As filed with the Securities and Exchange Commission on May 15, 1997.

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

FORM 10-Q

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 1997
OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the transition period from   to

Commission File No. 0-15279

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

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

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

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

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

The number of shares outstanding of the registrant's classes of common stock, as of April 30, 1997 was:

38,164,553 shares of Class A common stock; and
4,071,490 shares of Class B common stock.

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GENERAL COMMUNICATION, INC.

FORM 10-Q

FOR THE QUARTER ENDED MARCH 31, 1997

<TABLE>
<CAPTION>

</TABLE>

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

<TABLE>

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

<CAPTION>

ASSETS	(Unaudited) March 31, 1997	December 31, 1996
	(Amounts in thousands)	
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	$ 4,730	13,349
Receivables, net of allowance for doubtful receivables of $776 and $597	28,842	28,768
Prepaid and other current assets	2,288	2,236
Deferred income taxes, net	871	835
Inventories	1,666	1,589
Notes receivable	330	325
Total current assets	38,727	47,102
Property and equipment in service, net	122,089	115,981
Construction in progress	19,901	20,770
Net property and equipment	141,990	136,751
Other assets:		
Deferred loan costs, net	759	900
Notes receivable	1,344	1,016
Transponder deposit	9,100	9,100
Other assets, at cost, net	1,715	1,546
Intangible assets, net	249,243	250,920
Total other assets	262,161	263,482
Total assets	$ 442,878	447,335

</TABLE>

See accompanying notes to interim condensed consolidated financial statements.

<TABLE>

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

<CAPTION>

LIABILITIES AND STOCKHOLDERS' EQUITY	(Unaudited) March 31, 1997	December 31, 1996
(Amounts in thousands)		
<S>	<C>	<C>
Current liabilities:		
Current maturities of long-term debt	$ 31,938	31,969
Current maturities of obligations under capital leases	74	71
Accounts payable	22,320	23,677
Accrued payroll and payroll related obligations	3,679	3,830
Accrued liabilities	4,269	4,173
Accrued interest	351	2,708
Subscriber deposits and deferred revenues	3,444	3,449
Total current liabilities	66,075	69,877
Long-term debt, excluding current maturities	180,873	191,273
Obligations under capital leases due to related parties, excluding current maturities	655	675
Deferred income taxes, net	34,020	33,720
Other liabilities	2,160	2,236
Total liabilities	283,783	297,781
Stockholders' equity:		
Common stock (no par):		
Class A. Authorized 50,000,000 shares; issued and outstanding 38,159,468 and 36,586,973 shares at March 31, 1997 and December 31, 1996, respectively	123,498	113,421
Class B. Authorized 10,000,000 shares; issued and outstanding 4,071,490 and 4,074,028 shares at March 31, 1997 and December 31, 1996, respectively; convertible on a share-per-share basis into Class A common stock	3,432	3,432
Less cost of 202,768 and 199,081 Class A common shares held in treasury at March 31, 1997 and December 31, 1996, respectively	(1,039)	(1,010)
Paid-in capital	4,247	4,229
Retained earnings	28,957	29,482
Total stockholders' equity	159,095	149,554
Commitments and contingencies (note 5)		
Total liabilities and stockholders' equity	$ 442,878	447,335

</TABLE>

See accompanying notes to interim condensed consolidated financial statements.

<TABLE>

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

<CAPTION>

	(Unaudited) Three Months Ended March 31, 1997	1996
	(Amounts in thousands except per share amounts)	
<S>	<C>	<C>
Revenues:		
Telecommunication services	$ 39,225	37,969
Cable services	13,656	---

Total revenues	52,881	37,969
Cost of sales and services	27,168	21,302
Selling, general and administrative expenses	16,301	10,833
Depreciation and amortization	6,120	1,887
Operating income	3,292	3,947
Interest expense, net	3,949	260
Net earnings (loss) before income taxes	(657)	3,687
Income tax expense (benefit)	(132)	1,550
Net earnings (loss)	$ (525)	2,137
Net earnings (loss) per common share	$ (0.01)	0.09
Weighted average number of shares of common stock and common stock equivalents outstanding	43,167	24,854

</TABLE>

See accompanying notes to interim condensed consolidated financial statements.

<TABLE>

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
THREE MONTHS ENDED MARCH 31, 1997 AND 1996

(Unaudited) (Amounts in thousands)	Shares of Common Stock Class A	Shares of Common Stock Class B	Class A Common Stock	Class B Common Stock	Class A Shares Held in Treasury	Paid-in Capital	Retained Earnings
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balances at December 31, 1995	19,680	4,176	$ 13,912	3,432	(389)	4,041	22,020
Net earnings	---	---	---	---	---	---	2,137
Tax effect of excess stock compensation expense for tax purposes over amounts recognized for financial reporting purposes	---	---	---	---	---	16	---
Shares issued under stock option plan	1	---	1	---	---	---	---
Shares issued and issuable under officer stock option agreements	---	---	---	---	---	1	---
Balances at March 31, 1996	19,681	4,176	13,913	3,432	(389)	4,058	24,157
Balances at December 31, 1996	36,587	4,074	113,421	3,432	(1,010)	4,229	29,482
Net loss	---	---	---	---	---	---	(525)
Tax effect of excess stock compensation expense for tax purposes over amounts recognized for financial reporting purposes	---	---	---	---	---	18	---
Class B shares converted to Class A	3	(3)	---	---	---	---	---
Shares issued upon conversion of convertible note (notes 2 and 3)	1,538	---	9,983	---	---	---	---
Shares purchased and held in Treasury	---	---	---	---	(29)	---	

Shares issued under stock option plan	31	---	94	---	---	---	---
Balances at March 31, 1997	38,159	4,071	$123,498	3,432	(1,039)	4,247	28,957

</TABLE>

See accompanying notes to interim condensed consolidated financial statements.

<TABLE>

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

<CAPTION>

<S>	(Unaudited) Three Months Ended March 31, 1997 <C>	1996 <C>
	(Amounts in thousands)	
Cash flows from operating activities:		
Net earnings (loss)	$ (525)	2,137
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Depreciation and amortization	5,979	1,887
Amortization of deferred loan costs	141	0
Deferred income tax expense	264	13
Deferred compensation and compensatory stock options	(58)	143
Bad debt expense, net of write-offs	179	(37)
Other noncash income and expense items	16	(11)
Change in operating assets and liabilities (note 2)	(4,156)	(1,773)
Net cash provided by operating activities	1,840	2,359
Cash flows from investing activities:		
Purchases of property and equipment	(9,529)	(6,950)
Purchases of other assets	(197)	(45)
Notes receivable issued	(337)	(130)
Payments received on notes receivable	4	2
Net cash used in investing activities	(10,059)	(7,123)
Cash flows from financing activities:		
Long-term borrowings	10,000	3,300
Repayments of long-term borrowings and capital lease obligations	(10,448)	(485)
Proceeds from common stock issuance	77	1
Purchase of treasury stock	(29)	0
Net cash provided (used) by financing activities	(400)	2,816
Net increase (decrease) in cash and cash equivalents	(8,619)	(1,948)
Cash and cash equivalents at beginning of period	13,349	4,017
Cash and cash equivalents at end of period	$ 4,730	2,069

</TABLE>

See accompanying notes to interim condensed consolidated financial statements.

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(1) General

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The interim condensed consolidated financial statements include the consolidated accounts of General Communication, Inc. and its wholly-owned subsidiaries (collectively, the "Company") with all significant intercompany transactions eliminated. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Certain prior year information has been reclassified to conform to the current quarter presentation. Operating results for the quarter ended March 31, 1997 are not necessarily indicative of the results that may be expected for the year ended December 31, 1997. For further information, refer to the financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 1996.

(2) Consolidated Statements of Cash Flows Supplemental Disclosures

<TABLE>

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

<CAPTION>

Three-month periods ended March 31,	(Unaudited) 1997	1996
	(Amounts in thousands)	
<S>	<C>	<C>
(Increase) decrease in trade receivables	$ 138	(2,089)
(Increase) decrease in other receivables	(391)	20
Increase in prepaid and other current assets	(52)	(374)
Increase in inventory	(77)	(34)
Increase in accounts payable	(1,357)	(22)
Increase (decrease)in accrued liabilities	96	(154)
Increase (decrease) in accrued payroll and payroll related obligations	(151)	73
Increase in accrued income taxes	0	917
Increase (decrease) in accrued interest	(2,357)	10
Decrease in deferred revenues	(5)	(120)
	$ (4,156)	(1,773)

</TABLE>

The holders of $10 million of convertible subordinated notes exercised their conversion rights in January 1997 resulting in the exchange of such notes for 1,538,457 shares of the Company's Class A common stock.

Income taxes paid totaled $0 and $633,000 during the quarters ended March 31, 1997 and 1996, respectively.

Interest paid totaled $6.3 million and $407,000 during the quarters ended March 31, 1997 and 1996, respectively.

The Company recorded $18,000 and $16,000 during the quarters ended March 31, 1997 and 1996, respectively, as paid-in capital in recognition of the income tax effect of excess stock compensation expense for tax purposes over amounts recognized for financial reporting purposes.

(3) Long-term Debt

The Company extended the maturity date of its $62.5 million interim telephony credit facility during April 1997. The interim facility matures in July 1997 and is expected to be extended further or refinanced prior to that time. Since the facility matures within the twelve-month period ending March 31, 1998, the outstanding balance at March 31, 1997 is included in current maturities of long-term debt.

(4) Stockholders' Equity

During January 1997, holders of $10 million of convertible subordinated notes exercised their conversion rights which allowed them to exchange their notes for GCI Class A common shares at a conversion price of $6.50 per share. As a result, the note holders were issued a total of 1,538,457 shares of GCI Class A common stock.

(5) Commitments and Contingencies

Satellite Transponders

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 balance payable upon expected delivery of the transponders in 1998 is dependent upon a number of factors. The Company does not expect the remaining balance payable at delivery to exceed $41 million.

Litigation

The Company is involved in various lawsuits and legal proceedings which have arisen in the normal course of business. 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 of the Company.

Cable Service Rate Reregulation

Beginning in April 1993, the Federal Communications Commission ("FCC") adopted regulations implementing the Cable Television Consumer Protection and Competition Act of 1992 ("The Cable Act of 1992"). Included are rules governing rates charged by cable operators for the basic service tier, 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"). Generally, the regulations require affected cable systems to charge rates for regulated services that have been reduced to prescribed benchmark levels, or alternatively, to support rates using costs-of-service methodology.

The regulated services rates charged by the Company may be reviewed by the State of Alaska, operating through the Alaska Public Utilities Commission ("APUC") for basic service, or by the FCC for cable programming service. Refund liability for basic service rates is limited to a one year period. Refund liability for cable programming service rates may be calculated from the date a complaint is filed with the FCC until the rate reduction is implemented.

In order for the State of Alaska to exercise rate regulation authority over the Company's basic service rates, 25% of a systems' subscribers must request such regulation by filing a petition with the APUC. At March 31, 1997, the State of Alaska has rate regulation authority over the Juneau system's basic service rates. (The Juneau system serves 9% of the Company's total basic service subscribers at March 31, 1997.) Juneau's current rates have been approved by the APUC and there are no other pending filings with the APUC, therefore, there is no refund liability for basic service at this time.

Complaints by subscribers relating to cable programming service rates were filed with, and accepted by, the FCC for certain franchise areas, however, filings made in response to those complaints related to the period prior to July 15, 1994 were 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 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 and/or to be in default of certain debt covenants.

In February 1996, a telecommunications bill was signed into federal law which 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. Management of the Company believes the bill will not have a significant adverse impact on the financial position or results of operations of the Company.

<TABLE>
(6) Supplemental financial information
(Amounts in thousands)
<CAPTION>
(Unaudited)

Three-month periods ended March 31,	1997				1996
	Long-Distance	Cable	Local	Combined	Long-Distance
<S>	<C>	<C>	<C>	<C>	<C>
Revenues:					
Telecommunication revenues	$ 39,225	---	---	39,225	37,969
Cable revenues	---	13,656	---	13,656	---
Total revenues	39,225	13,656	---	52,881	37,969
Cost of sales and services:					
Distribution costs and costs of services	23,884	---	118	24,002	21,302
Programming and copyright costs	---	3,166	---	3,166	---
Total cost of sales and services	23,884	3,166	118	27,168	21,302
Selling, general and administrative expenses:					
Operating and engineering	2,792	---	---	2,792	2,624
Cable television, including management fees of $273	---	4,368	---	4,368	---
Sales and communications	2,864	---	50	2,914	3,086
General and administrative	4,887	---	369	5,256	4,285
Legal and regulatory	351	---	97	448	441
Bad debts	426	97	---	523	397
Depreciation and amortization	2,623	3,497	---	6,120	1,887
Operating income (loss)	$ 1,398	2,528	(634)	3,292	3,947

</TABLE>

PART I.
ITEM 2.

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

The following discussion and analysis provides information which management believes is relevant to an assessment and understanding of the Company's consolidated results of operations and financial condition. The discussion should be read in conjunction with the Consolidated Financial Statements and notes thereto.

Factors Affecting Future Performance

Future operating results of the Company will depend upon many factors and will be subject to various risks and uncertainties, including those set forth in this section of Form 10-Q. The information contained in Form 10-Q includes forward looking statements regarding the Company and the Cable Companies' future performance. Future results of the Company may differ materially from any forward looking statements due to such risks and uncertainties.

Overview

The Company has historically reported revenues principally from the provision of interstate and intrastate long distance telecommunication services to residential, commercial and governmental customers and to other common carriers (principally MCI Telecommunications Corporation ("MCI") and U. S. Sprint ("Sprint")). These services accounted for 92.6% of the Company's telecommunication revenues and 68.7% of the Company's total revenues during the first quarter of 1997. Commencing with the acquisition of cable television assets and companies ("Cable Systems") effective October 31, 1996, the Company now reports revenues from cable television services which accounted for 25.8% of the Company's total revenues during the period. The balance of the Company's telecommunications revenues have been attributable to corporate network management contracts, telecommunications equipment sales and service and other miscellaneous revenues (including revenues from prepaid and debit calling cards, the installation and leasing of customers' vSAT equipment and fees charged to MCI and Sprint for certain billing services). Factors that have the greatest impact on year-to-year changes in telecommunication revenues include the rate per minute charged to customers and usage volumes, usually expressed as minutes of use. Factors that have the greatest impact on year-to-year changes in cable television revenues include the rate per subscriber and the number of subscribers.

The Company's telecommunication cost of sales and services consists principally of the direct costs of providing services, including local access charges paid to local exchange carriers for the origination and termination of long distance calls in Alaska, fees paid to other long distance carriers to carry calls that terminate in areas not served by the Company's network (principally the lower 49 states, most of which calls are carried over MCI's network, and international locations, which calls are carried principally over Sprint's network), and the cost of equipment sold to the Company's customers. During the first quarter of 1997, local access charges accounted for 45.7% of the telecommunication cost of sales and services, fees paid to other long distance carriers represented 32.1%, satellite transponder lease and undersea fiber maintenance costs represented 9.4%, and telecommunications equipment accounted for 2.9% of telecommunication cost of sales. The Company's cable television cost of sales and services has consisted principally of the direct costs of providing services, including programming and copyright charges.

The Company's selling, general, and administrative expenses consists of operating and engineering, service, sales and marketing, general and administrative and legal and regulatory expenses. Most of these expenses consist of salaries, wages and benefits of personnel and certain other indirect costs (such as rent, travel, utilities and certain equipment costs). A significant portion of selling, general, and administrative expenses, 17.9% in the first quarter of 1997, represents the cost of the Company's sales, advertising and promotion programs.

The Company expects to commence offering local exchange services initially in Anchorage during the second half of 1997, and expects that local services will represent less than 2.0% of revenues in 1997 and less than 8.0% in 1998. The Company expects that it may generate moderately negative EBITDA from local services during this time period. EBITDA is an acronym representing earnings before interest, taxes, depreciation and amortization. As a measure of a company's ability to generate cash flows, EBITDA 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 telecommunications and cable television industries.

The Company began developing plans for PCS wireless communications service deployment in 1995 and is currently evaluating alternative technologies for its proposed PCS network. The Company expects to launch its PCS service as early as 1999.

<TABLE>

Results of Operations

The following table sets forth selected Statement of Operations data as a percentage of total revenues for the periods indicated:

<CAPTION>

	Quarter Ended March 31,	Percentage Change 1997

	1996	1997	vs. 1996
<S>	<C>	<C>	<C>
Statement of Operations Data:			
Revenues			
Telecommunication services	100.0%	74.2%	3.3%
Cable services..................	---	25.8%	---
Total revenues.....................	100.0%	100.0%	39.2%
Cost of sales and services......	56.1%	51.4%	27.5%
Selling, general and administrative expenses......	28.5%	30.8%	50.5%
Depreciation and amortization.................	5.0%	11.6%	224.3%
Operating income...................	10.4%	6.2%	(16.6%)
Net earnings (loss) before income taxes..........................	9.7%	(1.2%)	---
Net earnings (loss)	5.6%	(1.0%)	---
Other Financial Data:			
Cable operating income (1).........	---	18.5%	---
Cable EBITDA (1) (2)..............	---	46.1%	---
Consolidated EBITDA (2)............	15.4%	18.3%	66.0%

<FN>
(1) Computed as a percentage of total cable services revenues.
(2) Computed before deducting management fees.
</FN>
</TABLE>

Quarter Ended March 31, 1997 ("1997") Compared to Quarter Ended March 31, 1996 ("1996").

Revenues

Total revenues increased 39.2% from $38.0 million in 1996 to $52.9 million in 1997. Long distance transmission revenues from commercial, residential, governmental, and other common carrier customers increased 6.5% from $34.1 million in 1996 to $36.3 million in 1997. This increase in revenues resulted in part from a 12% increase in minutes of interstate traffic carried, which traffic totaled 149.3 million minutes and a 9.4% increase in intrastate traffic, which traffic totaled 31.5 million minutes during the quarter. The increases in traffic resulted from growth in the underlying economy, usage stimulation resulting from reductions in rates, an increase in the number of presubscribed lines assigned to the Company, and an expansion of the Company's service area resulting from turn-up of a number of new satellite earth station facilities located in rural Alaska. Revenue and minutes growth were also driven by an increase in services provided to other common carriers (principally MCI and Sprint), which other common carrier revenues increased from $10.7 million in 1996 to $13.4 million in 1997. System sales and network service revenues decreased 20.7% from $2.9 million in 1996 to $2.3 million in 1997, principally due to the temporary increase in the level of activity in the prior year related to the provision of services under a new outsourcing contract with National Bank of Alaska. Private line and private network transmission revenues increased 5.9% from $3.4 million in 1996 to $3.6 million in 1997. The Company reported three months of cable services revenues in 1997 following its acquisition of the Cable Systems effective October 31, 1996. The Company estimates that its facilities pass approximately 162,700 homes in Alaska and that it has 104,423 basic subscribers as of March 31, 1997. There was little change in the number of subscribers, the rates charged those subscribers, and the number of homes passed by the Cable Systems during the three-month period ended March 31, 1997.

The increases in telecommunication services revenues were offset in part by a 6.0% reduction in the Company's average rate per minute on long distance traffic from $.184 per minute in 1996 to $.173 per minute in 1997. The decrease in the average rate per minute resulted from the Company's promotion of and customer's widespread acceptance of new calling plans offering discounted rates and length of service rebates.

Cost of Sales and Services

Cost of sales and services totaled $21.3 million in 1996 and $27.2 million in 1997. $3.2 million of this increase resulted from cable services programming and copyright charges incurred during the first quarter of 1997. Long distance transmission services costs increased from $19.2 million in 1996 to $21.7 million in 1997. The increase in transmissions costs was approximately proportional to the increase in the number of minutes carried in the first quarter of 1997

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 50.9% from $10.8 million in 1996 to $16.3 million in 1997, and, as a percentage of revenues, increased from 28.5% in 1996 to 30.7% in 1997. Selling, general and administrative expenses increased as a result of increased sales and customer service volumes, and was offset by a reduction in sales, advertising and telemarketing costs which totaled $3.1 million in 1996 as compared to $2.9 million in 1997. Bad debt expense totaling $523,000 for 1997 compared to $397,000 in 1996 (directly associated with increased revenues). Selling, general and administrative expenses also increased in 1997 due to increased personnel and other costs totaling $1.1 million in sales, engineering, operations, accounting, human resources, legal and regulatory, and management information services. Such costs were associated with the development and introduction, or planned introduction, of new products and services including local services, PCS services, and Internet services. Cable services selling, general and administrative

costs totaled $4.4 million during the quarter ended March 31, 1997.

Depreciation and Amortization

Depreciation and amortization expense increased $4.2 million from $1.9 million in 1996 to $6.1 million in 1997. Of this increase, $3.5 million resulted from the Company's acquisition of the Cable Systems effective October 31, 1996 with the balance of the increase attributable to the Company's $38 million investment in facilities during 1996.

Interest Expense, Net

Interest expense, net of interest income, increased from $260,000 in 1996 to $3.9 million in 1997. This increase resulted primarily from increases in the Company's average outstanding indebtedness resulting primarily from its acquisition of the Cable Systems and investment in new facilities during 1996, offset in part by increases in the amount of interest capitalized during 1997.

Income Tax Expense

Income tax expense decreased from $1.6 million in 1996 to a benefit of $132,000 in 1997 due to the Company incurring a net loss before income taxes in 1997 as compared to net earnings in 1996. The Company's effective income tax rate decreased from 42.0% in 1996 to 20.1% in 1997 due to the net loss and the proportional amount of items that are nondeductible for tax purposes.

As a result of its acquisition of the Cable Systems described further below, the Company acquired net operating loss carryforwards for income tax purposes totaling $58.5 million which begin to expire in 2004 if not utilized. The Company's utilization of these carryforwards is subject to certain limitations pursuant to section 382 of the Internal Revenue Code. A valuation allowance of $8.1 million was established to offset the deferred tax assets related to these carryforwards due to uncertainty regarding realizability. The amount of deferred tax asset considered realizable, however, could be reduced if estimates of future taxable income during the carryforward periods are reduced.

Liquidity and Capital Resources

The Company reported cash flows from operating activities in 1997 of $1.8 million net of changes in the components of working capital. Additional sources of cash in 1997 included long-term borrowings of $10 million. The Company issued subordinated notes in 1996 totaling $10 million as a portion of the consideration for the acquisition of the Cable Systems. The notes were converted in accordance with their terms into approximately 1.5 million shares of the Company's Class A Common Stock in January 1997.

The Company's expenditures for property and equipment, including construction in progress, totaled $9.5 million and $7.0 million during 1997 and 1996, respectively. The Company's capital expenditures plan for 1997 includes approximately $65 to $70 million in capital necessary to pursue its business plans, to maintain the network and to enhance transmission capacity to meet projected traffic demands. Planned capital expenditures over the next five years include $245 million to $265 million for long-distance network expansion, $140 million to $160 million for facilities and equipment necessary to commence providing local exchange and PCS services, and $65 million to $85 million for upgrades to the Cable Systems. Sources of funds for these planned capital expenditures will likely include internally generated cash flows, borrowings under the Company's credit facilities, and additional debt and equity offerings. Sufficient additional financing has not been arranged as of May 14, 1997 for total planned capital expenditures. To the extent that the necessary financing is not obtained, certain of the Company's capital expenditures will be postponed until such financing is obtained.

Other uses of cash during 1997 included repayment of $10.4 million of long-term borrowings and capital lease obligations and issuance of $337,000 of notes receivables.

Net receivables increased $5.0 million from March 31, 1996 to March 31, 1997 resulting from: (1) increased message telephone service revenues in 1997 as compared to 1996; (2) increased amounts due from other common carriers attributed to growth in their traffic carried by the Company; (3) increased private line sales activity in 1997 as compared to 1996; and (4) increases in receivables resulting from the cable company acquisitions.

The Company reported a working capital deficit of $27.3 million as of March 31, 1997 as compared to a working capital deficit of $22.8 million at December 31, 1996. As disclosed in Note 3 to the accompanying Interim Condensed Consolidated Financial Statements, during April 1997 the Company extended the maturity of its telephony senior credit facility from April 1997 to July 1997. Since the entire facility matures within the twelve-month period ending March 31, 1998, the outstanding balance as of March 31, 1997 was included in current maturities of long-term debt. Except for the classification of the Company's senior indebtedness as current, working capital at March 31, 1997 totaled $4.6 million, a $4.6 million decrease from working capital similarly recomputed at December 31, 1996. The Company expects to further extend or refinance its senior credit facility prior to its due date.

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 payable upon expected delivery of the transponders in 1998 is 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 remaining balance payable on delivery to exceed $41 million.

Alaska Economy

The Company offers telecommunication and video services to 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, 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 unrestricted state government 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 2.0 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 1997. The volume of oil transported by that pipeline is expected to decrease to 1.0 million barrels per day in less than ten years, based upon present developed oil fields using the pipeline for transport.

The two largest producers of oil in Alaska independently resolved in 1996 to pursue exploration, development and production activities within Alaska. Both producers have invested large sums of money in oil recovery technology and development to enhance oil recovery in marginal oil fields. Effective March 1997 the State of Alaska passed new legislation relaxing state oil royalties on marginal oil fields to facilitate development of such marginal oil fields. No assurance can be given that oil companies will be successful in discovering new oil fields, further developing existing oil fields, or increasing yields in marginal oil fields. If the oil companies are not successful, continued decline in oil production is likely in the future. This decline would adversely affect the state and demand for telecommunications and cable television services.

Seasonality

Long distance revenues have historically been highest in the summer months as a result of temporary population increases attributable to tourism and increased seasonal economic activity such as construction, commercial fishing, and oil and gas activities. Cable television revenues, on the other hand, are higher in the winter months because consumers tend to watch more television, and spend more time at home, during these months. The Company's ability to implement construction projects is also reduced during the winter months because of cold temperatures, snow and short daylight hours.

Inflation

The Company does not believe that inflation has a significant effect on its operations.

Accounting Pronouncement

Financial Accounting Standards No. 128, Earnings Per Share, supersedes APB Opinion No. 15, Earnings Per Share, and specifies the computation, presentation, and disclosure requirements for earnings per share ("EPS") for entities with publicly held common stock or common stock equivalents. The statement replaces Primary EPS and Fully Diluted EPS with Basic EPS and Diluted EPS, respectively. Basic EPS, unlike Primary EPS, excludes all dilution while Diluted EPS, like Fully Diluted EPS, reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity.

Due to an immaterial difference between Primary and Fully Diluted EPS, the Company has historically only presented a single EPS. The Company in the future will present both Basic and Diluted EPS for income (loss) from continuing operations and net income (loss). The statement is effective for financial statements for both interim and annual periods ending after December 15, 1997. After adoption, all prior period EPS data will be restated. The adoption of the new statement will have minimal effect on the Company's EPS.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

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

ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits:
   Exhibit 10.1 - First Amendment to Third Amended and Restated Credit Agreement entered into among GCI Communication Corp., NationsBank of Texas, N.A., Toronto Dominion (Texas), Inc., Credit Lyonnais New York Branch, and National Bank of Alaska.
   Exhibit 27 - Financial Data Schedule

(b) Reports on Form 8-K filed during the quarter ended March 31, 1997 - None

SIGNATURES

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

GENERAL COMMUNICATION, INC.

May 14, 1997 (Date)	By:	/s/ Ronald A. Duncan Ronald A. Duncan, President and Director (Principal Executive Officer)
May 14, 1997 (Date)	By:	/s/ John M. Lowber John M. Lowber, Senior Vice President and Chief Financial Officer (Principal Financial Officer)
May 14, 1997 (Date)	By:	/s/ Alfred J. Walker Alfred J. Walker, Vice President and Chief Accounting Officer

(Principal Accounting
Officer)

FIRST AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

THIS FIRST AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment") is dated as of the 25th day of April, 1997, and entered into among GCI Communication Corp., an Alaskan corporation (herein, together with its successors and assigns, called the "Company"), the Lenders (as defined in the Credit Agreement as defined below), NATIONSBANK OF TEXAS, N.A., a national banking association, as Administrative Agent for itself and the Lenders (the "Administrative Agent").

WITNESSETH:

WHEREAS, the Company, the Lenders and the Administrative Agent entered into a Third Amended and Restated Credit Agreement, dated October 31, 1996 (as amended, restated or otherwise modified from time to time, the "Credit Agreement");

WHEREAS, the Company has requested that the Credit Agreement be amended to provide for an extension and certain other changes;

WHEREAS, the Lenders, the Administrative Agent and the Company have agreed to modify the Credit Agreement upon the terms and conditions set forth below;

NOW, THEREFORE, for valuable consideration hereby acknowledged, the Company, the Lenders and the Administrative Agent agree as follows:

SECTION 1. Definitions.

(a) In General. Unless specifically defined or redefined below, capitalized terms used herein shall have the meanings ascribed thereto in the Credit Agreement.

(b) Definition of Applicable Margin. The definition of "Applicable Margin" on pages 2 and 3 of the Credit Agreement is hereby amended and restated in its entirety as follows:

> "Applicable Margin" means (i) with respect to the Base Rate Advances under the Facility, 1.625% per annum and (ii) with respect to LIBOR Advances, 2.750% per annum. Notwithstanding the foregoing, effective three Business Days after receipt by the Administrative Agent from the Company of a Compliance Certificate delivered to the Lenders for any reason and demonstrating a change in the Leverage Ratio to an amount so that another Applicable Margin should be applied pursuant to the table set forth below, the Applicable Margin for each type of Advance shall mean the respective amount set forth below opposite such relevant Leverage Ratio in Columns A and B below, in each case until the first succeeding Quarterly Date which is at least three Business Days after receipt by the Administrative Agent from the Company of a Compliance Certificate, demonstrating a change in the Leverage Ratio to an amount so that another Applicable Margin shall be applied; provided that, if there exists a Default or Event of Default or if the Leverage Ratio shall at any time exceed or equal 3.50 to 1.00, the Applicable Margin shall again be the respective amounts first set forth in this definition; provided further, that the Applicable Margin in effect on the Closing Date shall be determined pursuant to a Compliance

> Certificate delivered on the Closing Date, provided, further, that if the Company fails to deliver any financial statements to the Administrative Agent within the required time periods set forth in Sections 6.05(a) and Section 6.05(b) hereof, the Applicable Margin shall again be the respective amounts first set forth in this definition until the date which is three Business Days after the Administrative Agent receives financial statements from the Company which demonstrate that another Applicable Margin should be applied pursuant to the table set forth below; and provided further, that the Applicable Margin shall never be a negative number.

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	Column A	Column B
Leverage Ratio	Base Rate	LIBOR
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Greater than or equal to 3.50 to 1.00	1.625%	2.750%
Greater than or equal to 3.00 to 1.00 but less than 3.50 to 1.00	1.375%	2.500%

Greater than or equal to 2.50 to 1.00 but less than 3.00 to 1.00	1.125%	2.250%
Greater than or equal to 2.00 to 1.00 but less than 2.50 to 1.00	0.875%	2.000%
Less than 2.00 to 1.00	0.625%	1.750%

</TABLE>

(c) Definition of Leverage Ratio. The definition of "Leverage Ratio" on page 12 of the Credit Agreement is hereby amended and restated in its entirety as follows:

> "Leverage Ratio" means as of any date of determination, the ratio of (a) Total Debt of the Parent, the Company and the Restricted Subsidiaries on such date of determination to (b) Annualized Operating Cash Flow, all calculated for the Parent, the Company and the Restricted Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, provided that, initial losses from the Local Telephone Business in an aggregate amount not to exceed $2,500,000 for the period from January 1, 1997 through and including July 24, 1997 may be excluded from the calculation of Operating Cash Flow for the purposes of determining the Leverage Ratio.

(d) Definition of Local Telephone Business. The definition of "Local Telephone Business" shall be added on page 13 of the Credit Agreement in alphabetical order as follows:

> "Local Telephone Business" means the local telephone business of the Company in Anchorage, Alaska and the surrounding areas, for which the Company received its authority to operate from the Alaskan Public Utilities Commission on February 4, 1997.

(e) Definition of Maturity Date. The definition of "Maturity Date" on page 14 of the Credit Agreement is hereby amended and restated in its entirety as follows:

> "Maturity Date" means July 24, 1997, or such earlier date all of the Obligations become due and payable (whether by acceleration, prepayment in full, scheduled reduction or otherwise).

SECTION 2. Section 7.01(a). Section 7.01(a) on page 47 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

> (a) Leverage Ratio. At all times during the term hereof, the Leverage Ratio shall not be greater than (i) 3.00 to 1.00 for the period from the Closing Date through and including December 31, 1996, and (ii) 3.75 to 1.00 for the period from January 1, 1997 and thereafter.

SECTION 3. Conditions Precedent. This First Amendment shall not be effective until the Administrative Agent shall have determined in its sole discretion that all proceedings of the Company taken in connection with this First Amendment and the transactions contemplated hereby shall be satisfactory in form and substance to the Administrative Agent:

> (a) a loan certificate of the Company certifying (i) as to the accuracy of its representations and warranties set forth in Article V of the Credit Agreement, as amended by this First Amendment and the other Loan Papers, (ii) that there exists no Default or Event of Default, and the execution, delivery and performance of this First Amendment will not cause a Default or Event of Default, (iii) as to resolutions authorizing the Company to execute, deliver and perform this First Amendment and all Loan Papers and other documents and instruments delivered or executed in connection with this First Amendment, and (iv) that it has complied with all agreements and conditions to be complied with by it under the Credit Agreement, the other Loan Papers and this First Amendment by the date hereof;
>
> (b) an opinion of counsel of Company acceptable to the Administrative Agent with respect to this First Amendment and all other Loan Papers executed in connection herewith, including, without limitation, an opinion with respect to the validity and enforceability of the Loan Papers before and after giving effect to this First Amendment (including with respect to all security interests and liens securing the extended Obligations);
>
> (c) new Notes for each Lender; and

(d) such other documents, instruments, and certificates, in form and substance satisfactory to the Administrative Agent, as the Administrative Agent shall deem necessary or appropriate in connection with this First Amendment and the transactions contemplated hereby.

SECTION 4. Representations and Warranties. The Company represents and warrants to the Lenders and the Administrative Agent that (a) this First Amendment constitutes its legal, valid, and binding obligation, enforceable in accordance with the terms hereof (subject as to enforcement of remedies to any applicable bankruptcy, reorganization, moratorium, or other laws or principles of equity affecting the enforcement of creditors' rights generally), (b) there exists no Default or Event

of Default under the Credit Agreement, (c) its representations and warranties set forth in the Credit Agreement and other Loan Papers are true and correct on the date hereof, (d) it has complied with all agreements and conditions to be complied with by it under the Credit Agreement and the other Loan Papers by the date hereof, and (e) the Credit Agreement, as amended hereby, and the other Loan Papers remain in full force and effect.

SECTION 5. Entire Agreement; Ratification. THE CREDIT AGREEMENT AND THE LOAN PAPERS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENT OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES. EXCEPT AS MODIFIED OR SUPPLEMENTED HEREBY, THE CREDIT AGREEMENT, THE OTHER LOAN PAPERS AND ALL OTHER DOCUMENTS AND AGREEMENTS EXECUTED IN CONNECTION THEREWITH SHALL CONTINUE IN FULL FORCE AND EFFECT.

SECTION 6. Counterparts. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument. In making proof hereof, it shall not be necessary to produce or account for any counterpart other than one signed by the party against which enforcement is sought.

SECTION 7. GOVERNING LAWSECTION 7. GOVERNING LAW. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF TEXAS, BUT GIVING EFFECT TO FEDERAL LAWS.

SECTION 8. CONSENT TO JURISDICTIONSECTION 8. CONSENT TO JURISDICTION. THE COMPANY HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR TEXAS STATE COURT SITTING IN DALLAS IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN PAPERS AND THE COMPANY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE ADMINISTRATIVE AGENT OR ANY LENDER TO BRING PROCEEDINGS AGAINST THE COMPANY IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY THE COMPANY AGAINST THE ADMINISTRATIVE AGENT OR ANY LENDER OR ANY AFFILIATE OF THE ADMINISTRATIVE AGENT OR ANY LENDER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN PAPER SHALL BE BROUGHT ONLY IN A COURT IN DALLAS, TEXAS.

SECTION 9. WAIVER OF JURY TRIALSECTION 9. WAIVER OF JURY TRIAL. THE COMPANY, THE ADMINISTRATIVE AGENT AND EACH LENDER HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN PAPER OR THE RELATIONSHIP ESTABLISHED THEREUNDER.

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IN WITNESS WHEREOF, this First Amendment to Third Amended and Restated Credit Agreement is executed as of the date first set forth above.

GCI COMMUNICATION CORP.

/s/
By: John M. Lowber

Its: Chief Financial Officer

NATIONSBANK OF TEXAS, N.A.,
Individually and as Administrative
Agent

/s/
By: Whitney L. Busse
Its: Vice President

TORONTO DOMINION (TEXAS), INC.,
Individually as a Lender

/s/
By: Darlene Riedeo
Its: Vice President

CREDIT LYONNAIS NEW YORK BRANCH

/s/
By: Mark D. Thorshein
Its: Vice President

NATIONAL BANK OF ALASKA

/s/
By: Patricia Jelley Benz
Its: Vice President

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE INTERIM CONSOLIDATED STATEMENT OF INCOME FOR THE THREE MONTHS ENDED MARCH 31, 1997 AND THE CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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