other party hereto, except that nothing herein will relieve any party from any breach of this Agreement.

10. Survival of Representations, Warranties and Covenants. All representations, warranties and covenants contained herein shall survive the execution of this Agreement and the consummation of the transactions contemplated hereby.

11. Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. MCI shall have the right to assign to any direct or indirect subsidiary of MCI or its parent, MCI Communications Corporation, any and all rights and obligations of MCI under this Agreement.

12. Notices. Any notice or other communication provided for herein or given hereunder to a party hereto shall be in writing and shall be given by personal delivery, by telex, telecopier or by mail (registered or certified mail, postage prepaid, return receipt requested) to the respective parties as follows:

If to GCI:

General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503
Attn: Chief Financial Officer

If to MCI:

MCI Telecommunications Corporation
1801 Pennsylvania Avenue, NW
Washington, DC 20006
Attn: Vice President Corporate Development

With a copy to:

MCI Telecommunications Corporation
1133 19th Street, NW
Washington, DC 20036
Attn: Office of the General Counsel (0596/003)

or to such other address with respect to a party as such party shall notify the other in writing. Any such notice shall be deemed given upon receipt.

13. Amendment; Waiver. This Agreement may not be amended except by a writing duly signed by the parties. No party may waive any of the terms or conditions of this Agreement except by a duly signed writing referring to the specific provision to be waived.

14. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Alaska, without regard to the conflict of laws and rules thereof.

15. Entire Agreement. This Agreement (including the Exhibits and Schedules hereto) constitutes the entire agreement with respect to the transactions contemplated hereby, and supersedes all other and prior agreements and understandings, both written and oral, among the parties to this Agreement.

16. Expenses. Each party hereto shall pay its own expenses incident to preparing for, entering into and carrying out this Agreement and the consummation of the transactions contemplated hereby.

17. Captions. The Section and Paragraph captions herein are for convenience only, do not constitute part of this Agreement, and shall not be deemed to limit or otherwise affect any of the provisions hereof.

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

19. Cable Acquisitions. GCI agrees that it will not, at any time, issue, in the aggregate, more than 18,000,000 shares of its Class A Common Stock in connection with the Cable Acquisitions and the price per share for any share of Class A Common Stock issued in connection therewith shall have been at least $6.50.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered on the day and year first written above.

GENERAL COMMUNICATION, INC.

By /s/
John M. Lowber
Its: Senior Vice President

MCI TELECOMMUNICATIONS
CORPORATION

By /s/
Name:
Its:

<TABLE>

ATTACHMENT
Table of Contents

<CAPTION>
<S> <C>
I...

Exhibit A	-	Capital Stock....550
Exhibit B	-	Registration Rights Agreement....551
Exhibit C	-	Voting Agreement....564
Exhibit D	-	Opinion of Hartig Rhodes Norman Mahoney & Edwards, P.C....571

II....

Schedule 4(c)(i)	-	Options, Warrants, Rights or Convertible Securities....576
Schedule 4(c)(ii)	-	Voting Agreements....577
Schedule 4(c)(iii)	-	Ownership and Outstanding Capital Stock of each GCI subsidiary....578
Schedule 4(h)	-	Pending Litigation....579
Schedule 4(l)	-	Equity Agreements....580
Schedule 4(m)(ii)	-	Collective Bargaining Requests....581
Schedule 4(p)	-	Asset Liens....582
Schedule 4(q)	-	Material Contracts....583
Schedule 4(q)(i)	-	Existing Defaults....585
Schedule 4(r)(v)	-	Environmental Notices....586
Schedule 4(s)	-	Tax Audits....587

III....

Section 8(b)(iii)	-	MCI's Officer's Certificate....588
Section 8((c)(i)	-	GCI's Officer's Certificate....589
Section 8(c)(ii)	-	GCI's Officer's Certificate....589
Section 8(c)(iii)	-	GCI's Officer's Certificate....589
Section 8(c)(viii)	-	GCI's Officer's Certificate....589
Section 8(c)(ix)	-	GCI's Officer's Certificate....589

</TABLE>

EXHIBIT A
Capital Stock

As of the date hereof and after the issuance of the Shares as contemplated by this Agreement, the authorized and issued and outstanding capital stock of GCI will be as follows, except for such changes resulting from the exercise of stock options, warrants and common stock contemplated herein:

	Authorized Shares
Class A Common	50,000,000
Class B Common	10,000,000
Preferred	1,000,000

	Issued Shares As of 07/15/96	After Issuance of MCI Shares	After Issuance of Prime/Rock/Cooke Shares
Class A Common	19,768,1501 (1)	21,768,1501	38,029,1501
Class B Common	4,159,657	4,159,657	4,159,657
Preferred	-0-	-0-	-0-

- ------------------------
(1) Includes 120,111 treasury shares.

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement ("Agreement"), dated as of this day of , 1996, is between General Communication, Inc., an Alaska corporation ("GCI"), and MCI Telecommunications Corporation, a Delaware corporation ("MCI").

RECITALS

A. MCI has acquired Two Million (2,000,000) shares of GCI's Class A Common Stock, no par value. All such shares of GCI's Class A Common Stock which MCI now owns and any securities issued in exchange for or in respect of such stock, whether pursuant to a stock dividend, stock split, stock reclassification or otherwise are collectively referred to in this Agreement as the "Registrable Shares."

B. GCI desires to grant registration rights to MCI and any successor or assign of MCI as the holder of all or any portion of the Registrable Shares. MCI and such successors and assigns are referred to in this Agreement as the "Holders," or, individually as a "Holder."

AGREEMENT

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

1. Demand Registration.

(a) Following the expiration of a one hundred eighty (180) day "stand still period" after the date hereof and then only if required to permit resales of the Registrable Shares by Holders, Holders shall at any time and from time to time, have the right to require registration under the Securities Act of 1933, as amended ("Securities Act"), of all or any portion of the Registrable Shares on the terms and subject to the conditions set forth in this Agreement.

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

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

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

(e) Notwithstanding the foregoing, GCI shall not be obligated to effect a registration pursuant to this Section 1 during the period starting with the date sixty (60) days prior to GCI's estimated date of filing of, and ending on a date six (6) months following the effective date of, a registration statement pertaining to an underwritten public offering of equity

securities for GCI's account, provided that (i) GCI is actively employing in good faith all reasonable efforts to cause such registration statement to become effective and that GCI's estimate of the date of filing on such registration statement is made in good faith, and (ii) GCI shall furnish to the Holders a certificate signed by GCI's President stating that in the Board of Directors' good-faith judgment, it would be seriously detrimental to GCI or its shareholders for a Registration Statement to be filed in the near future; and in such event, GCI's obligations to file a Registration Statement shall be deferred for a period not to exceed six (6) months.

2. Incidental Registration. Each time that GCI proposes to register any of its equity securities under the Securities Act (other than a registration effected

solely to implement an employee benefit or stock option plan or to sell shares obtained under an employee benefit or stock option plan or a transaction to which Rule 145 or any other similar rule of the Commission under the Securities Act is applicable), GCI will give written notice to the Holders of its intention to do so. Each of the Selling Holders may give GCI a written request to register all or some of its Registrable Shares in the registration described in GCI's written notice as set forth in the foregoing sentence, provided that such written request is given within twenty (20) days after receipt of any such GCI notice. Such request will state (i) the amount of Registrable Shares to be disposed of and the intended method of disposition of such Registrable Shares, and (ii) any other information GCI reasonably requests to properly effect the registration of such Registrable Shares. Upon receipt of such request, GCI will use its best efforts promptly to cause all such Registrable Shares intended to be disposed of to be registered under the Securities Act so as to permit their sale or other disposition (in accordance with the intended methods set forth in the request for registration), unless the sale is a firmly underwritten public offering and GCI determines reasonably and in good faith in writing that the inclusion of such securities would adversely affect the offering or materially increase the offering's costs. In which case such securities and all other securities to be registered, other than those to be offered for GCI's account, shall be excluded to the extent the underwriter determines. The total number of secondary shares included in such registration shall be shared pro rata by all security holders having contractual registration rights based upon the amount of GCI's securities requested by such security holders to be sold thereunder. GCI's obligations under this Section 2 shall apply to a registration to be effected for securities to be sold for GCI's account as well as a registration statement which includes securities to be offered for the account of other holders of GCI equity securities having contractual registration rights; however, the registration rights granted pursuant to the provisions of this Section 2 are subject to the registration rights granted by GCI pursuant to (a) the Registration Rights Agreement dated as of January 18, 1991, between GCI and WestMarc Communications, Inc., (b) the Registration Rights Agreement dated as of March 31, 1993, between GCI and MCI, (c) the Registration Rights Agreement of even date between GCI and the owners of Prime Cable of Alaska, L.P., (d) the Registration Rights Agreement of even date between GCI and the owners of Alaskan Cable Network, Inc., and (e) the Registration Rights Agreement of even date between GCI and the owners of Alaska Cablevision, Inc., the effect of which agreements is that all parties hereto and thereto have pro rata piggy-back registration rights.

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

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

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

attorneys and accountants, and all transfer taxes and brokerage and underwriters' discounts and commissions directly attributable to the Registrable Shares being offered and sold by such Selling Holder.

4. Limitations on Registration Rights. Notwithstanding the provisions of Section 1 of this Agreement, GCI shall not be required to effect any registration under that Section if (i) the request(s) for registration cover an aggregate number of Registrable Shares having an aggregate Market Value of less than One Million Five Hundred Thousand Dollars ($1,500,000.00) as of the date of the last of such requests, (ii) GCI has previously filed two (2) registration statements under the Securities Act pursuant to Section 1, (iii) GCI, in order to comply with such request, would be required to (A) undergo a special interim audit or (B) prepare and file with the Commission, sooner than would otherwise be required, pro forma or other financial statements relating to any proposed transaction, or (iv) if, in the opinion of counsel to GCI, the form of which opinion of counsel shall be acceptable to the Holders, a registration is not required in order to permit resale by Holders. The first demand registration under this Agreement may be requested only by the Holders of a minimum of thirty percent (30%) of the Registrable Shares. "Market Value" as used in this Agreement shall mean, as to each class of Registrable Shares at any date, the average of the daily closing prices for such class of Registrable Shares, for the ten (10) consecutive trading days before the day in question. The closing price for shares of such class for each day shall be the last reported sale price regular way, or, in case no such reported sale takes place on such day, the average of the reported closing bid and asked prices regular way, in either case on the composite tape, or if the shares of such class are not quoted on the composite tape, on the principal United States securities exchange registered under the Securities Exchange Act of 1934, as amended ("Exchange Act"), on which shares of such class are listed or admitted to trading, or if they are not listed or admitted to trading on any such exchange, the closing sale price (or the average of the quoted closing bid and asked price if no sale is reported) as reported by the National Association of Securities Dealers Automated Quotation System ("NASDAQ") or any comparable system, or if the shares

of such class are not quoted on NASDAQ or any comparable system, the average of the closing bid and asked prices as furnished by any market maker in the securities of such class who is a member of the National Association of Securities Dealers, Inc., or in the absence of such closing bid and asked price, as determined by such other method as GCI's Board of Directors shall from time to time deem to be fair.

5. Obligations with Respect to Registration.

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

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

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

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

(iv) Furnish at GCI's expense to the Selling Holders such number of copies of a preliminary, final, supplemental or amended

prospectus, in conformity with the requirements of the Securities Act and the rules and regulations

promulgated thereunder, as may reasonably be required in order to facilitate the disposition of the Registrable Shares covered by a Registration Statement, but only while GCI is required under the provisions hereof to cause a Registration Statement to remain effective; and

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

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

(vii) Cause all such Registrable Shares to be listed on each securities exchange on which similar securities issued by GCI are then listed and to be qualified for trading on each system on which similar securities issued by GCI are from time to time qualified;

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

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

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

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

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

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

efforts to promptly obtain the withdrawal of such order.

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

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

(ii) During such time as the Selling Holder may be engaged in a distribution of the Registration Shares, such Selling Holder shall comply with Rules 10b-2, 10b-6 and 10b-7 promulgated under the Exchange Act and pursuant thereto it

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

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

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

6. Indemnification.

(a) By GCI. In the event of any registration under the Securities Act of any Registrable Shares pursuant to this Agreement, GCI shall indemnify and hold harmless any Selling Holder, any underwriter of such Selling Holder, each officer, director, employee or agent of such Selling Holder, and each other person, if any, who controls such Selling Holder or underwriter within the meaning of Section 15 of the Securities Act, against any losses, costs, claims, damages or liabilities, joint or several (or actions in respect thereof) ("Losses"), incurred by or to which each such indemnified party may become subject, under the Securities Act or otherwise, but only to the extent such Losses arise out of or based upon (i) any untrue statement or alleged untrue statement of any material fact contained, on the effective date thereof, in any Registration Statement under which such Registrable Shares were registered under the Securities Act, in any preliminary prospectus (if used prior to the effective date of such Registration Statement) or in any final prospectus or in any post effective amendment or supplement thereto (if used during the period GCI is required to keep the Registration Statement effective) ("Disclosure Documents"), (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading or (iii) any violation of any federal or state securities laws or rules or regulations thereunder committed by GCI in connection with the performance of its obligations under this Agreement; and GCI will reimburse each such indemnified party for all legal or other expenses reasonably incurred by such party

in connection with investigating or defending any such claims, including, subject to such indemnified party's compliance with the provisions of the last sentence of subsection (c) of this Section 6, any amounts paid in settlement of any litigation, commenced or threatened, so long as GCI's counsel agrees with the reasonableness of such settlement; provided, however, that GCI shall not be liable to an indemnified party in any such case to the extent that any such Losses arise out of or are based upon (i) an untrue statement or alleged untrue statement or omission or alleged omission (x) made in any such Disclosure

Documents in reliance upon and in conformity with written information furnished to GCI by or on behalf of such indemnified party specifically for use in the preparation thereof, (y) made in any preliminary or summary prospectus if a copy of the final prospectus was not delivered to the person alleging any loss, claim, damage or liability for which Losses arise at or prior to the written confirmation of the sale of such Registrable Shares to such person and the untrue statement or omission concerned had been corrected in such final prospectus or (z) made in any prospectus used by such indemnified party if a court of competent jurisdiction finally determines that at the time of such use such indemnified party had actual knowledge of such untrue statement or omission or (ii) the delivery by an indemnified party of any prospectus after such time as GCI has advised such indemnified party in writing that the filing of a post-effective amendment or supplement thereto is required, except the prospectus as so amended or supplemented, or the delivery of any prospectus after such time as GCI's obligation to keep the same current and effective has expired.

(b) By the Selling Holders. In the event of any registration under the Securities Act of any Registrable Shares pursuant to this Agreement, each Selling Holder shall, and shall cause any underwriter retained by it who participates in the offering to agree to, indemnify and hold harmless GCI, each of its directors, each of its officers who have signed the Registration Statement and each other person, if any, who controls GCI within the meaning of Section 15 of the Securities Act, against any Losses, joint or several, incurred by or to which such indemnified party may become subject under the Securities Act or otherwise, but only to the extent such Losses arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in any of the Disclosure Documents or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading, if the statement or omission was in reliance upon and in conformity with written information furnished to GCI by such indemnifying party specifically for use in the preparation thereof, (ii) the delivery by such indemnifying party of any prospectus after such time as GCI has advised such indemnifying party in writing that the filing of a post-effective amendment or supplement thereto is required, except the prospectus as so amended or supplemented, or after such time as the obligation of GCI to keep the Registration Statement effective and current has expired or (iii) any violation by such indemnifying party of its obligations under Section 5(b) of this Agreement or any information given or representation made by such indemnifying party in connection with the sale of the Selling Holder's Registrable Shares which is not contained in and not in conformity with the prospectus (as amended or

supplemented at the time of the giving of such information or making of such representation); and each Selling Holder shall, and shall cause any underwriter retained by it who participates in the offering to agree to, reimburse each such indemnified party for all legal or other expenses reasonably incurred by such party in connection with investigating or defending any such claim, including, subject to such indemnified party's compliance with the provisions of the last sentence of subsection (c) of this Section 6, any amounts paid in settlement of any litigation, commenced or threatened; provided, however, that the indemnity agreement contained in this Section 6(b) shall not apply to amounts paid in settlement of any loss, claim, damage, liability or action arising pursuant to a registration if such settlement is effected without the consent of Selling Holder; and provided further, that no Selling Holder shall be required to undertake liability under this Section 6(b) for any amounts in excess of the proceeds to be received by such Selling Holder from the sale of its securities pursuant to such registration, as reduced by any damages or other amounts that such Selling Holder was otherwise required to pay hereunder.

(c) Third Party Claims. Promptly after the receipt by any party hereto of notice of any claim, action, suit or proceeding by any person who is not a party to this Agreement (collectively, an "Action") which is subject to indemnification hereunder, such party ("Indemnified Party") shall give reasonable written notice to the party from whom indemnification is claimed ("Indemnifying Party"). The Indemnifying Party shall be entitled, at the Indemnifying Party's sole expense and liability, to exercise full control of the defense, compromise or settlement of any such Action unless the Indemnifying Party, within a reasonable time after the giving of such notice by the Indemnified Party, shall (i) admit in writing to the Indemnified Party, the Indemnifying Party's liability to the Indemnified Party for such Action under the terms of this Section 6, (ii) notify the Indemnified Party in writing of the Indemnifying Party's intention to assume the defense thereof and (iii) retain legal counsel reasonably satisfactory to the Indemnified Party to conduct the defense of such Action. The Indemnified Party and the Indemnifying Party shall cooperate with the party assuming the defense, compromise or settlement of any such Action in accordance herewith in any manner that such party reasonably may request. If the Indemnifying Party so assumes the defense of any such Action, the Indemnified Party shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, but the fees and expenses of such counsel shall be the Indemnified Party's sole expense unless (i) the Indemnifying Party has agreed to pay such fees and

expenses, (ii) any relief other than the payment of money damages is sought against the Indemnified Party or (iii) the Indemnified Party shall have been advised by its counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Indemnifying Party, and in any such case the fees and expenses of such separate counsel shall be borne by the Indemnifying Party. No Indemnifying Party shall settle or compromise any such Action in which any relief other than the payment of money damages is sought against any Indemnified Party unless the Indemnified Party consents in writing to such compromise or settlement, which consent shall not be unreasonably

withheld. No Indemnified Party shall settle or compromise any such Action for which it is entitled to indemnification hereunder without the Indemnifying Party's prior written consent, unless the Indemnifying Party shall have failed, after reasonable notice thereof, to undertake control of such Action in the manner provided above in this Section 6.

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

7. Miscellaneous.

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

(i) if to GCI at:

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

(ii) if to MCI, at:

MCI Telecommunications Corporation
1801 Pennsylvania Avenue, NW
Washington, DC 20006
ATTN: Senior Vice President
and Chief Financial Officer
Telecopy: (202) 887-2195

with a copy to:

MCI Telecommunications Corporation
1133 19th Street, NW
Washington, DC 20036
ATTN: Office of the General Counsel

(iii) if to any Holder other than MCI, at the address provided to GCI (and if none provided, to MCI)

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

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

(c) Binding Effect; Benefit. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. Nothing in this Agreement, expressed or implied is intended to confer on any person other than the parties hereto or their respective successors and assigns (including, in the case of MCI, any successor or assign of MCI as the holder of

Registrable Shares), any rights, remedies, obligations or liabilities under or by reason of this Agreement, other than rights conferred upon indemnified persons under Section 6.

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

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

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

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

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

GENERAL COMMUNICATION, INC.

By
John M. Lowber, Senior Vice President

MCI TELECOMMUNICATIONS CORPORATION

By
Name:
Its

VOTING AGREEMENT

THIS VOTING AGREEMENT ("Agreement") is entered into effective on the day of , 1996, by and between Prime II Management, L.P. ("Prime"), as the designated agent for the parties named on Annex 1 attached hereto (collectively, "Prime Sellers"), MCI Telecommunications Corporation, Ronald A. Duncan, Robert M. Walp, and TCI GCI, Inc. (Prime, as designated agent for the Prime Sellers, "Duncan," "Walp," and "TCI GCI," respectively, or individually, "Party" and collectively, "Parties"), all of whom are shareholders of General Communication, Inc., an Alaska corporation ("GCI"), as identified in this Agreement.

WHEREAS, the Parties are as of the date of this Agreement, the owners of the amounts of GCI's Class A and Class B common stock as set forth in this Agreement;

WHEREAS, the Parties desire to combine their votes as shareholders of GCI in the election of certain positions of the Board of Directors ("Board") of GCI and specifically to vote on certain issues as set forth in this Agreement;

WHEREAS, the Parties desire to establish their mutual rights and obligations in regard to the Board and those certain issues to come before the shareholders or before the Board;

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained in this Agreement, the Parties agree as follows:

Section 1. Shares. The shares of GCI's Class A and Class B common stock subject to this Agreement will consist of those shares held by each Party as set forth in this Section 1 and any additional shares of GCI's voting stock acquired in any manner by any one or more of the Parties ("Shares"):

(1) Prime - ( ) shares of Class A common stock;

(2) MCI - 8,251,509 Shares of Class A common stock and 1,275,791 Shares of Class B common stock, which total to an aggregate of 21,009,419 votes for MCI;

(3) Duncan - 852,775 Shares of Class A common stock and 233,708 Shares of Class B common stock, which total to an aggregate of 3,189,855 votes for Duncan;

(4) Walp - 534,616 Shares of Class A common stock and 301,049 Shares of Class B common stock, which total to an aggregate of 3,545,106 votes for Walp; and

(5) TCI GCI - 590,043 Shares of Class B common stock, which totals to an aggregate of 5,900,430 votes for TCI GCI.

Section 2. Voting. (a) All of the Shares will, during the term of this Agreement, be voted as one block in the following matters:

(1) For so long as the full membership on the Board is at least eight, the election to the Board of individuals recommended by a Party ("Nominees"), with the allocation of such recommendations to be in the following amounts and by the following identified Parties:

(A) For recommendations from MCI, two Nominees;

(B) For recommendations from Duncan and Walp, one Nominee from each;

(C) For recommendations from TCI GCI, two Nominees; and

(D) For recommendations from Prime, two (2) nominees, for so long as (i) the Prime Sellers (and their distributees who agree in writing to be bound by the terms of this Agreement) collectively own at least ten percent of the issued and then-outstanding shares of GCI's Class A common stock, and (ii) that certain Management Agreement between Prime and GCI dated of even date herewith ("Prime Management Agreement") is in full force and effect. If either of these conditions are not satisfied, then Prime shall only be entitled to recommend one Nominee. If neither of these conditions are met, Prime shall not be entitled to recommend any Nominee at that time;

(2) To the extent possible, to cause the full membership of the Board to be maintained at not less than eight members;

(3) Other matters to which the Parties unanimously agree.

(b) The Parties will abide by the classification by the Board of a Nominee in accordance with the provisions for classification of the Board as set forth in Article V(b) of GCI's Articles of Incorporation and Section 2(b) of GCI's Article IV of Bylaws which classification was, as of the date of this Agreement, for Nominees allocated to MCI as follows: one in Class I and one in

Class III, and for Nominees allocated to Prime as follows: one in Class II and one in Class III, and for Nominees allocated to TCI GCI as follows: one in Class II and one in Class III.

(c) The Parties understand that to insure the election of their allocated Nominees, the Shares must constitute sufficient voting power to cause those elections and that as new shares are issued by GCI through the exercise of warrants and options,

acquisitions by employee benefit plans, or otherwise, the number of outstanding shares of voting common stock will increase, making the percentage which the Shares represent of the outstanding shares decrease.

(d) The Parties will take such action as is necessary to cause the election to the Board of each Party's Nominee(s).

Section 3. Manner of Voting. Votes, for purposes of this Section 3, will be as determined by written ballot upon each matter to be voted upon. Should such a matter require shareholder action, e.g., election of Nominees to the Board or should the Board choose to present the matter for shareholder consent, approval or ratification, such balloting must take place so that the results are received by GCI at its principal executive offices not less than 120 calendar days in advance of the date of GCI's proxy statement released to security holders in connection with the previous year's annual meeting of security holders.

Section 4. Limitation on Voting. Except as set forth in (a) of Section 2 of this Agreement, the Agreement will not extend to voting upon other questions and matters on which shareholders will have the right to vote under GCI's Articles of Incorporation, GCI's Bylaws of the Company, or the laws of the State of Alaska.

Section 5. Term of Agreement. (a) The term of this Agreement will be through the completion of the annual meeting of GCI's shareholders taking place in June, 2001 or until there is only one Party to the Agreement, whichever occurs first; provided that the Parties may extend the term of this Agreement only upon unanimous vote and written amendment to this Agreement.

(b) Except as provided in (a) and (d) of this Section 5, a Party (other than Prime) will be subject to this Agreement until the Party disposes of more than 25% of the votes represented by the Party's holdings of common stock which equates to the following (adjusted for stock splits) for each party:

1. MCI - 5,252,355 votes;

2. Duncan - 797,464 votes;

3. Walp - 886,277 votes; and

4. TCI GCI - 1,475,108 votes.

(c) Should one party dispose of an amount of its portion of the Shares in excess of the limit as set forth in (b) of this Section 5, each other Party will have the right to withdraw and terminate that Party's rights and obligations under this Agreement by giving written notice to the other Parties.

(d) Anything to the contrary in this Agreement notwithstanding each Party shall remain a Party to this Agreement with respect to its obligation to vote (a) for

Prime's Nominee(s) pursuant to Section 2(a)(1) above, and (b) to maintain at least an eight (8) member Board pursuant to Section 2(a)(2) above only, for so long as either (i) the Prime Sellers (and their distributees who agree in writing to be bound by the terms of this Agreement) collectively own at least ten percent (10%) of the issued and then-outstanding shares of GCI's Class A common stock or (ii) the Prime Management Agreement is in effect. Upon each request, Prime shall, within a reasonable period of time after delivery by GCI to Prime of GCI's shareholders list showing the number of shares of GCI common stock owned by each such shareholder, provide GCI with its certificate, in form and substance reasonably satisfactory to GCI, confirming the Prime Sellers' aggregate, then-current percentage ownership of GCI Class A common stock.

Section 6. Binding Effect. The Parties will, during the term of this Agreement, be fully subject to its provisions. There will be no prohibition against transfer or other assignment of Shares under the terms of this Agreement. Should a Party transfer or otherwise assign Shares, and the new holder of those Shares will not have any rights under, nor be subject to the

terms of, this Agreement, except that any assignee which is an affiliate or subsidiary entity of a Party shall be bound by, and have the benefits of, this Agreement; provided, however, that anything to the contrary in the foregoing notwithstanding, any distributee of a Prime Seller that agrees in writing to be bound by the terms of this Agreement will have rights under and be subject to the terms of this Agreement.

Section 7. GCI's Agreement. GCI agrees (i) to submit the Nominees selected pursuant to Section 2(a) above in its proxy materials delivered to GCI's shareholders in connection with each election of GCI directors; and (ii) not to take any action inconsistent with the agreements of the Parties set forth herein.

Section 8. Notices. Notices required or otherwise given under this Agreement will be given by hand delivery or certified mail to the following addresses, unless otherwise changed by a Party with notice to the other Parties:

To Prime:

Prime II Management, L.P.
600 Congress Avenue, Suite 3000
Austin, Texas 78701
Attn: President

With copies (which shall not constitute notice) to:

Edens Snodgrass Nichols & Breeland, P.C.
2800 Franklin Plaza
111 Congress Avenue
Austin, Texas 78701
ATTN: Patrick K. Breeland

To MCI:

MCI Telecommunications Corporation
1133 19th Street, N.W.
Washington, D.C. 20035
ATTN: Douglas Maine, Chief Financial Officer

To Duncan:

Ronald A. Duncan
President and Chief Executive Officer
General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503

To Walp:

Robert A. Walp
Vice Chairman
General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, Alaska 99503

To TCI GCI :

Larry E. Romrell, President
TCI GCI, Inc.
5619 DTC Parkway
Englewood, Colorado 80111

Section 9. Performance. The Parties agree that damages are not an adequate remedy for a breach of the terms of this Agreement. Should a Party be in breach of a term of this Agreement, one or more of the other Parties may seek the specific performance or injunction of that Party under the terms of this Agreement by bringing an appropriate action in a court in Anchorage, Alaska.

Section 10. Governing Law. The terms of this Agreement will be governed by and construed in accordance with the laws of the State of Alaska.

Section 11. Amendments. This Agreement constitutes the entire Agreement between the Parties, and any amendment of it must be in writing and approved by all Parties.

Section 12. Group. Prior to a Party filing a Schedule 13D or an amendment to such a schedule pursuant to the Securities Exchange Act of 1934, the Party will provide a written notice to each of the other Parties within five days after the triggering event under that schedule and at least two days prior to the filing of that schedule or amendment, as the case may be, and further provide to any other Party any information or documentation reasonably requested by that Party in this regard.

Section 13. Termination of Prior Agreement. This Agreement supersedes and replaces in its entirety that certain Voting Agreement dated effective as of March 31, 1993, by and between MCI, Duncan, Walp and TCI GCI, as successor in interest to WestMarc Communications, Inc.

Section 14. Severability. If a court of competent jurisdiction finds any portion of this Agreement invalid or not enforceable, this Agreement shall be automatically reformed to carry out the intent of the Parties as nearly as possible without regard to the portion so invalidated. If this entire Agreement is determined to be limited in duration by a court of competent jurisdiction, the Parties agree to enter into a new Agreement which carries forward the intent of the Parties upon such termination.

IN WITNESS WHEREOF, the Parties set their hands to this Agreement, effective on the first date above written.

PRIME II MANAGEMENT, L.P.
By Prime II Management, Inc.
Its General Partner

By
Name:
Its:

MCI TELECOMMUNICATIONS CORPORATION

By
Name:
Its:

RONALD A. DUNCAN

ROBERT M. WALP

TCI GCI, INC.

By
Name:
Its:

GENERAL COMMUNICATION, INC.

By
Name:
Its:

EXHIBIT "D"
Form of Legal Opinion

[HARTIG, RHODES LETTERHEAD]

, 1996

Anchorage

MCI Telecommunications Corporation
1133 19th Street, NW

Washington, D.C. 20038

RE: Stock Purchase Agreement (the "Agreement") dated as of , 1996 between General Communication, Inc. (the "Company") and MCI Telecommunications Corporation (the "Purchaser")
Our File: 6552-35

Ladies and Gentlemen:

This opinion letter is delivered to you pursuant to Paragraph 8(c)(vii) of the Agreement. Capitalized terms used but not defined in this opinion letter have the meanings given to them in the Agreement.

We have acted as counsel to the Company in connection with the preparation and the execution and delivery of the Agreement and the related documents. In that capacity we have examined the Agreement and the related documents, including, but not limited to, the Registration Rights Agreement, dated of even date herewith, between the

Company and the Purchaser and the Voting Agreement, dated of even date herewith, by and between the Company, Prime II Management, L.P., as the designated agent, the Purchaser, Ronald A. Duncan, Robert M. Walp and TCI GCI, Inc. ("Related Agreements") and such other documents and records, and we have made such other investigations, as we have deemed necessary to enable us to state the opinions expressed below. As to certain factual matters, we have relied upon the representations of the Company and the Purchaser contained in the Agreement and upon certificates of officers of the Company and the Purchaser.

In such examination, we have assumed the genuineness and authenticity of all documents submitted to us as originals, the conformity with genuine and authentic originals of all documents submitted to us as copies, the genuineness of all signatures, the power and authority of each entity which may be a party thereto (other than the Company and its subsidiaries), the authority of each person signing for each such entity (other than the Company and its subsidiaries), and the due organization, existence, qualification and authorization to transact business of each such party (other than the Company and its subsidiaries).

This opinion letter is governed by, and shall be interpreted in accordance with, the Legal Opinion Accord (the "Accord") of the American Bar Association Section of Business Law (1991). As a consequence, it is subject to a number of qualifications, exceptions, definitions, limitations on coverage and other limitations, all as more particularly described in the Accord, and this opinion letter should be read in conjunction therewith. The law covered by the opinions expressed herein is limited to the federal law of the United States (except as provided in the Accord) as currently in effect, and the law of the State of Alaska (except as provided in the Accord) as currently in effect. Furthermore, we express no opinion with respect to: (i) matters governed by the Federal Communications Act of 1934, as amended, and the rules and regulations of the Federal Communications Commission thereunder; or (ii) matters governed by the Federal Aviation Act of 1958, as amended, and the rules and regulations of the Federal Aviation Administration thereunder.

On the basis of our examination and subject to stated qualifications, assumptions and limitations, in our opinion:

1. The Company and each of its subsidiaries are duly organized, validly existing and in good standing under the laws of the State of Alaska, have all requisite corporate power and authority to own their property as now owned and carry on their business as now conducted and are qualified to do business and is in good standing in each jurisdiction in which the conduct of their business or the ownership of their property requires such qualification, except, in each case, where the failure to qualify would not have a material adverse effect on the financial condition or operations of the Company or its subsidiary.

2. The Shares are duly authorized, validly issued, fully paid and nonassessable shares of Common Stock having the rights, preferences, privileges and restrictions set forth in the Articles of Incorporation, will not be subject to any preemptive rights, and, to our knowledge, will be free and clear of any security interest, lien, charge or encumbrance of any nature whatsoever.

3. The execution, delivery and performance by the Company of the Agreement and the Related Agreements are within the corporate powers of the Company, have been duly authorized by all necessary corporate action of the Company, and do not and will not conflict with or constitute a breach of the

terms, conditions or provisions of, or constitute a default under, its Articles of Incorporation and Bylaws or any material contract, undertaking, indenture or other agreement or instrument by which the Company is bound or to which it or any of its assets is subject.

4. The Company is not required, in connection with the execution, delivery, and performance of the Agreement and the Related Agreements to give any notice to or obtain any consent from any lender pursuant to any agreement or instrument for borrowed money of which we have knowledge and to which the Company is a party or by which the property of the Company is bound, except that consent to the issuance of the Shares is required from NationsBank of Texas, N.A. ("NationsBank"), as Administrative Lender under that certain Credit Agreement dated as of April 26, 1996, between GCI Communication Corp. and NationsBank.

5. Registration is not required under the Securities Act or the Alaska Securities Act of 1959, as amended, for the issuance and delivery of the Shares. In expressing the opinion set forth in the foregoing sentence, we have relied, without any independent investigation, on the representations of Purchaser set forth in Paragraphs 5 (c) and (d) of the Agreement and A.S. 45.55.900(b)(7). The applicable exemption from the registration requirements under the Securities Act is set forth in Section 4(2) of the Securities Act. We express no opinions as to the necessity of registering the Shares under the laws of any state, other than the State of Alaska, in connection with the transaction.

6. The Company is not required to make any filings with or give any notice to, or obtain any consents, approvals, or authorizations from, any governmental authority in connection with the execution, delivery and performance by the company of the Agreement and the Related Agreements. The execution, delivery, and performance by the Company of the Agreement and the Related Agreements, do not and will not violate any law, rule, regulation or order of any court or other governmental authority applicable to the Company.

7. The Agreement and the Related Agreements are the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as the enforceability of those agreements may be affected or

limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally or by general principles of equity, whether applied in a proceeding in equity or at law.

8. There is no pending, or to the best of our knowledge, threatened, judicial, administrative or arbitral action, suit, proceeding or claim against or investigation of the Company which questions the validity of the Agreement or the Related Agreements.

The opinions expressed above are subject to and qualified in all respects by the Accord and the following:

We have relied as to factual matters on the representations and warranties of the Company set forth in the Agreement, certificates of officers and other representatives of the Company and the following additional items, and have made no other investigation or inquiry as to such factual matters:

(a) Certificates from the State of Alaska as to the existence and good standing of the Company and its subsidiaries.

(b) Constituent Documents of the Company and its subsidiaries.

We have rendered the foregoing opinion as of the date hereof, and we do not undertake to supplement our opinion with respect to the factual matters or changes in the law which may hereafter occur.

You are hereby notified that (a) we do not consider you to be our client in the matters to which this opinion letter relates, (b) neither the Alaska Code of Professional Responsibility nor current case law clearly articulates the circumstances under which an attorney may give a legal opinion to a person other than the attorney's own client, (c) a court might determine that it is improper to us to issue, and for you to rely upon, a legal opinion issued by us when we have acted as counsel to the Company in connection with the transactions, and (d) you may wish to obtain a legal opinion from your own legal counsel as to the matters addressed in this opinion letter.

We express no opinions herein regarding the enforceability of provisions involving choices or conflicts of law or of provisions of the Registration Rights Agreement purporting to require indemnification of a party for its own action or inaction, to the extent the action or inaction involves negligence.

This opinion is given solely to you and may be relied upon by you only in connection with the Agreement and may not be used or relied upon by you or

any other person or entity for any other purposes whatsoever. This opinion letter may not be quoted, circulated or published, in whole or in part, or furnished to or relied upon by any other party, or otherwise referred to, or be filed with or furnished to any governmental

agency or other person or entity not involved in the Agreement without prior written consent.

Sincerely,

HARTIG, RHODES, NORMAN,
MAHONEY & EDWARDS, P.C.

By:
Robert B. Flint

SCHEDULE 4(c)(i)
GCI's Stock Option Plans, Warrants,
Rights or Convertible Securities

General Communication, Inc. Outstanding Options:

	No. of Shares	Exercise Price
Shares reserved for exercise of options issued pursuant to GCI's Incentive Stock Option Plan	2,233,734	$.75 to $4.50 per share
Shares to be issued pursuant to an option agreement with William C. Behnke, an Officer	85,190	$.001 per share
Shares to be Issued pursuant to an option agreement with John M. Lowber, an Officer	100,000	$.75 per share
Shares to be issued to MCI Telecommunications Corporation	2,000,000	$6.50 per share
Shares to be issued to Prime entities	11,800,000	$6.50 per share
Shares to be issued to Cooke entities	2,923,077	$6.50 per share
Shares to be issuable to the Rock entities pursuant to a $10,000,000 convertible note	1,538,462	$6.50 per share

NOTE: For additional details regarding GCI's Stock Option Plan, please refer to the footnotes in GCI's financial statements in its SEC Forms 10K and 10Q.

SCHEDULE 4(c)(ii)
Voting Agreements

There are no voting trusts or other agreements or understandings to which GCI or any subsidiary is a party, and to GCI's knowledge no other voting trusts exist with respect to the voting of the capital stock of GCI or any of its subsidiaries, except for (i) that Voting Agreement entered into as of March 31, 1993, by and between MCI Telecommunications Corporation ("MCI"), Ronald A. Duncan ("Duncan"), Robert M. Walp ("Walp"), and WestMarc Communications, Inc., all as shareholders of GCI; which is projected to be superseded and replaced in its entirety by (ii) that Voting Agreement to be entered into as of , 1996, by and between Prime II Management, L.P., Prime Venture I Holdings, L.P., Prime Cable Growth Partners, L.P., Alaska Cable, Inc., MCI, Duncan, Walp, TCI GCI, Inc. and GCI.

SCHEDULE 4(c)(iii)
Outstanding Stock Liens

GCI owns the entire equity interest in each of its subsidiaries, and all the outstanding capital stock of each subsidiary of GCI are validly issued, fully paid and nonassessable and are owned by GCI free and clear of all liens, charges, preemptive rights, claims or encumbrances, except as follows:

1. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated as of May 14, 1993, as amended, holds the original Stock Certificates Nos. 1, 2 and 3, for One Thousand (1,000), One Hundred Thousand (100,000) and Ten Thousand (10,000) shares respectively, of Class A Common Stock of GCI Communication Corp. for security purposes only, not as purchaser. GCI is the owner of all of such One Hundred Eleven Thousand (111,000) shares of GCI Communication Corp. stock.

2. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated as of May 14, 1993, as amended, also holds the original Stock Certificate No. 1 for One Hundred (100) shares of GCI Communication Services, Inc., for security purposes only, not as purchaser. GCI is the owner of such One Hundred (100) shares.

3. National Bank of Alaska ("NBA"), as Lender under the Loan Agreement dated December 31, 1992, holds the original Stock Certificate No. 1 for One Hundred (100) shares of the Common Stock of GCI Leasing Co., Inc. for security purposes only, not as purchaser. GCI Communication Services, Inc., is the owner of such 100 shares. NationsBank of Texas, N.A., as Administrative Agent, holds a second lien on such shares.

SCHEDULE 4(h)
Pending Litigation

None.

SCHEDULE 4(l)
Contracts/Agreements to Acquire Equity
Interest in GCI or its Subsidiaries

1. The proposed Common A stock issuance to acquire (i) the ongoing cable television and cable television systems of Prime Cable of Alaska, L.P., pursuant to the terms of the Securities Purchase Agreement dated as of May 2, 1996, among General Communication, Inc., Prime Venture I Holdings, L.P., Prime Cable Growth Partners, L.P., Prime Venture II, L.P., Prime Cable Limited Partnership, Austin Ventures, L.P., William Blair Venture Partners III Limited Partnership, Centennial Fund, II, L.P., Centennial Fund III, L.P., Centennial Business Development Fund, Ltd., BancBoston Capital, Inc., First Chicago Investment Corporation, Madison Dearborn Partners, Prime II Management, L.P., Prime Cable of Alaska, L.P., Alaska Cable, Inc. and Prime Cable Fund I, Inc.

2. The proposed Common A stock issuance to acquire certain ongoing cable television business and cable television systems pursuant to the (i) Asset Purchase Agreements dated as of May 10, 1996, among General Communication, Inc. and McCaw/Rock Homer Cable Systems and McCaw/Rock Seward Cable System respectively; and (ii) the Asset Purchase Agreement, dated May 10, 1996, among General Communication, Inc. and Alaska Cablevision, Inc.

3. The proposed Common A stock issuance to acquire certain ongoing

cable television business and cable television systems pursuant to that Asset Purchase Agreement, dated as of April 15, 1996, among General Communication, Inc., Alaskan Cable Network/Fairbanks, Inc., Alaskan Cable Network/Juneau, Inc. and Alaskan Cable Network/Ketchikan-Sitka, Inc.

SCHEDULE 4(m)(ii)
Requests for Collective Bargaining

None.

SCHEDULE 4(p)
Asset Liens

GCI and its subsidiaries have good title to all material assets on the Balance Sheet, except as set forth in paragraph 4(p)(i) through (iv) of the MCI Stock Purchase Agreement, and except as follows:

1. To secure a debt in the current principal amount of $30,100,000. NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated April 26, 1996, holds a security position on substantially all of GCI's and GCI Communication Corp.'s property and equipment, including, without limitation, the stock listed in Schedule 4(c)(iii) hereof, all of GCI Communication Corp.'s fixtures as a transmitting utility on all of its real properties and leasehold estates located both in Alaska and Washington.

2. To secure a debt in the current principal amount of $7,595,595, National Bank of Alaska, as Lender under the Loan Agreement dated December 31, 1992, holds a security interest in GCI Communication Corp.'s undersea fiber operations, as well as a security interest in the lease payments from MCI.

3. There is a capital lease in the current principal amount of $766,049; RDB Partnership holds title to the building occupied by GCI Communication Corp.

4. There is a capital lease in the current principal amount of $143,973; the National Bank of Alaska Leasing Co. holds title to GCI Communication Services, Inc.'s shared hub assets and contract proceeds. However, GCISI has an option to acquire those assets at the end of the capital lease's term.

SCHEDULE 4(q)
Material Contracts

The following is a complete listing of all contracts and agreements existing on the date hereof for GCI and/or its subsidiaries which (i) are with any customer which accounted for greater than 2% of GCI's or any of its subsidiary's revenues for the year ended 12/31/95; (ii) involve contracts that call for annual aggregate expenditures by GCI of greater than $5,000,000; or (iii) involve contracts that call for aggregate expenditures by GCI during the remainder of their respective terms in excess of $10,000,000:

1. Customers which account for greater than 2% of GCI or any of its subsidiary's revenues for the year ended 12/31/95.

a. GCI Communication Services, Inc.: 2% Floor is approx. greater than $20,000/year: Chevron Shared Hub contract; est. $880,000 annual revenues.

b. GCI Communication Corp.: 2% Floor is approx. greater than $1,538,000/year:

i. Carrier Agreement with MCI Telecommunications Corporation;
ii. Service Agreement with US Sprint Communications Company Limited Partnership of Delaware; and
iii. Agreement with British Petroleum.

c. General Communication, Inc. and GCI Leasing Co., Inc.: None.

2. Contracts calling for annual aggregate expenditures by GCI or its subsidiaries of greater than $5,000,000 annually or for aggregate expenditures by GCI during the remainder of their respective terms of greater than $10,000,000.

a. GCI and GCI Communication Corp.:

i. NationsBank of Texas, N.A. These entities owe the current principal amount of $ 30,100,000 to NationsBank of Texas, N.A. as Administrative Agent under the Credit Agreement dated April 26, 1996.

ii. National Bank of Alaska. GCI Communication Corp. owes the current principal amount of $7,595,595, National Bank of

Alaska, as Lender under the Loan Agreement dated December 31, 1992, relating to its undersea fiber operations.

iii. MCI Telecommunications Corporation. The lease agreement between MCI and GCI Leasing Company, Inc., dated December 31, 1992, will result in payments exceeding $10 Million over its term.

iv. Scientific-Atlanta, Inc. The Company's 1996 commitment under its equipment purchase contract with Scientific-Atlanta, Inc. exceeds $5,000,000.

v. Hughes Communications Galaxy, Inc. 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 will exceed $5 Million and the remaining commitment will exceed $10 Million.

SCHEDULE 4(q)(i)
Existing Defaults

None.

SCHEDULE 4(r)(v)
Environmental Notices

None.

SCHEDULE 4(s)
Tax Audits

GCI's 1993 federal income tax return was selected for examination by the Internal Revenue Service ("IRS") during 1995. The examination commenced during the fourth quarter of 1995 and was completed in March, 1996. GCI has received a letter from the agent conducting the examination indicating that no changes are proposed or required.

The IRS is in the process of reviewing GCI's compliance with the federal excise tax on telecommunication services. No substantive issues have been raised at this time.

The Washington State Department of Revenue has notified GCI that it intends to conduct an audit in July, 1996, of Washington state sales, use and business occupation taxes for the period of January, 1992 through March, 1996.

Management believes these examinations will not result in material adjustments and will not have a material impact on GCI's financial statements.

MCI's OFFICER'S CERTIFICATE
(Section 8(b)(iii))

In compliance with Section 8(b)(iii) of the Stock Purchase Agreement dated , 1996, between GENERAL COMMUNICATION, INC. ("GCI") and MCI TELECOMMUNICATIONS CORPORATION ("Agreement") I, the undersigned, certify as follows:

1. I am the duly appointed and acting of MCI and I am authorized to execute this Certificate.

2. The Final Closing Date as defined in the Agreement is , 1996.

3. This representations of MCI set forth in the Agreement are true and correct in all material respects as of the date when made and (unless made as of a specified date) are true and correct in all material respects as if made as of the Final Closing Date.

4. MCI has performed in all material respects its agreements contained in the Agreement required to be performed at or prior to the Final Closing Date.

Dated this day of , 1996.

MCI TELECOMMUNICATIONS CORPORATION

By:
Name:
Its:

GCI's OFFICER'S CERTIFICATE
(Section 8(c)(i), (ii), (iii), (viii) and (ix))

In compliance with Section 8(c)(i), (ii), (iii), (viii) and (ix) of the Stock Purchase Agreement dated , 1996, between GENERAL COMMUNICATION, INC. ("GCI") and MCI TELECOMMUNICATIONS CORPORATION ("Agreement") I, John M. Lowber, certify as follows:

1. I am the duly appointed and acting Secretary of GCI authorized to execute this Certificate.

2. The Final Closing Date as defined in the Agreement is , 1996.

3. This representations of GCI set forth in the Agreement are true and correct in all material respects as of the date when made and (unless made as of a specified date) are true and correct in all material respects as if made as of the Final Closing Date.

4. GCI has performed in all material respects its agreements contained in the Agreement required to be performed at or prior to the Final Closing Date.

5. All applicable consents and approvals (including those of the FCC and any applicable Public Utility Commission which are necessary to consummate the transactions contemplated by the Agreement have been obtained.

6. Attached hereto is a complete copy of a resolution duly adopted by the board of directors of GCI authorizing and approving the execution of the Agreement and the consummation of the transactions contemplated by the Agreement.

Dated this day of , 1996.

GENERAL COMMUNICATION, INC.

By:
John M. Lowber, Secretary

EXHIBIT 4.1

SPECIMEN

Company Common Stock Certificate
for Class A Common Stock
of Registrant

CLASS A COMMON STOCK
Shares

NUMBER SA [GCI LOGO] GENERAL COMMUNICATION, INC.

SEE REVERSE FOR CERTAIN DEFINITIONS

INCORPORATED UNDER THE LAWS OF THE STATE OF ALASKA

[ART WORK] THIS CERTIFIES THAT

IS THE OWNER OF

Fully paid and non-assessable shares of the Class A common stock of the par value of no par per share of

GENERAL COMMUNICATION, INC.

[ART WORK]

(the "Corporation") transferable on the books of the Corporation by the holder hereof in person or by a duly authorized attorney upon surrender of this Certificate properly endorsed. This Certificate is not valid unless signed by the Transfer Agent of the Corporation and the facsimile signatures of its duly authorized officers.

Countersigned and Registered:

Dated	President Secretary	By:	Transfer Agent and Registrar Authorized Signature

[Corporate Seal]

[SIDE 1 OF 2]

The Company is authorized to issue shares of more than one class of common stock and also more than one series of a class of preferred stock. The Company will furnish to a shareholder, upon request and without charge, a full summary statement of the designations, preferences, limitations and relative rights of the shares of each such class authorized and, in addition for preferred stock, the variations in the relative rights and preferences between shares of each series as determined by the board of directors.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

```
TEN COM  -- as tenants in common           UNIF GIFT MIN ACT -- .. Custodian ..
TEN ENT  -- as tenants by the entireties                       (Cust)     (Minor)
JT TEN   -- as joint tenants with right of                      under Uniform
            survivorship and not as tenants                     Gifts  to Minors
            in common                                           Act..............
                                                                        (State)
COM PROP-- as community property           UNIF TRF MIN ACT -- ..Custodian
                                                              (Cust)
                                                                (until age ___)
                                                                 .. under Uniform
```

(Minor)
Transfers to
Minors Act .....
(State)

Additional abbreviations may also be used though not in the above list.

For Value Received, hereby sell(s), assign(s) and transfer(s) unto

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

--shares
of the capital stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

--attorney in fact
to transfer the said stock on the books of the within named Corporation

Dated

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER.

Signature Guaranteed:

- ---
THE SIGNATURE SHOULD BE GUARANTEED BY AN ELIGIBLE
GUARDIAN INSTITUTION PURSUANT TO S.E.C. RULE 17AD-15.

[SIDE 2 OF 2]

EXHIBIT 5.1

WOHLFORTH, ARGETSINGER, JOHNSON & BRECHT

A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

900 WEST 5TH AVENUE, SUITE 600

ANCHORAGE, ALASKA 99501-2048

JULIUS J. BRECHT
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CYNTHIA L. CARTLEDGE
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KENNETH E. VASSAR
ERIC E. WOHLFORTH

TELEPHONE
(907) 276-6401

FACSIMILE
(907) 276-5093

- ------------------
OF COUNSEL
PETER ARGETSINGER

October 4, 1996

John M. Lowber
Senior Vice President and
Chief Financial Officer
General Communication, Inc.
2550 Denali Street, Suite 1000
Anchorage, AK 99503

RE: Opinion as to the Legality of Certain Shares to be Registered Pursuant to an Offering by General Communication, Inc. and Issued in Conjunction with Acquisition of Securities of Prime Cable of Alaska, L.P. and Assets of Alaskan Cable Network Companies; Our File No. 618.1044

Dear Mr. Lowber:

You have requested an opinion from this firm on behalf of General Communication, Inc. ("Company") in connection with the registration of certain shares of Class A Common Stock of the Company to be offered to four television cable companies in conjunction with the Company's acquisition of securities and assets of those companies ("Company Stock"). This acquisition is part of an acquisition by the Company of seven cable television companies. However, this opinion is limited to the issuance of Company Stock to four of those companies as further described in this letter.

FACTS

It is this firm's understanding that certain material facts surrounding the proposed transactions are represented by the Company as follows ("Facts"):

1. On April 12, 1996 a teleconference meeting of the board of directors of the Company ("Board"), was held at which the Board approved a resolution ("Resolution") which states that, among other things, the Company is authorized

to enter into separate purchase agreements in the form of agreements substantially as presented to the Board, with seven cable television companies providing services in Alaska. Four cable television companies will receive, as part of their consideration, 14,723,077 shares of Company Class A common stock according to two agreements as follows:

(a) An agreement with Prime Cable of Alaska, L.P., a Delaware limited partnership ("Prime") offering 11,800,000 shares of Company Stock to the holders, directly or indirectly, of all of the limited and general partner interests of Prime (for subsequent distribution to the security holders of those partners) and the holders of equity participation interests in Prime; and

(b) An agreement with Alaskan Cable Network/Fairbanks, Inc., Alaskan Cable Network/Juneau, Inc., and Alaskan Cable Network/Ketchikan-Sitka, Inc. (collectively "Alaskan Cable") offering 2,923,077 shares of Company Stock to Alaskan Cable for subsequent distribution to the respective sole shareholder of each of the three corporations comprising Alaskan Cable;

2. The Company received a Certificate of Incorporation from the State of Alaska dated July 16, 1979, and its Articles of Incorporation have been restated as of November 25, 1986, August 14, 1990, February 3, 1992, and August 16, 1993 ("Articles") and such Articles are on file with the Alaska Department of Commerce and Economic Development. The Articles state that the Company is organized for the purposes of transacting any and all lawful business for which a corporation may be incorporated under the Alaska Corporations Code. The Articles state that the Company has the power to issue and sell its Class A common stock; and

3. As of the date of this letter, the Company was current on the filing of its biennial corporate report and payment of its corporation tax under the Alaska Corporations Code.

4. Copies of the Articles, the current Bylaws (as revised on March 23, 1993), the Certificate of Incorporation, and the Resolution (collectively, the "Corporate Documents") have been delivered to this firm.

CONCLUSIONS OF LAW

Copies of the Articles, the current Bylaws (as revised on March 23, 1993), the Certificate of Incorporation, and the Resolution (collectively, the "Corporate Documents") have been delivered to this firm. Based upon the foregoing Facts and our review of Corporate Documents, we are of the opinion as follows:

1. The Corporate Documents are consistent with the Alaska Corporations Code and applicable Alaska law.

2. The Company Stock, when issued, will represent legally issued, fully paid and nonassessable shares of Class A common stock of the Company; and

3. Each holder of a share of the Company Stock will be entitled to the benefits of a shareholder pro rata based upon ownership of outstanding shares of the Class A common stock of the Company.

We have rendered the foregoing opinion as of the date hereof, and we do not undertake to supplement our opinion with respect to factual matters or changes in the law which may hereafter occur.

Other than as an exhibit in the registration of the Company Stock under the federal Securities Act of 1933, as amended, and under registration or exemption under other applicable state securities laws, this letter must not be quoted or referred to in the Company's financial statements or provided to persons other than the officers and directors of the Company without prior consultation with us or without our prior written consent.

WOHLFORTH, ARGETSINGER,
JOHNSON & BRECHT, A
Professional Corporation

/S/

EXHIBIT 8.1.2

September 13, 1996

Prime Venture I Holdings, L.P.
Prime Venture II, L.P.
Prime Cable Growth Partners, L.P.
Alaska Cable, Inc.
c/o Prime Cable
3000 One American Center
600 Congress Avenue
Austin, Texas 78701
Attn: William P. Glasgow

William Blair Venture Partners III
Limited Partnership
c/o Samuel B. Guren
Baird Capital Partners
227 West Monroe Street
Suite 2100
Chicago, Illinois 60606

Centennial Fund II, L.P.
Centennial Fund III, L.P.
Centennial Business Development
Fund, Ltd.
c/o Centennial Funds
1999 Broadway, Suite 3100
Denver, Colorado 80202
Attn: Jackson Tankersley, Jr.

Austin Ventures, L.P.
1300 Norwood Tower
114 West 7th Street
Austin, Texas 78701
Attn: Jeffery C. Garvey

Re: Merger of Alaska Cable, Inc. with and into GCI Cable, Inc., a wholly-owned subsidiary of General Communication, Inc.

Gentlemen:

You have requested our opinion with respect to certain federal income tax consequences of the merger of Alaska Cable, Inc. ("ACI") with and into GCI Cable, Inc. ("GCI Cable"), a wholly-owned subsidiary of General Communication, Inc. ("GCI"), in exchange for shares of GCI class A common stock, as hereinafter described. Our opinion is based on (i) the Securities Purchase and Sale Agreement (the "Purchase Agreement") entered into as of May 2, 1996, by

and between GCI and the shareholders of ACI; (1) (ii) the Agreement and Plan of Merger (the "Plan") to be entered into by and between ACI and GCI Cable; (iii) the Form S-4 Registration Statement to be filed with the Securities and Exchange Commission in connection with the merger (the "Registration Statement"); and (iv) the facts, representations, and assumptions set forth below. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Purchase Agreement or the Plan, as the case may be.

FACTS

The following facts were ascertained from our review of the Purchase Agreement, the Plan, and the Registration Statement. In rendering our opinions below, we have assumed all of the facts stated herein are accurate, without independently verifying the accuracy of any such facts. Furthermore, we are relying on the truth of the covenants, representations, and warranties of ACI, the shareholders of ACI, GCI, and GCI Cable as set forth in the Purchase Agreement and the Plan.

Capital Structure of ACI

ACI is a corporation duly organized and existing under the laws of the State of Delaware with authorized capital consisting of 4,621 shares, classified as (i) 4,600 shares of class A common stock, par value $.10 per share ("ACI Class A Stock), of which 4,600 shares are issued and outstanding; and (ii) 21 shares of class B common stock, par value $.10 per share ("ACI Class B Stock"), of which 21 shares are issued and outstanding. The shares of the ACI Class A and B Stock are held by the following shareholders (collectively the "ACI Shareholders"): (i) Prime Venture I Holdings, L.P., which holds 600 shares of ACI Class A Stock and 5 shares of ACI Class B Stock; (ii) Prime Venture II, L.P., which holds 1,000 shares of ACI Class A Stock and 5 shares of ACI Class B Stock; (iii) Prime Cable Growth Partners, L.P., which holds 11 shares of ACI Class B Stock; (iv) Austin Ventures, L.P., which holds 800 shares of ACI Class A Stock; (v) William Blair Venture Partners III Limited Partnership, which holds 1,000 shares of ACI Class A Stock; (vi) Centennial Fund II, L.P. ("CFII"), which holds 200 shares of ACI Class A Stock; (vii) Centennial Fund III, L.P. ("CFIII"), which holds 600 shares of ACI Class

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(1) GCI also agreed to purchase pursuant to the Purchase Agreement (i) 100 percent of the partnership interests in Prime Cable of Alaska, L.P. ("PCA") and (ii) 100 percent of the outstanding stock of Prime Cable Fund I, Inc ("PCF") through the merger of PCF with and into GCI Cable in exchange for GCI class A common stock (the "PCF Merger"). We have provided under separate cover an opinion with respect to the federal income tax consequences of the PCF Merger. You have not requested an opinion with respect to the federal income tax consequences of the purchase of the PCA partnership interests.

A Stock; and (viii) Centennial Business Development Fund, Ltd. ("CBDF"), which holds 400 shares of ACI Class A Stock.

Capital Structure of GCI Cable and GCI

GCI Cable is a corporation duly organized and existing under the laws of the state of Alaska with authorized capital consisting of 1,000 shares, classified as common stock, no par value, of which 100 shares are issued and outstanding and held by GCI.

GCI is a corporation duly organized and existing under the laws of the state of Alaska with authorized capital consisting of (i) 50,000,000 shares voting class A common stock, no par value ("GCI Class A Stock"), of which 19,696,207 were issued and outstanding as of April 15, 1996; (ii) 10,000,000 shares of Class B common stock convertible into GCI Class A Stock, of which 4,175,434 were issued and outstanding as of April 15, 1996; and (iii) 1,000,000 shares of preferred stock, of which no shares were issued and outstanding as of April 15, 1996.

The Merger

The Purchase Agreement and the Plan provide for the merger of ACI with and into GCI Cable pursuant to Alaska Statutes Section 10.06.562 and Section 252 of the Delaware General Corporation Law (the "Merger"). Upon consummation of the Merger, the separate corporate existence of ACI shall cease, and GCI Cable shall continue as the surviving corporation. All ACI property of every kind and description shall be vested in and devolve upon GCI Cable without further act and deed, and GCI Cable shall assume all of the liabilities of every kind and description of ACI.

At the Effective Time, each share of ACI Class A Stock issued and outstanding immediately before the Effective Time shall be converted into 1,237.261739 shares of GCI Class A Stock. Neither the Purchase Agreement nor the Plan grant the ACI Shareholders the right to receive cash in lieu of fractional shares of GCI Class A Stock. At the Effective Time, each share of ACI Class B Stock issued and outstanding immediately before the Effective Time shall be exchanged for cash in the amount of $1.00 per share.

In Section 5.14 of the Purchase Agreement, GCI agrees to file with the Securities and Exchange Commission a Registration Statement relating to the shares of the GCI Class A Stock to be delivered to the ACI Shareholders pursuant to the Purchase Agreement and the Plan, and to use its reasonable best efforts to cause the Registration Statement to become effective. In Section 13 of the Purchase Agreement, GCI and the ACI Shareholders agree to execute the Registration Rights Agreement attached thereto as Exhibit B under which GCI agrees to keep the

prospectus that is a part of the original Registration Statement current for at least two years after the Closing Date, after which the ACI Shareholders will be entitled to certain demand and piggyback registration rights.

To secure the ACI Shareholder's indemnification for breaches of representations, warranties and covenants, the ACI Shareholders will deposit into escrow with a third party escrow agent 482,839 shares (the "Indemnity Shares") of the 5,691,404 total shares of GCI Class A Stock for 180 days after the Closing Date pursuant to Section 2.3 of the Purchase Agreement and the Escrow Agreement attached thereto as Exhibit A (the "Escrow Agreement"). Upon the expiration of such 180-day period, the escrow agent will disburse the Indemnity Shares not required to satisfy any indemnity claims made by GCI to

Prime II Management, L.P. ("PIIM"), as the designated agent for the ACI Shareholders pursuant to the Sellers' Escrow Agreement entered into as of May 2, 1996, among the ACI Shareholders, the PCA partners, the PCF shareholder, and PIIM (the "Sellers' Escrow Agreement").

Under the Sellers' Escrow Agreement, PIIM will hold the Indemnity Shares in escrow until one year and ten days from the Closing Date has expired, at which time PIIM will disburse to the ACI Shareholders any of the ACI Shareholders' Indemnity Shares not required to satisfy the indemnification claims, if any, made by GCI under the Purchase Agreement. During the term of the Sellers' Escrow Agreement, PIIM will disburse any dividends received with respect to the Indemnity Shares.

With respect to the GCI Class A Stock other than the Indemnity Shares, the ACI Shareholders entered into an additional escrow agreement as of May 2, 1996 (the "ACI Escrow Agreement"). Under the ACI Escrow Agreement, each ACI Shareholder agreed to deposit with a third party escrow agent that number of shares of GCI Class A Stock it received in the Merger equal to the excess of (i) 50 percent of the aggregate number of shares of GCI Class A Stock received by such ACI Shareholder in the Merger, over (ii) the number of Indemnity Shares deposited into escrow by such ACI Shareholder pursuant to the Escrow Agreement.(2) CFII, CFIII and CBDF also agreed to deposit with a third party escrow agent that number of GCI Class A Stock they received in the Merger equal to the excess of (i) 50 percent of the aggregate number of shares of GCI Class A Stock received by them as a group in the Merger, over (ii) the number of Indemnity Shares deposited into escrow by them pursuant to the Escrow Agreement. The escrow agent will disburse such shares to the depositing ACI Shareholder one year and five days after the Closing Date (the "Distribution Date").

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(2) For purposes of the ACI Escrow Agreement, CFII, CFIII, and CBDF acted as one shareholder and deposited the aggregate required shares with the escrow agent.

In Section 4 of the ACI Escrow Agreement, each ACI Shareholder represents and warrants to the others that it has no current plan or intention to sell or otherwise distribute (other than distributions to such ACI Shareholder's partners; and each ACI Shareholder represents and warrants to the others that it has no knowledge that any distributee partner has any current plan or intention to sell or otherwise distribute) on or after the Distribution Date any of the GCI Class A Stock received by it in the Merger.

REPRESENTATIONS AND ASSUMPTIONS

In connection with your request that we furnish this opinion, certain representations have been made to us by ACI and the ACI Shareholders and certain assumptions have been made by us with respect to the existence of certain facts. These constitute material representations and assumptions relied upon by us as a basis for our opinion, and our opinion is conditioned upon the initial and continuing accuracy of these representations and assumptions. These representations and assumptions are substantially the same as the representations required by the Internal Revenue Service (the "IRS") in order to seek a private letter ruling with respect to the applicability of Section 368(a)(1)(A) and (2)(D),(3) as set forth in Revenue Procedure 86-42, 1986-2 C.B. 722, section 7.03. (4) Specifically, it has been represented to us that:

1. As of the date of this opinion, the fair value of the GCI Class A Stock and other consideration receivable by each ACI Shareholder will be approximately equal to the fair of the ACI Class A and B Stock to be surrendered in the exchange.

2. There is no present plan or intention by any of the ACI Shareholders or, to the best of their knowledge, any of their partners to sell, exchange or otherwise dispose (except for distributions by an ACI Shareholder to its partners ("Distributee Partners")) of a number of shares of GCI Class A Stock to be received in the Merger that would reduce the ACI Shareholders', all of which are Partnerships, and the Distributee Partners' aggregate ownership of GCI Class A Stock to a number of shares having a value, as of the date of the Merger, of less than 50 percent of the value of all of the formerly outstanding ACI Class A and B Stock as of the date of the Merger. For purposes of this representation, shares of ACI Class A and B Stock exchanged for cash will be treated as outstanding ACI Class A or B Stock, as the case may be, on the date of the Merger. Moreover, shares of

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(3) Unless otherwise stated, all references to Section refer to the Internal Revenue Code of 1986, as amended.

(4) In Revenue Procedure 90-56, 1990-2 C.B. 639, the IRS stated that it will no longer issue advance rulings on whether a transaction constitutes a reorganization within the meaning of Section 368(a)(1)(A), but did not revoke Revenue Procedure 86-42.

ACI Class A or B Stock and shares of GCI Class A Stock held by ACI Shareholders or Distributee Partners and otherwise sold, redeemed, or disposed of prior to, or with respect to which there is a plan or intent to so sell, redeem or dispose of subsequent to, the transaction will be considered in making this representation.

3. GCI Cable will acquire at least 90 percent of the fair value of the net assets and at least 70 percent of the fair value of the gross assets held by ACI immediately prior to the Merger. For purposes of this representation, ACI assets used to pay its reorganization expenses and all redemptions and distributions (except for regular, normal dividends) made by ACI immediately preceding the Merger will be included as assets of ACI held immediately prior to the Merger.

4. The liabilities of ACI assumed by GCI Cable and the liabilities to which the transferred assets of ACI are subject were incurred by ACI in the ordinary course of business.

5. Neither GCI nor GCI Cable will pay the expenses of ACI or the ACI Shareholders incurred in connection with the Merger.

6. There is no intercorporate indebtedness existing between GCI and ACI or between GCI Cable and ACI that was issued, acquired, or will be settled at a discount.

7. ACI is not under the jurisdiction of a court in a title 11 or similar case within the meaning of Section 368(a)(3)(A).

8. The fair value of the assets of ACI transferred to GCI Cable will equal or exceed the sum of the liabilities assumed by GCI Cable, plus the amount of liabilities, if any, to which the transferred assets are subject.

9. No stock of GCI Cable will be issued in the Merger.

10. The following representations pertain to the terms and conditions associated with the Escrow Agreement and the Sellers' Escrow Agreement:

    a. There is a valid business reason for establishing each such escrow;

    b. the Indemnity Shares will appear as issued and outstanding on the balance sheet of GCI and such stock is legally outstanding under applicable state law;

    c. all dividends paid on the Indemnity Shares during the 180-day period of the Escrow Agreement will be distributed to the ACI Shareholders upon the expiration of such period to the extent that the Indemnity Shares are then distributed to the ACI Shareholders;

    d. all dividends paid on the Indemnity Shares during the period of the Sellers' Escrow Agreement will be distributed currently to the ACI Shareholders;

    e. all voting rights of the Indemnity Shares are exercisable by or on behalf of the ACI Shareholders or their authorized agent;

    f. no shares of the Indemnity Shares are subject to restrictions requiring their return to GCI because of death, failure to continue employment, or similar restrictions;

g. all Indemnity Shares will be released from each escrow within 5 years from the effective time (except where there is a bona fide dispute as to whom the stock should be released);

h. the return of the Indemnity Shares will not be triggered by an event the occurrence or nonoccurrence of which is within the control of the ACI Shareholders;

i. the return of the Indemnity Shares will not be triggered by the payment of additional tax or reduction in tax paid as a result of a IRS audit of the ACI Shareholders or ACI with respect to the Merger;

j. the mechanism for the calculation of the number of shares of the Indemnity Shares to be returned is objective and readily ascertainable; and

k. at least 50 percent of the number of shares of GCI Class A Stock issued initially to the ACI Shareholders in the Merger is not subject to any of such escrow arrangements.

In addition to the above factual representations, we have assumed the existence of the following facts for purposes of rendering our opinion:

1. Prior to the Merger, GCI will be in control of GCI Cable within the meaning of Section 368(c).

2. Following the transaction, GCI Cable will not issue additional shares of its stock that would result in GCI losing control of GCI Cable within the meaning of Section 368(c).

3. GCI has no plan or intention to reacquire any of the GCI Class A Stock issued in the Merger except for Indemnity Shares reacquired by GCI pursuant to the Escrow Agreement and the Sellers' Escrow Agreement.

4. GCI has no plan or intention to liquidate GCI Cable; to merge GCI Cable with and into another corporation; to sell or otherwise dispose of the GCI Cable stock; or to cause GCI Cable to sell or otherwise dispose of any of the assets of ACI acquired in the Merger, except for dispositions made in the ordinary course of business or transfers described in Section 368(a)(2)(C).

5. Following the Merger, GCI Cable will continue the historic business of ACI or use a significant part of ACI's historic business assets in a business.

6. Neither ACI, GCI, nor GCI Cable is an investment company as defined in Sections 368(a)(2)(F)(iii) and (iv).

7. Neither GCI nor GCI Cable own, nor has it owned during the past five years, any shares of the ACI Stock.

8. The Merger will be carried out strictly in accordance with the terms of the Purchase Agreement and the Plan.

9. The GCI Class A Stock exchanged by GCI Cable in the Merger will be received by GCI Cable immediately prior to and in connection with the Merger.

10. None of the ACI Shareholders will receive cash in lieu of fractional shares of GCI in the Merger.

11. There are no other agreements, arrangements, or understandings among any of ACI, the ACI Shareholders, GCI, and GCI Cable other than those described or referenced in the Purchase Agreement or the Plan.

12. The Merger will constitute a statutory merger under the applicable laws of the State of Alaska and the State of Delaware.

13. Neither the ACI Shareholders nor the Distributee Partners will dispose

of the GCI Class A Stock received by the ACI Shareholders in the Merger to such extent as to cause the Merger to not satisfy the continuity of proprietary interest requirement of Treasury Regulation Section 1.368-1(b).

LEGAL AUTHORITIES

Section 368(a)(1)(A) defines a "reorganization" to include a statutory merger. Treasury Regulation Section 1.368-2(b)(1) provides that in order to qualify as a reorganization under Section 368(a)(1)(A) the transaction must be a merger effected pursuant to the corporation laws of the United States or a State or Territory or the District of Columbia.

Section 368(a)(2)(D) provides that a transaction otherwise qualifying under Section 368(a)(1)(A) shall not be disqualified by reason of the fact that stock of a corporation which is in control, within the meaning of Section 368(c), of the acquiring corporation is used in the transaction if (i) the acquiring corporation acquires "substantially all of the properties" of the acquired corporation as a result of the transaction, and (ii) no stock of the acquiring corporation is used in the transaction.

Control is defined in Section 368(c) as the ownership of stock possessing at least 80 percent of the total combined voting power of all classes of stock entitled to vote and at least 80 percent of the total number of shares of all other classes of stock of the corporation.

Treasury Regulation Section 1.368-2(b)(2) provides that the term "substantially all" under Section 368(a)(2)(D) has the same meaning as it has in Section 368(a)(1)(c). The IRS provided in Revenue Ruling 57-518, 1957-2 C.B. 253 that the test for substantially all under Section 368(a)(1)(C) will depend on the facts and circumstances in each case rather than upon any particular percentage. For advance ruling purposes, the IRS indicated in Revenue Procedure 77-37, 1977-2 C.B. 568 that the "substantially all" requirement will be satisfied if there is a transfer of assets representing at least 90 percent of the fair market value of the net assets and at least 70 percent of the fair market value of the gross assets held by the acquired corporation immediately prior to the transfer.

Treasury Regulation Section 1.368-1(b) provides that requisite to a reorganization under Section 368(a) is a continuity of the business enterprise under the modified corporate form. Treasury Regulation Section 1.368-1(d)(2) provides that continuity of business enterprise requires that the acquiring corporation either (i) continue the historic business of the acquired corporation or (ii) use a significant portion of the acquired corporation's historic business assets in a business.

Treasury Regulation Section 1.368-1(b) also provides that requisite to a reorganization under Section 368(a)(1) is a continuity of interest in the business enterprise on the part of those persons who, directly or indirectly, were the owners of the enterprise prior to the reorganization. In Revenue Ruling 84-30, 1984-1 C.B. 115, the IRS interpreted the phrase "directly or indirectly" under Treasury Regulation Section 1.368-1(b). In Revenue Ruling 95-69, 1995-42 I.R.B. 4, the IRS ruled that the satisfaction of the continuity of interest requirement was not affected by a partnership's distribution of stock received in a reorganization to its partners in accordance with their interests in the partnership. The distributee partners were considered an indirect owner of the business enterprise under Treasury Regulation Section 1.368-1(b).

For advance ruling purposes, the IRS provided in Revenue Procedure 77-37, 1977-2 C.B. 568 that the continuity of interest requirement is satisfied if there is a continuing interest through stock ownership in the acquiring corporation (or a corporation in control thereof) on the part of the direct or indirect former owners of the acquired corporation which is equal in value, as of the effective date of the reorganization, to at least 50 percent of the value of all of the formerly outstanding stock of the acquired corporation as of the same date. Sales, redemptions, and other dispositions of stock occurring prior or subsequent to the plan of reorganization will be considered in determining whether there is a 50 percent continuing interest through stock ownership as of the effective date of the reorganization. Revenue Procedure 77-37, by its terms, does not define, as a matter of law, the lower limits of continuity of interest. See, e.g., John A. Nelson Co. v. Helvering, 296 U.S. 374 (1935); Helvering v. Minnesota Tea Co., 296 U.S. 378 (1935); Miller v. Commissioner, 84 F.2d 415 (6th Cir. 1936).

The direct or indirect owners of the acquired corporation must not plan or intend, at the time of the reorganization, to sell, exchange or otherwise dispose of a number of shares of the stock of the acquiring corporation (or the

corporation in control thereof) received in the reorganization that would negate the required continuity of interest in the acquiring corporation under Treasury Regulation Section 1.368-1(b); if they do have such a plan or intent, any post-reorganization sales of such stock will be taken into account in determining whether the continuity of interest requirement is satisfied. See e.g., McDonald's Restaurants of Illinois v. Commissioner, 688 F.2d 520 (7th Cir. 1982); Penrod v. Commissioner, 88 T.C. 1415 (1987)

In Revenue Procedure 84-42, 1984-1 C.B. 521, the IRS stated that in reorganization transactions a portion of the stock issued in exchange for the requisite stock or property may be placed in escrow by the exchanging shareholders for possible return to the issuing corporation under specified conditions provided that: (i) there is a valid business reason for establishing the arrangement; (ii) the stock subject to such arrangement appears as issued and outstanding on the balance sheet of the issuing corporation and such stock is legally outstanding under applicable state law; (iii) all dividends paid on such stock will be distributed currently to the exchanging

shareholders; (iv) all voting rights of such stock are exercisable by or on behalf of the shareholders or their authorized agent; (v) no shares of such stock are subject to restrictions requiring their return to the issuing corporation because of death, failure to continue employment, or similar restrictions; (vi) all such stock is released from the arrangement within 5 years from the date of the consummation of the transaction (except where there is a bona fide dispute as to whom the stock should be released); (vii) at least 50 percent of the number of shares of each class of stock issued initially to the shareholders is not subject to the arrangement; (viii) the return of stock will not be triggered by an event the occurrence or nonoccurrence of which is within the control of the shareholders; (ix) the return of stock will not be triggered by the payment of additional tax or reduction in tax paid as a result of an audit by the IRS of the shareholders or the corporation; and (x) the mechanism for the calculation of the number of shares of stock to be returned is objective and readily ascertainable.

Section 354(a)(1) provides the general rule that no gain or loss shall be recognized if stock or securities in a corporation a party to a reorganization are, in pursuance of the plan of reorganization, exchanged solely for stock or securities in such corporation or in another corporation a party to the reorganization.

Section 368(b)(2) defines a party to a reorganization to include in the case of a reorganization under Section 368(a)(2)(D) the acquired corporation, the acquiring corporation, and the corporation in control of the acquiring corporation.

Section 356(a)(1) provides that if Section 354 would apply to an exchange but for the fact that the property received in the exchange consists not only of property permitted by Section 354 but also other property or money, then the gain, if any, to the recipient shall be recognized to the extent of the sum of such money and the fair market value of such other property.

Section 358(a)(1) provides that in the case of an exchange to which Section 354 applies, the basis of the property permitted to be received under Section 354 without the recognition of gain or loss shall be the same as that of the property exchanged.

Section 1223(1) provides that in determining the period for which the taxpayer has held property received in an exchange, there shall be included the period for which he held the property exchanged if the property has, for the purpose of determining gain or loss from a sale or exchange, the same basis in whole or part in his hands as the property exchanged and the property exchanged at the time of such exchange was a capital asset as defined in Section 1221.

Section 361(a) provides the general rule that no gain or loss shall be recognized to a corporation if such corporation is a party to a reorganization and exchanges property, in

pursuance of the plan of reorganization, solely for stock or securities in another corporation a party to the reorganization.

Section 361(b) provides that if Section 361(a) would apply to an

exchange but for the fact that the property received in the exchange consists not only of property permitted by Section 361(a) but also other property or money, then the recipient corporation shall not recognize any gain on the exchange if it distributes the sum of such money and the fair market value of such other property in pursuance of the plan of reorganization.

OPINIONS

Based upon the facts, representations, and assumptions set forth above, the authorities and ruling policies of the IRS discussed above as applied to those facts, representations, and assumptions and conditioned upon the initial and continuing accuracy of the representations and assumptions set forth above, it is our opinion that:

1. The Merger will constitute a reorganization within the meaning of Sections 368(a)(1)(A) and (2)(D), and ACI, GCI Cable, and GCI will each be a party to the reorganization within the meaning of Section 368(b).

2. No gain or loss will be recognized by any of the ACI Shareholders upon the receipt of shares of GCI Class A Stock in exchange for shares of ACI Class A Stock pursuant to the Merger; an ACI Shareholder who receives cash in exchange for its ACI Class B Stock will recognize gain or loss equal to the difference between such cash and the basis of such stock.

3. The tax basis of the shares of GCI Class A Stock received by each ACI Shareholder in the Merger will be the same as the tax basis for its ACI Class A Stock.

4. The holding period of the GCI Class A Stock received by each ACI Shareholder in the Merger will include the holding period of the shares of ACI Class A Stock exchanged therefor, provided the ACI Class A Stock is held as a capital asset immediately before the Merger.

5. No gain or loss will be recognized by ACI upon the transfer of its assets to GCI Cable pursuant to the Merger.

In rendering our opinion, we have considered and relied upon the authorities and ruling policies of the IRS discussed above, all of which are subject to change prospectively and retroactively. No assurance can be given that the federal income tax consequences of the Merger under subsequent legislation, Treasury Regulations, administrative rulings and interpretations, or judicial decisions will be the same as the federal income tax consequences stated in this opinion.

We have rendered the foregoing opinion as of the date hereof, and we do not undertake to supplement our opinion with respect to factual matters or changes in the law which may hereafter occur.

We express no opinion as to the tax treatment of the Merger under the provisions of any other Sections of the Code which may also be applicable thereto or to the tax treatment of any conditions existing at the time of, or effects resulting from, the transactions which are not specifically addressed in the foregoing opinion.

We also express no opinion as to the federal income tax consequences to the Distributee Partners upon a distribution by an ACI Shareholder, all of which are Partnerships, of all or a portion of the GCI Class A Stock received by such ACI Shareholder in the Merger. Section 731(c) provides that the distribution by a partnership of marketable securities shall be treated in the same manner as a cash distribution, in which case the distributee partners would recognize gain under Section 731(a)(1) to the extent that the fair market value of the marketable securities received exceeds their adjusted basis in the partnership. Proposed Treasury Regulation Section 1.731-2(d)(2), however, provides that marketable securities will not be treated in the same manner as cash to the extent that (i) the security was acquired in a nonrecognition transaction in exchange for property other than money or marketable securities, (ii) the distributed security is actively traded as of the date of distribution, and (iii) the security is distributed within five years of either the date on which the security was acquired by the partnership or, if later, the date on which the security became actively traded. This Proposed Treasury Regulation applies to distributions of marketable securities made after December 31, 1995 and is subject to change and is not binding before being adopted either as a Temporary or Final Treasury Regulation, and technically will not be effective until the date specified in the Temporary or Final Regulations. Accordingly, it is not certain that the treatment provided in Proposed Treasury Regulation Section

1.731-2(d)(2) will be appropriate or available unless and until Temporary or Final Treasury Regulations become effective. Assuming that Temporary or Final Treasury Regulations are issued adopting Proposed Treasury Regulation 1.731-2(d)(2), a distribution by an ACI Shareholder of the GCI Class A Stock to the Distributee Partners after the effective date of such Temporary or Final Treasury Regulations and within five years of the Merger would not be treated as a distribution of money under Section 731(c). Thus, the Distributee Partners would not recognize gain upon such distribution, and the Distributee Partner's basis in the GCI Class A Stock would equal (i) if a non-

liquidating distribution, the ACI Shareholder's basis in the GCI Class A Stock immediately before the distribution pursuant to Section 732(a) (e.g., a carryover basis) or (ii) if a liquidating distribution, the Distributee Partner's adjusted basis in its Partnership interest in the ACI Shareholder reduced by any money received in liquidation and any basis allocated to other property received in liquidation (e.g., a substituted basis). The Distributee Partners would recognize gain or loss on a subsequent taxable disposition of the GCI Class A Stock.

Our opinion expressed herein is given to you by us solely for your use and is not to be quoted or otherwise referred to or furnished to any governmental agency (other than to the Securities and Exchange Commission as an exhibit to the Registration Statement or to the IRS in connection with an examination of the Merger) or to other persons without our prior written consent. We hereby consent to the use of our name under "Certain Federal Income Tax Consequences" in the Registration Statement and the filing of a copy of this opinion as an exhibit to the Registration Statement.

Sincerely,

/S/

JENKENS & GILCHRIST,
a Professional Corporation

EXHIBIT 8.1.2

September 13, 1996

Prime Venture I Holdings, L.P.
Prime Venture II, L.P.
Prime Cable Growth Partners, L.P.
Alaska Cable, Inc.
c/o Prime Cable
3000 One American Center
600 Congress Avenue
Austin, Texas 78701
Attn: William P. Glasgow

William Blair Venture Partners III
Limited Partnership
c/o Samuel B. Guren
Baird Capital Partners
227 West Monroe Street
Suite 2100
Chicago, Illinois 60606

Centennial Fund II, L.P.
Centennial Fund III, L.P.
Centennial Business Development
Fund, Ltd.
c/o Centennial Funds
1999 Broadway, Suite 3100
Denver, Colorado 80202
Attn: Jackson Tankersley, Jr.

Austin Ventures, L.P.
1300 Norwood Tower
114 West 7th Street
Austin, Texas 78701
Attn: Jeffery C. Garvey

Re: Merger of Alaska Cable, Inc. with and into GCI Cable, Inc., a wholly-owned subsidiary of General Communication, Inc.

Gentlemen:

You have requested our opinion with respect to certain federal income tax consequences of the merger of Alaska Cable, Inc. ("ACI") with and into GCI Cable, Inc. ("GCI Cable"), a wholly-owned subsidiary of General Communication, Inc. ("GCI"), in exchange for shares of GCI class A common stock, as hereinafter described. Our opinion is based on (i) the Securities Purchase and Sale Agreement (the "Purchase Agreement") entered into as of May 2, 1996, by

and between GCI and the shareholders of ACI; (1) (ii) the Agreement and Plan of Merger (the "Plan") to be entered into by and between ACI and GCI Cable; (iii) the Form S-4 Registration Statement to be filed with the Securities and Exchange Commission in connection with the merger (the "Registration Statement"); and (iv) the facts, representations, and assumptions set forth below. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Purchase Agreement or the Plan, as the case may be.

FACTS

The following facts were ascertained from our review of the Purchase Agreement, the Plan, and the Registration Statement. In rendering our opinions below, we have assumed all of the facts stated herein are accurate, without independently verifying the accuracy of any such facts. Furthermore, we are relying on the truth of the covenants, representations, and warranties of ACI, the shareholders of ACI, GCI, and GCI Cable as set forth in the Purchase Agreement and the Plan.

Capital Structure of ACI

ACI is a corporation duly organized and existing under the laws of the State of Delaware with authorized capital consisting of 4,621 shares, classified as (i) 4,600 shares of class A common stock, par value $.10 per share ("ACI Class A Stock), of which 4,600 shares are issued and outstanding; and (ii) 21 shares of class B common stock, par value $.10 per share ("ACI Class B Stock"), of which 21 shares are issued and outstanding. The shares of the ACI Class A and B Stock are held by the following shareholders (collectively the "ACI Shareholders"): (i) Prime Venture I Holdings, L.P., which holds 600 shares of ACI Class A Stock and 5 shares of ACI Class B Stock; (ii) Prime Venture II, L.P., which holds 1,000 shares of ACI Class A Stock and 5 shares of ACI Class B Stock; (iii) Prime Cable Growth Partners, L.P., which holds 11 shares of ACI Class B Stock; (iv) Austin Ventures, L.P., which holds 800 shares of ACI Class A Stock; (v) William Blair Venture Partners III Limited Partnership, which holds 1,000 shares of ACI Class A Stock; (vi) Centennial Fund II, L.P. ("CFII"), which holds 200 shares of ACI Class A Stock; (vii) Centennial Fund III, L.P. ("CFIII"), which holds 600 shares of ACI Class

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(1) GCI also agreed to purchase pursuant to the Purchase Agreement (i) 100 percent of the partnership interests in Prime Cable of Alaska, L.P. ("PCA") and (ii) 100 percent of the outstanding stock of Prime Cable Fund I, Inc ("PCF") through the merger of PCF with and into GCI Cable in exchange for GCI class A common stock (the "PCF Merger"). We have provided under separate cover an opinion with respect to the federal income tax consequences of the PCF Merger. You have not requested an opinion with respect to the federal income tax consequences of the purchase of the PCA partnership interests.

A Stock; and (viii) Centennial Business Development Fund, Ltd. ("CBDF"), which holds 400 shares of ACI Class A Stock.

Capital Structure of GCI Cable and GCI

GCI Cable is a corporation duly organized and existing under the laws of the state of Alaska with authorized capital consisting of 1,000 shares, classified as common stock, no par value, of which 100 shares are issued and outstanding and held by GCI.

GCI is a corporation duly organized and existing under the laws of the state of Alaska with authorized capital consisting of (i) 50,000,000 shares voting class A common stock, no par value ("GCI Class A Stock"), of which 19,696,207 were issued and outstanding as of April 15, 1996; (ii) 10,000,000 shares of Class B common stock convertible into GCI Class A Stock, of which 4,175,434 were issued and outstanding as of April 15, 1996; and (iii) 1,000,000 shares of preferred stock, of which no shares were issued and outstanding as of April 15, 1996.

The Merger

The Purchase Agreement and the Plan provide for the merger of ACI with and into GCI Cable pursuant to Alaska Statutes Section 10.06.562 and Section 252 of the Delaware General Corporation Law (the "Merger"). Upon consummation of the Merger, the separate corporate existence of ACI shall cease, and GCI Cable shall continue as the surviving corporation. All ACI property of every kind and description shall be vested in and devolve upon GCI Cable without further act and deed, and GCI Cable shall assume all of the liabilities of every kind and description of ACI.

At the Effective Time, each share of ACI Class A Stock issued and outstanding immediately before the Effective Time shall be converted into 1,237.261739 shares of GCI Class A Stock. Neither the Purchase Agreement nor the Plan grant the ACI Shareholders the right to receive cash in lieu of fractional shares of GCI Class A Stock. At the Effective Time, each share of ACI Class B Stock issued and outstanding immediately before the Effective Time shall be exchanged for cash in the amount of $1.00 per share.

In Section 5.14 of the Purchase Agreement, GCI agrees to file with the Securities and Exchange Commission a Registration Statement relating to the shares of the GCI Class A Stock to be delivered to the ACI Shareholders pursuant to the Purchase Agreement and the Plan, and to use its reasonable best efforts to cause the Registration Statement to become effective. In Section 13 of the Purchase Agreement, GCI and the ACI Shareholders agree to execute the Registration Rights Agreement attached thereto as Exhibit B under which GCI agrees to keep the

prospectus that is a part of the original Registration Statement current for at least two years after the Closing Date, after which the ACI Shareholders will be entitled to certain demand and piggyback registration rights.

To secure the ACI Shareholder's indemnification for breaches of representations, warranties and covenants, the ACI Shareholders will deposit into escrow with a third party escrow agent 482,839 shares (the "Indemnity Shares") of the 5,691,404 total shares of GCI Class A Stock for 180 days after the Closing Date pursuant to Section 2.3 of the Purchase Agreement and the Escrow Agreement attached thereto as Exhibit A (the "Escrow Agreement"). Upon the expiration of such 180-day period, the escrow agent will disburse the Indemnity Shares not required to satisfy any indemnity claims made by GCI to

Prime II Management, L.P. ("PIIM"), as the designated agent for the ACI Shareholders pursuant to the Sellers' Escrow Agreement entered into as of May 2, 1996, among the ACI Shareholders, the PCA partners, the PCF shareholder, and PIIM (the "Sellers' Escrow Agreement").

Under the Sellers' Escrow Agreement, PIIM will hold the Indemnity Shares in escrow until one year and ten days from the Closing Date has expired, at which time PIIM will disburse to the ACI Shareholders any of the ACI Shareholders' Indemnity Shares not required to satisfy the indemnification claims, if any, made by GCI under the Purchase Agreement. During the term of the Sellers' Escrow Agreement, PIIM will disburse any dividends received with respect to the Indemnity Shares.

With respect to the GCI Class A Stock other than the Indemnity Shares, the ACI Shareholders entered into an additional escrow agreement as of May 2, 1996 (the "ACI Escrow Agreement"). Under the ACI Escrow Agreement, each ACI Shareholder agreed to deposit with a third party escrow agent that number of shares of GCI Class A Stock it received in the Merger equal to the excess of (i) 50 percent of the aggregate number of shares of GCI Class A Stock received by such ACI Shareholder in the Merger, over (ii) the number of Indemnity Shares deposited into escrow by such ACI Shareholder pursuant to the Escrow Agreement.(2) CFII, CFIII and CBDF also agreed to deposit with a third party escrow agent that number of GCI Class A Stock they received in the Merger equal to the excess of (i) 50 percent of the aggregate number of shares of GCI Class A Stock received by them as a group in the Merger, over (ii) the number of Indemnity Shares deposited into escrow by them pursuant to the Escrow Agreement. The escrow agent will disburse such shares to the depositing ACI Shareholder one year and five days after the Closing Date (the "Distribution Date").

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(2) For purposes of the ACI Escrow Agreement, CFII, CFIII, and CBDF acted as one shareholder and deposited the aggregate required shares with the escrow agent.

In Section 4 of the ACI Escrow Agreement, each ACI Shareholder represents and warrants to the others that it has no current plan or intention to sell or otherwise distribute (other than distributions to such ACI Shareholder's partners; and each ACI Shareholder represents and warrants to the others that it has no knowledge that any distributee partner has any current plan or intention to sell or otherwise distribute) on or after the Distribution Date any of the GCI Class A Stock received by it in the Merger.

REPRESENTATIONS AND ASSUMPTIONS

In connection with your request that we furnish this opinion, certain representations have been made to us by ACI and the ACI Shareholders and certain assumptions have been made by us with respect to the existence of certain facts. These constitute material representations and assumptions relied upon by us as a basis for our opinion, and our opinion is conditioned upon the initial and continuing accuracy of these representations and assumptions. These representations and assumptions are substantially the same as the representations required by the Internal Revenue Service (the "IRS") in order to seek a private letter ruling with respect to the applicability of Section 368(a)(1)(A) and (2)(D),(3) as set forth in Revenue Procedure 86-42, 1986-2 C.B. 722, section 7.03. (4) Specifically, it has been represented to us that:

1. As of the date of this opinion, the fair value of the GCI Class A Stock and other consideration receivable by each ACI Shareholder will be approximately equal to the fair of the ACI Class A and B Stock to be surrendered in the exchange.

2. There is no present plan or intention by any of the ACI Shareholders or, to the best of their knowledge, any of their partners to sell, exchange or otherwise dispose (except for distributions by an ACI Shareholder to its partners ("Distributee Partners")) of a number of shares of GCI Class A Stock to be received in the Merger that would reduce the ACI Shareholders', all of which are Partnerships, and the Distributee Partners' aggregate ownership of GCI Class A Stock to a number of shares having a value, as of the date of the Merger, of less than 50 percent of the value of all of the formerly outstanding ACI Class A and B Stock as of the date of the Merger. For purposes of this representation, shares of ACI Class A and B Stock exchanged for cash will be treated as outstanding ACI Class A or B Stock, as the case may be, on the date of the Merger. Moreover, shares of

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(3) Unless otherwise stated, all references to Section refer to the Internal Revenue Code of 1986, as amended.

(4) In Revenue Procedure 90-56, 1990-2 C.B. 639, the IRS stated that it will no longer issue advance rulings on whether a transaction constitutes a reorganization within the meaning of Section 368(a)(1)(A), but did not revoke Revenue Procedure 86-42.

ACI Class A or B Stock and shares of GCI Class A Stock held by ACI Shareholders or Distributee Partners and otherwise sold, redeemed, or disposed of prior to, or with respect to which there is a plan or intent to so sell, redeem or dispose of subsequent to, the transaction will be considered in making this representation.

3. GCI Cable will acquire at least 90 percent of the fair value of the net assets and at least 70 percent of the fair value of the gross assets held by ACI immediately prior to the Merger. For purposes of this representation, ACI assets used to pay its reorganization expenses and all redemptions and distributions (except for regular, normal dividends) made by ACI immediately preceding the Merger will be included as assets of ACI held immediately prior to the Merger.

4. The liabilities of ACI assumed by GCI Cable and the liabilities to which the transferred assets of ACI are subject were incurred by ACI in the ordinary course of business.

5. Neither GCI nor GCI Cable will pay the expenses of ACI or the ACI Shareholders incurred in connection with the Merger.

6. There is no intercorporate indebtedness existing between GCI and ACI or between GCI Cable and ACI that was issued, acquired, or will be settled at a discount.

7. ACI is not under the jurisdiction of a court in a title 11 or similar case within the meaning of Section 368(a)(3)(A).

8. The fair value of the assets of ACI transferred to GCI Cable will equal or exceed the sum of the liabilities assumed by GCI Cable, plus the amount of liabilities, if any, to which the transferred assets are subject.

9. No stock of GCI Cable will be issued in the Merger.

10. The following representations pertain to the terms and conditions associated with the Escrow Agreement and the Sellers' Escrow Agreement:

    a. There is a valid business reason for establishing each such escrow;

    b. the Indemnity Shares will appear as issued and outstanding on the balance sheet of GCI and such stock is legally outstanding under applicable state law;

    c. all dividends paid on the Indemnity Shares during the 180-day period of the Escrow Agreement will be distributed to the ACI Shareholders upon the expiration of such period to the extent that the Indemnity Shares are then distributed to the ACI Shareholders;

    d. all dividends paid on the Indemnity Shares during the period of the Sellers' Escrow Agreement will be distributed currently to the ACI Shareholders;

    e. all voting rights of the Indemnity Shares are exercisable by or on behalf of the ACI Shareholders or their authorized agent;

    f. no shares of the Indemnity Shares are subject to restrictions requiring their return to GCI because of death, failure to continue employment, or similar restrictions;

g. all Indemnity Shares will be released from each escrow within 5 years from the effective time (except where there is a bona fide dispute as to whom the stock should be released);

h. the return of the Indemnity Shares will not be triggered by an event the occurrence or nonoccurrence of which is within the control of the ACI Shareholders;

i. the return of the Indemnity Shares will not be triggered by the payment of additional tax or reduction in tax paid as a result of a IRS audit of the ACI Shareholders or ACI with respect to the Merger;

j. the mechanism for the calculation of the number of shares of the Indemnity Shares to be returned is objective and readily ascertainable; and

k. at least 50 percent of the number of shares of GCI Class A Stock issued initially to the ACI Shareholders in the Merger is not subject to any of such escrow arrangements.

In addition to the above factual representations, we have assumed the existence of the following facts for purposes of rendering our opinion:

1. Prior to the Merger, GCI will be in control of GCI Cable within the meaning of Section 368(c).

2. Following the transaction, GCI Cable will not issue additional shares of its stock that would result in GCI losing control of GCI Cable within the meaning of Section 368(c).

3. GCI has no plan or intention to reacquire any of the GCI Class A Stock issued in the Merger except for Indemnity Shares reacquired by GCI pursuant to the Escrow Agreement and the Sellers' Escrow Agreement.

4. GCI has no plan or intention to liquidate GCI Cable; to merge GCI Cable with and into another corporation; to sell or otherwise dispose of the GCI Cable stock; or to cause GCI Cable to sell or otherwise dispose of any of the assets of ACI acquired in the Merger, except for dispositions made in the ordinary course of business or transfers described in Section 368(a)(2)(C).

5. Following the Merger, GCI Cable will continue the historic business of ACI or use a significant part of ACI's historic business assets in a business.

6. Neither ACI, GCI, nor GCI Cable is an investment company as defined in Sections 368(a)(2)(F)(iii) and (iv).

7. Neither GCI nor GCI Cable own, nor has it owned during the past five years, any shares of the ACI Stock.

8. The Merger will be carried out strictly in accordance with the terms of the Purchase Agreement and the Plan.

9. The GCI Class A Stock exchanged by GCI Cable in the Merger will be received by GCI Cable immediately prior to and in connection with the Merger.

10. None of the ACI Shareholders will receive cash in lieu of fractional shares of GCI in the Merger.

11. There are no other agreements, arrangements, or understandings among any of ACI, the ACI Shareholders, GCI, and GCI Cable other than those described or referenced in the Purchase Agreement or the Plan.

12. The Merger will constitute a statutory merger under the applicable laws of the State of Alaska and the State of Delaware.

13. Neither the ACI Shareholders nor the Distributee Partners will dispose

of the GCI Class A Stock received by the ACI Shareholders in the Merger to such extent as to cause the Merger to not satisfy the continuity of proprietary interest requirement of Treasury Regulation Section 1.368-1(b).

LEGAL AUTHORITIES

Section 368(a)(1)(A) defines a "reorganization" to include a statutory merger. Treasury Regulation Section 1.368-2(b)(1) provides that in order to qualify as a reorganization under Section 368(a)(1)(A) the transaction must be a merger effected pursuant to the corporation laws of the United States or a State or Territory or the District of Columbia.

Section 368(a)(2)(D) provides that a transaction otherwise qualifying under Section 368(a)(1)(A) shall not be disqualified by reason of the fact that stock of a corporation which is in control, within the meaning of Section 368(c), of the acquiring corporation is used in the transaction if (i) the acquiring corporation acquires "substantially all of the properties" of the acquired corporation as a result of the transaction, and (ii) no stock of the acquiring corporation is used in the transaction.

Control is defined in Section 368(c) as the ownership of stock possessing at least 80 percent of the total combined voting power of all classes of stock entitled to vote and at least 80 percent of the total number of shares of all other classes of stock of the corporation.

Treasury Regulation Section 1.368-2(b)(2) provides that the term "substantially all" under Section 368(a)(2)(D) has the same meaning as it has in Section 368(a)(1)(c). The IRS provided in Revenue Ruling 57-518, 1957-2 C.B. 253 that the test for substantially all under Section 368(a)(1)(C) will depend on the facts and circumstances in each case rather than upon any particular percentage. For advance ruling purposes, the IRS indicated in Revenue Procedure 77-37, 1977-2 C.B. 568 that the "substantially all" requirement will be satisfied if there is a transfer of assets representing at least 90 percent of the fair market value of the net assets and at least 70 percent of the fair market value of the gross assets held by the acquired corporation immediately prior to the transfer.

Treasury Regulation Section 1.368-1(b) provides that requisite to a reorganization under Section 368(a) is a continuity of the business enterprise under the modified corporate form. Treasury Regulation Section 1.368-1(d)(2) provides that continuity of business enterprise requires that the acquiring corporation either (i) continue the historic business of the acquired corporation or (ii) use a significant portion of the acquired corporation's historic business assets in a business.

Treasury Regulation Section 1.368-1(b) also provides that requisite to a reorganization under Section 368(a)(1) is a continuity of interest in the business enterprise on the part of those persons who, directly or indirectly, were the owners of the enterprise prior to the reorganization. In Revenue Ruling 84-30, 1984-1 C.B. 115, the IRS interpreted the phrase "directly or indirectly" under Treasury Regulation Section 1.368-1(b). In Revenue Ruling 95-69, 1995-42 I.R.B. 4, the IRS ruled that the satisfaction of the continuity of interest requirement was not affected by a partnership's distribution of stock received in a reorganization to its partners in accordance with their interests in the partnership. The distributee partners were considered an indirect owner of the business enterprise under Treasury Regulation Section 1.368-1(b).

For advance ruling purposes, the IRS provided in Revenue Procedure 77-37, 1977-2 C.B. 568 that the continuity of interest requirement is satisfied if there is a continuing interest through stock ownership in the acquiring corporation (or a corporation in control thereof) on the part of the direct or indirect former owners of the acquired corporation which is equal in value, as of the effective date of the reorganization, to at least 50 percent of the value of all of the formerly outstanding stock of the acquired corporation as of the same date. Sales, redemptions, and other dispositions of stock occurring prior or subsequent to the plan of reorganization will be considered in determining whether there is a 50 percent continuing interest through stock ownership as of the effective date of the reorganization. Revenue Procedure 77-37, by its terms, does not define, as a matter of law, the lower limits of continuity of interest. See, e.g., John A. Nelson Co. v. Helvering, 296 U.S. 374 (1935); Helvering v. Minnesota Tea Co., 296 U.S. 378 (1935); Miller v. Commissioner, 84 F.2d 415 (6th Cir. 1936).

The direct or indirect owners of the acquired corporation must not plan or intend, at the time of the reorganization, to sell, exchange or otherwise dispose of a number of shares of the stock of the acquiring corporation (or the

corporation in control thereof) received in the reorganization that would negate the required continuity of interest in the acquiring corporation under Treasury Regulation Section 1.368-1(b); if they do have such a plan or intent, any post-reorganization sales of such stock will be taken into account in determining whether the continuity of interest requirement is satisfied. See e.g., McDonald's Restaurants of Illinois v. Commissioner, 688 F.2d 520 (7th Cir. 1982); Penrod v. Commissioner, 88 T.C. 1415 (1987)

In Revenue Procedure 84-42, 1984-1 C.B. 521, the IRS stated that in reorganization transactions a portion of the stock issued in exchange for the requisite stock or property may be placed in escrow by the exchanging shareholders for possible return to the issuing corporation under specified conditions provided that: (i) there is a valid business reason for establishing the arrangement; (ii) the stock subject to such arrangement appears as issued and outstanding on the balance sheet of the issuing corporation and such stock is legally outstanding under applicable state law; (iii) all dividends paid on such stock will be distributed currently to the exchanging

shareholders; (iv) all voting rights of such stock are exercisable by or on behalf of the shareholders or their authorized agent; (v) no shares of such stock are subject to restrictions requiring their return to the issuing corporation because of death, failure to continue employment, or similar restrictions; (vi) all such stock is released from the arrangement within 5 years from the date of the consummation of the transaction (except where there is a bona fide dispute as to whom the stock should be released); (vii) at least 50 percent of the number of shares of each class of stock issued initially to the shareholders is not subject to the arrangement; (viii) the return of stock will not be triggered by an event the occurrence or nonoccurrence of which is within the control of the shareholders; (ix) the return of stock will not be triggered by the payment of additional tax or reduction in tax paid as a result of an audit by the IRS of the shareholders or the corporation; and (x) the mechanism for the calculation of the number of shares of stock to be returned is objective and readily ascertainable.

Section 354(a)(1) provides the general rule that no gain or loss shall be recognized if stock or securities in a corporation a party to a reorganization are, in pursuance of the plan of reorganization, exchanged solely for stock or securities in such corporation or in another corporation a party to the reorganization.

Section 368(b)(2) defines a party to a reorganization to include in the case of a reorganization under Section 368(a)(2)(D) the acquired corporation, the acquiring corporation, and the corporation in control of the acquiring corporation.

Section 356(a)(1) provides that if Section 354 would apply to an exchange but for the fact that the property received in the exchange consists not only of property permitted by Section 354 but also other property or money, then the gain, if any, to the recipient shall be recognized to the extent of the sum of such money and the fair market value of such other property.

Section 358(a)(1) provides that in the case of an exchange to which Section 354 applies, the basis of the property permitted to be received under Section 354 without the recognition of gain or loss shall be the same as that of the property exchanged.

Section 1223(1) provides that in determining the period for which the taxpayer has held property received in an exchange, there shall be included the period for which he held the property exchanged if the property has, for the purpose of determining gain or loss from a sale or exchange, the same basis in whole or part in his hands as the property exchanged and the property exchanged at the time of such exchange was a capital asset as defined in Section 1221.

Section 361(a) provides the general rule that no gain or loss shall be recognized to a corporation if such corporation is a party to a reorganization and exchanges property, in

pursuance of the plan of reorganization, solely for stock or securities in another corporation a party to the reorganization.

Section 361(b) provides that if Section 361(a) would apply to an

exchange but for the fact that the property received in the exchange consists not only of property permitted by Section 361(a) but also other property or money, then the recipient corporation shall not recognize any gain on the exchange if it distributes the sum of such money and the fair market value of such other property in pursuance of the plan of reorganization.

OPINIONS

Based upon the facts, representations, and assumptions set forth above, the authorities and ruling policies of the IRS discussed above as applied to those facts, representations, and assumptions and conditioned upon the initial and continuing accuracy of the representations and assumptions set forth above, it is our opinion that:

1. The Merger will constitute a reorganization within the meaning of Sections 368(a)(1)(A) and (2)(D), and ACI, GCI Cable, and GCI will each be a party to the reorganization within the meaning of Section 368(b).

2. No gain or loss will be recognized by any of the ACI Shareholders upon the receipt of shares of GCI Class A Stock in exchange for shares of ACI Class A Stock pursuant to the Merger; an ACI Shareholder who receives cash in exchange for its ACI Class B Stock will recognize gain or loss equal to the difference between such cash and the basis of such stock.

3. The tax basis of the shares of GCI Class A Stock received by each ACI Shareholder in the Merger will be the same as the tax basis for its ACI Class A Stock.

4. The holding period of the GCI Class A Stock received by each ACI Shareholder in the Merger will include the holding period of the shares of ACI Class A Stock exchanged therefor, provided the ACI Class A Stock is held as a capital asset immediately before the Merger.

5. No gain or loss will be recognized by ACI upon the transfer of its assets to GCI Cable pursuant to the Merger.

In rendering our opinion, we have considered and relied upon the authorities and ruling policies of the IRS discussed above, all of which are subject to change prospectively and retroactively. No assurance can be given that the federal income tax consequences of the Merger under subsequent legislation, Treasury Regulations, administrative rulings and interpretations, or judicial decisions will be the same as the federal income tax consequences stated in this opinion.

We have rendered the foregoing opinion as of the date hereof, and we do not undertake to supplement our opinion with respect to factual matters or changes in the law which may hereafter occur.

We express no opinion as to the tax treatment of the Merger under the provisions of any other Sections of the Code which may also be applicable thereto or to the tax treatment of any conditions existing at the time of, or effects resulting from, the transactions which are not specifically addressed in the foregoing opinion.

We also express no opinion as to the federal income tax consequences to the Distributee Partners upon a distribution by an ACI Shareholder, all of which are Partnerships, of all or a portion of the GCI Class A Stock received by such ACI Shareholder in the Merger. Section 731(c) provides that the distribution by a partnership of marketable securities shall be treated in the same manner as a cash distribution, in which case the distributee partners would recognize gain under Section 731(a)(1) to the extent that the fair market value of the marketable securities received exceeds their adjusted basis in the partnership. Proposed Treasury Regulation Section 1.731-2(d)(2), however, provides that marketable securities will not be treated in the same manner as cash to the extent that (i) the security was acquired in a nonrecognition transaction in exchange for property other than money or marketable securities, (ii) the distributed security is actively traded as of the date of distribution, and (iii) the security is distributed within five years of either the date on which the security was acquired by the partnership or, if later, the date on which the security became actively traded. This Proposed Treasury Regulation applies to distributions of marketable securities made after December 31, 1995 and is subject to change and is not binding before being adopted either as a Temporary or Final Treasury Regulation, and technically will not be effective until the date specified in the Temporary or Final Regulations. Accordingly, it is not certain that the treatment provided in Proposed Treasury Regulation Section

1.731-2(d)(2) will be appropriate or available unless and until Temporary or Final Treasury Regulations become effective. Assuming that Temporary or Final Treasury Regulations are issued adopting Proposed Treasury Regulation 1.731-2(d)(2), a distribution by an ACI Shareholder of the GCI Class A Stock to the Distributee Partners after the effective date of such Temporary or Final Treasury Regulations and within five years of the Merger would not be treated as a distribution of money under Section 731(c). Thus, the Distributee Partners would not recognize gain upon such distribution, and the Distributee Partner's basis in the GCI Class A Stock would equal (i) if a non-

liquidating distribution, the ACI Shareholder's basis in the GCI Class A Stock immediately before the distribution pursuant to Section 732(a) (e.g., a carryover basis) or (ii) if a liquidating distribution, the Distributee Partner's adjusted basis in its Partnership interest in the ACI Shareholder reduced by any money received in liquidation and any basis allocated to other property received in liquidation (e.g., a substituted basis). The Distributee Partners would recognize gain or loss on a subsequent taxable disposition of the GCI Class A Stock.

Our opinion expressed herein is given to you by us solely for your use and is not to be quoted or otherwise referred to or furnished to any governmental agency (other than to the Securities and Exchange Commission as an exhibit to the Registration Statement or to the IRS in connection with an examination of the Merger) or to other persons without our prior written consent. We hereby consent to the use of our name under "Certain Federal Income Tax Consequences" in the Registration Statement and the filing of a copy of this opinion as an exhibit to the Registration Statement.

Sincerely,

/S/

JENKENS & GILCHRIST,
a Professional Corporation

EXHIBIT 9.1

NEW VOTING AGREEMENT

[see Exhibit C to Prime Purchase Agreement]

EXHIBIT 10.3

ALASKAN CABLE REGISTRATION RIGHTS AGREEMENT
[see Exhibit A to Alaskan Cable Purchase Agreement]

EXHIBIT 10.3

ALASKAN CABLE REGISTRATION RIGHTS AGREEMENT
[see Exhibit A to Alaskan Cable Purchase Agreement]

EXHIBIT 10.3

ALASKAN CABLE REGISTRATION RIGHTS AGREEMENT
[see Exhibit A to Alaskan Cable Purchase Agreement]

EXHIBIT 21.1

<TABLE>

SUBSIDIARIES OF REGISTRANT

<CAPTION>

Entity	Jurisdiction of Organization	Name Under Which Subsidiary Does Business
<S>	<C>	<C>
General Communication, Inc.	Alaska	GCI, General Communication, Inc.
GCI Communication Corp.	Alaska	GCC, GCI Communication Corp.
GCI Communication Services, Inc.	Alaska	GCI Communication Services
GCI Leasing Co., Inc.	Alaska	GCI Leasing, GCI Leasing Co.
GCI Cable, Inc.	Alaska	GCI Cable, GCI Cable, Inc.

</TABLE>

EXHIBIT 23.7

CONSENT OF TAX COUNSEL

We hereby consent to the use, in the Proxy Statement/Prospectus constituting part of this Registration Statement on Form S-4 of our name as special tax counsel to Prime Cable of Alaska, L.P. in the rendering of certain opinions regarding the federal income tax treatment of security holders of Prime Cable of Alaska, L.P. and the security holders of those security holders as set forth in that Registration Statement of General Communication, Inc.

JENKENS & GILCHRIST, A
Professional Corporation

/S/

Austin, Texas
September 13, 1996

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Professional Corporation

/S/

Austin, Texas
September 13, 1996

EXHIBIT 99.17

ACCELERATION REQUEST

The Registrant (General Communication, Inc.) hereby amends the Form S-4 Registration Statement filed by the Registrant on October 4, 1996 to request acceleration of the effective date such that this Registration Statement shall be effective on October 4, 1996, pursuant to Rule 461.

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REGISTRATION STATEMENT

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