As filed with the Securities and Exchange Commission on August 14, 1997.

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 June 30, 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 August 1, 1997 was:
45,268,680 shares of Class A common stock; and
4,067,253 shares of Class B common stock.

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GENERAL COMMUNICATION, INC.

FORM 10-Q

FOR THE QUARTER ENDED JUNE 30, 1997

<TABLE>
<CAPTION>

</TABLE>

<TABLE>

PART I. FINANCIAL INFORMATION
ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

<CAPTION>

ASSETS	(Unaudited) June 30, 1997	December 31, 1996
	(Amounts in thousands)	
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	$ 7,225	13,349
Receivables, net of allowance for doubtful receivables of $905 and $597	32,074	28,768
Prepaid and other current assets	2,723	2,236
Deferred income taxes, net	1,047	835
Inventories	3,237	1,589
Notes receivable	588	325
Total current assets	46,894	47,102
Property and equipment in service, net	133,877	115,981
Construction in progress	15,864	20,770
Net property and equipment	149,741	136,751
Other assets:		
Deferred loan costs, net	689	900
Notes receivable	1,297	1,016
Transponder deposit	9,100	9,100
Other assets, at cost, net	2,113	1,546
Intangible assets, net	247,575	250,920
Total other assets	260,774	263,482
Total assets	$ 457,409	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) June 30, 1997	December 31, 1996
	(Amounts in thousands)	

<S> <C> <C>

Current liabilities:		
Current maturities of long-term debt	$ 1,824	31,969
Current maturities of obligations under capital leases	3	71
Accounts payable	24,937	23,677
Accrued payroll and payroll related obligations	3,039	3,830
Accrued liabilities	5,192	4,173
Accrued interest	2,240	2,708
Subscriber deposits and deferred revenues	3,542	3,449
Total current liabilities	40,777	69,877
Long-term debt, excluding current maturities	219,063	191,273
Obligations under capital leases due to related parties, excluding current maturities	636	675
Deferred income taxes, net	36,389	33,720
Other liabilities	2,125	2,236
Total liabilities	298,990	297,781
Stockholders' equity:		
Common stock (no par):		
Class A. Authorized 50,000,000 shares; issued and outstanding 38,167,109 and 36,586,973 shares at June 30, 1997 and December 31, 1996, respectively	123,513	113,421
Class B. Authorized 10,000,000 shares; issued and outstanding 4,068,934 and 4,074,028 shares at June 30, 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 June 30, 1997 and December 31, 1996, respectively	(1,039)	(1,010)
Paid-in capital	4,388	4,229
Retained earnings	28,125	29,482
Total stockholders' equity	158,419	149,554
Commitments and contingencies (note 5)		
Total liabilities and stockholders' equity	$ 457,409	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 June 30, 1997	1996	(Unaudited) Six Months Ended June 30, 1997	1996
	(Amounts in thousands expect per share amounts)			
<S>	<C>	<C>	<C>	<C>
Revenues:				
Telecommunication services	$ 42,131	39,199	81,356	77,169
Cable services	14,055	---	27,711	---
Total revenues	56,186	39,199	109,067	77,169
Cost of sales and services	29,778	22,474	56,946	43,776
Selling, general and administrative expenses	18,014	10,837	34,315	21,670
Depreciation and amortization	5,608	1,918	11,728	3,805
Operating income	2,786	3,970	6,078	7,918
Interest expense, net	4,228	368	8,177	628
Net earnings (loss) before income taxes	(1,442)	3,602	(2,099)	7,290
Income tax expense (benefit)	(610)	1,452	(742)	3,002
Net earnings (loss)	$ (832)	2,150	(1,357)	4,288
Net earnings (loss) per common share	$ (0.02)	0.09	(0.03)	0.17

	=======	======	=======	======
Weighted average number of shares of common stock and common stock equivalents outstanding	43,474	25,134	43,418	25,025
	=======	======	=======	======

</TABLE>

See accompanying notes to interim condensed consolidated financial statements.

<TABLE>

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
SIX MONTHS ENDED JUNE 30, 1997 AND 1996

<CAPTION>

(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	---	---	---	---	---	---	4,288
Tax effect of excess stock compensation expense for tax purposes over amounts recognized for financial reporting purposes	---	---	---	---	---	85	---
Class B shares converted to Class A	16	(16)					
Shares issued under stock option plan	72	---	103	---	---	---	---
Shares issued and issuable under officer stock option agreements	---	---	---	---	---	1	---
Balances at June 30, 1996	19,768	4,160	$ 14,015	3,432	(389)	4,127	26,308
Balances at December 31, 1996	36,587	4,074	113,421	3,432	(1,010)	4,229	29,482
Net loss	---	---	---	---	---	---	(1,357)
Tax effect of excess stock compensation expense for tax purposes over amounts recognized for financial reporting purposes	---	---	---	---	---	159	---
Class B shares converted to Class A	5	(5)	---	---	---	---	---
Shares issued upon conversion of convertible note (notes 2 and 4)	1,538	---	9,983	---	---	---	---
Shares purchased and held in Treasury	---	---	---	---	(29)	---	---
Shares issued under stock option plan	37	---	109	---	---	---	---
Balances at June 30, 1997	38,167	4,069	$123,513	3,432	(1,039)	4,388	28,125

</TABLE>

See accompanying notes to interim condensed consolidated financial statements.

<TABLE>

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

<CAPTION>

	(Unaudited) Six Months Ended June 30, 1997	1996
	(Amounts in thousands)	
<S>	<C>	<C>

Cash flows from operating activities:		
Net earnings (loss)	$ (1,357)	4,288
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Depreciation and amortization	11,728	3,805
Deferred income tax expense	2,457	838
Deferred compensation and compensatory stock options	(111)	189
Bad debt expense, net of write-offs	308	16
Other noncash income and expense items	168	(25)
Change in operating assets and liabilities (note 2)	(4,636)	(6,214)
Net cash provided by operating activities	8,557	2,897
Cash flows from investing activities:		
Purchases of property and equipment	(21,100)	(16,734)
Refunds of long-term deposits and purchases of other assets	(655)	(924)
Payment of transponder deposit	---	(7,800)
Notes receivable issued	(549)	(290)
Payments received on notes receivable	5	6
Net cash used in investing activities	(22,299)	(25,742)
Cash flows from financing activities:		
Long-term borrowings	20,000	21,100
Repayments of long-term borrowings and capital lease obligations	(12,462)	(984)
Proceeds from common stock issuance	109	103
Purchase of treasury stock	(29)	---
Net cash provided by financing activities	7,618	20,219
Net decrease in cash and cash equivalents	(6,124)	(2,626)
Cash and cash equivalents at beginning of period	13,349	4,017
Cash and cash equivalents at end of period	$ 7,225	1,391

</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 June 30, 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.

Reclassifications have been made to the 1996 financial statements to make them comparable with the 1997 presentation.

(2) Consolidated Statements of Cash Flows Supplemental Disclosures
<TABLE>

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

Six-month periods ended June 30,	(Unaudited) 1997	1996
	(Amounts in thousands)	
<S>	<C>	<C>
Increase in trade and other receivables	$ (1,478)	(4,074)
Increase in income tax receivable	(2,136)	(728)
Increase in prepaid and other current assets	(487)	(728)
(Increase) decrease in inventory	(1,648)	39
Increase (decrease in accounts payable	1,260	(547)
Increase in accrued liabilities	1,019	274
Increase (decrease) in accrued payroll and payroll related obligations	(791)	302
Increase in accrued income taxes	---	(547)
Increase (decrease) in accrued interest	(468)	77
Increase (decrease) in deferred revenues	93	(282)
	$ (4,636)	(6,214)

</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 $3,440,500 during the six-month periods ended June 30, 1997 and 1996, respectively.

Interest paid totaled $9,649,000 million and $874,000 during the six-month periods ended June 30, 1997 and 1996, respectively.

The Company recorded $159,000 and $85,000 during the six months ended June 30, 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 matured in July 1997 and was repaid at maturity from proceeds from the Company's public stock and debt offerings and a new credit facility. See Note (6).

(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, results of operations or liquidity of the Company.

Cable Service Rate Deregulation

Beginning in April 1993, the Federal Communications Commission ("FCC") adopted regulations implementing the Cable Television Consumer Protection and Competition 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 June 30, 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 June 30, 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, the Telecommunications Act of 1996 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.

(6) Subsequent Events

Undersea Fiber Optic Cable Contract Commitment

The Company signed a contract in July, 1997 for the construction of a $115 million fiber optic cable connecting the cities of Anchorage, Juneau and Seattle via a subsea route. Subsea and terrestrial connections will extend the fiber optic cable to Fairbanks via Whittier and Valdez. Construction efforts will begin during the late summer of 1998 with commercial services expected to commence in December 1998. Pursuant to the contract, the Company paid $8.2 million August 1, 1997 and will pay the remaining balance in installments through December 1998 based on completion of certain key milestones. Approximately $50 million of proceeds from the public offerings described below will be contributed to Alaska United Fiber System Partnership, a wholly owned partnership recently created to construct and deploy the fiber optic cable. Additional committed bank debt will fund the remaining cost of construction and deployment.

Public Offerings and Debt Refinancing

General Communication, Inc. issued 7,000,000 shares of its class A common stock on August 1, 1997 for $7.25 per share, before deducting underwriting discounts and commissions. Net proceeds to General Communication, Inc. totaled $47,959,100.

Concurrently with the stock offering, $180,000,000 of 9.75% senior notes due 2007 were issued by GCI, Inc., a newly created wholly owned subsidiary of General Communication, Inc. Net proceeds to GCI, Inc. after deducting underwriting discounts and commissions totaled $174,600,000.

The Company, through its subsidiary GCI Holdings, Inc. ("Holdings", a newly created wholly owned subsidiary of GCI, Inc.) entered into a new $250,000,000 credit facility effective August 1, 1997 that matures on June 30, 2005 and bears interest at either Libor plus 0.75% to 2.5%, depending on the leverage ratio of Holdings and its restricted subsidiaries, or at the greater of the prime rate or the federal funds effective rate (as defined) plus 0.05%, in each case plus an additional 0.0% to 1.375%, depending on the leverage ratio of Holdings and its restricted subsidiaries. $57,700,000 was borrowed under the credit agreement on August 1, 1997.

Net proceeds of the stock and senior note offerings and an initial draw on the new credit facility were used to reduce borrowings outstanding under the Company's credit facilities in place as of June 30, 1997 and to provide initial funding for construction of the undersea fiber optic cable described above. The Company expects to borrow funds under its new credit facility in the future to fund capital expenditures and for other general corporate purposes.

<TABLE>

(7) Supplemental financial information

(Amounts in thousands)

<CAPTION>

(Unaudited)

Six-month periods ended June 30,	1997				1996
	Long-Distance	Cable	Local	Combined	Long-Distance
<S>	<C>	<C>	<C>	<C>	<C>
Revenues:					
Telecommunication revenues	$ 81,356	---	---	81,356	77,169
Cable revenues	---	27,711	---	27,711	---
Total revenues	81,356	27,711	---	109,067	77,169
Cost of sales and services:					
Distribution costs and costs of services	50,379	---	236	50,615	43,776
Programming and copyright costs	---	6,331	---	6,331	---
Total cost of sales and services	50,379	6,331	236	56,946	43,776
Selling, general and administrative expenses:					
Operating and engineering	5,430	---	---	5,430	5,445
Cable television, including management fees of $545	---	9,286	---	9,286	---
Sales and communications	6,580	---	229	6,809	5,848
General and administrative	9,969	---	779	10,748	8,670
Legal and regulatory	696	---	204	900	850
Bad debts	936	206	---	1,142	857
Total selling, general and administrative expenses	23,611	9,492	1,212	34,315	21,670
Depreciation and amortization	4,918	6,810	---	11,728	3,805

Operating income (loss)	$ 2,448	5,078	(1,448)	6,078	7,918

</TABLE>

PART I.
ITEM 2.

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

The following discussion and analysis should be read in conjunction with the Company's Interim Condensed Consolidated Financial Statements and the notes thereto. As used herein, EBITDA consists of earnings before interest (net), income taxes, depreciation, amortization and other income (expense). EBITDA is a measure commonly used in the telecommunications and cable television industries to analyze companies on the basis of operating performance. It is not a measure of financial performance under generally accepted accounting principles and should not be considered as an alternative to net income as a measure of performance nor as an alternative to cash flow as a measure of liquidity.

OVERVIEW

The Company has historically reported revenues principally from the provision of interstate and intrastate long distance telecommunications services to residential, commercial and governmental customers and to other common carriers (principally MCI Telecommunications, Inc. ("MCI") and U.S. Sprint ("Sprint")). These services accounted for approximately 93.5% of the Company's telecommunications services revenues during the first six months of 1997. The balance of telecommunications services 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 telecommunications services revenues include the rate per minute charged to customers and usage volumes, usually expressed as minutes of use. These factors in turn depend in part 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.

The Company's telecommunications cost of sales and services has consisted principally of the direct costs of providing services, including local access charges paid to local exchange carriers ("LECs") 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 six months of 1997, local access charges accounted for 45.6% of telecommunications cost of sales and services, fees paid to other long distance carriers represented 37.0%, satellite transponder lease and undersea fiber maintenance costs represented 8.4%, and telecommunications equipment accounted for 3.4% of telecommunications cost of sales and services.

The Company's telecommunications selling, general, and administrative expenses have consisted of operating and engineering, service, sales and marketing, management information systems, general and administrative, 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 telecommunications selling, general, and administrative expenses, 27.9% during the six

months ended June 30, 1997, represents the cost of the Company's advertising, promotion and market analysis programs.

Following the cable system acquisitions effective October 31, 1996, the Company now reports a significant level of revenues and EBITDA from the provision of cable services. During the first six months of 1997, cable revenues and EBITDA represented 25.4% and 66.8%, respectively, of consolidated revenues and EBITDA. The cable systems serve 21 communities and areas in Alaska, including the state's three largest population centers, Anchorage, Fairbanks and Juneau.

The Company generates cable services revenues from three primary sources: (1) programming services, including monthly basic or premium subscriptions and pay-per-view movies or other one-time events, such as sporting events; (2) equipment rentals or installation; and (3) advertising sales. During the six months ended June 30, 1997 programming services generated 85.9% of total cable services revenues, equipment rental and installation fees accounted for 8.0% of such revenues, advertising sales accounted for 3.7% of such revenues, and other services accounted for the remaining 2.4% of total cable services revenues. The primary factors that contribute to year-to-year changes in cable services revenues are average monthly subscription and pay-per-view rates, the mix among basic, premium and pay-per-view services, and the average number of subscribers during a given reporting period.

The cable systems' operating, selling, general and administrative expenses have consisted principally of programming and copyright expenses, labor, maintenance and repairs, marketing and advertising, rental expense, property taxes and depreciation and amortization. In the first six months of 1997 programming and copyright expenses represented approximately 27.8% of total cable operating expenses. Marketing and advertising costs represented approximately 1.8% of such total expenses and depreciation and amortization represented 30.1% of such expenses. The Company anticipates that depreciation and amortization and interest expense on a consolidated basis will be substantially higher in 1997 as compared to 1996 resulting primarily from the cable company acquisitions. As a result, the Company anticipates recording a net loss in 1997.

The Company expects to commence offering local exchange services initially in Anchorage during the second half of 1997, and expects that local exchange services will represent less than 2.0% of revenues in 1997 and less than 8.0% of revenues in 1998. The Company expects that it will generate moderately negative EBITDA from local exchange services during this time period.

In 1995 the Company began developing plans for PCS wireless communications service deployment and is currently evaluating various technologies for a proposed PCS network. The Company expects to launch PCS service in Anchorage as early as 1999.

<TABLE>

RESULTS OF OPERATIONS

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

	Six Months Ended June 30, 1996	Six Months Ended June 30, 1997	Three Months Ended June 30, 1996	Three Months Ended June 30, 1997	Percentage Change Six Months 1997 vs. Six Months 1996	Percentage Change Three Months 1997 vs. Three Months 1996
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Statement of Operations Data:						
Revenues						
Telecommunications services	100.0%	74.6%	100.0%	75.0%	5.4%	7.5%
Cable services	0.0%	25.4%	0.0%	25.0%	---	---
Total revenues	100.0%	100.0%	100.0%	100.0%	41.3%	43.3%
Cost of sales and services	56.7%	52.2%	57.3%	53.0%	30.1%	32.5%
Selling, general and administrative expenses	28.1%	31.5%	27.6%	32.1%	58.4%	66.2%
Depreciation and amortization	4.9%	10.8%	4.9%	10.0%	208.2%	192.4%
Operating income	10.3%	5.6%	10.1%	5.0%	-23.2%	-29.8%
Net earnings (loss) before income taxes	9.4%	-1.9%	9.2%	-2.6%	-128.8%	-140.0%
Net earnings (loss)	5.6%	-1.2%	5.5%	-1.5%	-131.6%	-138.7%
Other Operating Data:						
Cable operating income (1)	0.0%	18.3%	0.0%	18.1%	NA	NA
Cable EBITDA (1)	0.0%	42.9%	0.0%	41.7%	NA	NA
Consolidated EBITDA	15.2%	16.3%	15.0%	14.9%	51.9%	42.6%

<FN>
- ---------------------------------------
(1) Computed as a percentage of total cable services revenues.
</FN>
</TABLE>

THREE MONTHS ENDED JUNE 30, 1997 ("1997") COMPARED TO THREE MONTHS ENDED JUNE 30, 1996 ("1996")

REVENUES. Total revenues increased 43.4% from $39.2 million in 1996 to $56.2 million in 1997. Long distance transmission revenues from commercial, residential, governmental, and other common carrier customers increased 9.2% from $36.0 in 1996 to $39.3 million in 1997. This increase in revenues resulted in part from a 8.4% increase in minutes of interstate and international traffic carried, which traffic totaled 153.0 million minutes during the quarter, and a 10.8% increase in minutes of intrastate traffic, which traffic totaled 33.9 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 the 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 16.5% from $12.1 million in 1996 to $14.1 million in

1997. Private line and private network transmission revenues increased 5.1% from $3.9 million in 1996 to $4.1 million in 1997. The Company reported six months of cable services revenues in 1997 following its

acquisition of the cable systems effective October 31, 1996. There was little change in the number of subscribers or the number of homes passed by the cable systems during the three-month period ended June 30, 1997. Anchorage area basic rates were increased approximately 4.4% in April 1997 to reduce margin compression resulting from increasing programming costs.

The increases in telecommunication services revenues were offset in part by a 2.7% reduction in the Company's average revenue per minute on long distance traffic from $0.183 per minute for the second quarter of 1996 to $0.178 per minute for the same period of 1997. The decrease in the average revenue per minute resulted from the Company's promotion of, and customers' acceptance of new calling plans offering discounted rates and length of service rebates, offset in part by an increase in calling card rates commencing May 1997.

COST OF SALES AND SERVICES. Cost of sales and services totaled $22.5 million in 1996 and $29.8 million in 1997. Of this increase, $3.2 million resulted from cable services programming and copyright charges incurred during 1997. Transmission access and distribution costs, which represent cost of sales for transmission services, increased 16.5% from $20.6 million in 1996 to $24.0 million in 1997 and amounted to approximately 57.1 percent and 60.9 percent of transmission revenues in 1996 and 1997, respectively. The increase in distribution costs as a percentage of transmission revenues results primarily from reduced average rate per minute billed to customers in 1997 as compared to 1996 without an offsetting reduction in the rate per minute billed to the Company for access and termination services. Additionally, 1996 costs were reduced by a refund received in the second quarter of 1996 totaling approximately $530,000 from the National Exchange Carriers Association in respect of earnings which exceeded regulatory requirements. 1996 transmission access and distribution costs excluding this refund were 58.6% of transmission services revenues. Changes in distribution costs as a percentage of revenues will also occur as the Company's traffic mix changes.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative expenses increased 66.7% from $10.8 million in 1996 to $18.0 million in 1997, and, as a percentage of total revenues, increased from 27.6% in 1996 to 32.1% in 1997. Selling, general and administrative expenses increased as a result of (1) increased sales, advertising and telemarketing costs which totaled $2.8 million in 1996 as compared to $3.9 million in 1997; (2) bad debt expense totaling $460,000 in 1996 compared to $619,000 in 1997 (directly associated with increased revenues); and (3) increased costs totaling $850,000 in 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 exchange services, PCS services, and Internet services. Cable services selling, general and administrative costs totaled $5.0 million in 1997.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization expense increased $3.7 million from $1.9 million in 1996 to $5.6 million in 1997. Of this increase, $3.3 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 $38.6 million investment in facilities during 1996 for which a full year of depreciation will be recorded during the year ending December 31, 1997.

INTEREST EXPENSE, NET. Interest expense, net of interest income, increased from $368,000 in 1996 to $4.2 million in 1997. This increase resulted primarily from increases in the Company's average outstanding indebtedness incurred in connection with 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 $1.5 million in 1996 to a benefit of $610,000 in 1997 due to the Company incurring a net loss before income taxes in 1997 as compared to net earnings in 1996.

SIX MONTHS ENDED JUNE 30, 1997 ("1997") COMPARED TO SIX MONTHS ENDED JUNE 30, 1996 ("1996")

REVENUES. Total revenues increased 41.3% from $77.2 million in 1996 as compared to $109.1 million in 1997. Long distance transmission revenues from commercial, residential, other common carriers and governmental customers increased 7.8% from $70.1 million in 1996 to $75.6 million in 1997. This increase reflected a 10.1% increase in interstate and international minutes of use to 302 million minutes and a 10.1% increase in intrastate minutes of use to 65.5 million minutes. Approximately $4.8 million of the long distance transmission revenue growth in 1997 was due to a 21.1% increase in revenues from other common carriers (principally MCI and Sprint), from $22.8 million in 1996 to $27.6 million in 1997. Revenue growth in 1997 was also due to (1) a 4.1% increase in private line and private network transmission services revenues, from $7.3

million in 1996 to $7.6 million in 1997; and (2) reporting six months' of cable services revenues in 1997 following the Company's acquisition of the cable systems effective October 31, 1996.

The above increases in revenues were offset in part by a 3.8% reduction in the Company's average revenue per minute on long distance traffic from $0.183 per minute in 1996 to $0.176 per minute in 1997. The decrease in revenues per minute resulted from the Company's promotion of and customers' enrollment in new calling plans offering discounted rates and length of service rebates. Systems sales and services revenues decreased 13.0% from $5.4 million in 1996 to $4.7 million in 1997, primarily due to fewer larger dollar equipment sales in 1997 as compared to 1996.

COST OF SALES AND SERVICES. Cost of sales and services was $43.8 million in 1996 and $56.9 million in 1997. As a percentage of total revenues, cost of sales and services decreased from 56.7% in 1996 to 52.2% in 1997. The decrease in cost of sales and services as a percentage of revenues during 1997 as compared to 1996 resulted primarily from the addition of cable television operations commencing October 31, 1996 which has proportionately lower cost of sales and services as a percentage of revenues than does telecommunication operations.

Transmission access and distribution costs increased 14.8% from $39.8 million in 1996 to $45.7 million in 1997 and amounted to approximately 56.7% and 60.4% of transmission revenues in 1996 and 1997, respectively. The increase in distribution costs as a percentage of transmission revenues results primarily from reduced average rate per minute billed to customers in 1997 as compared to 1996 without an offsetting reduction in the rate per minute billed to the Company for access and termination services. Additionally, 1996 costs were reduced by refunds received in the first and second quarters totaling approximately $960,000 from a local exchange carrier and the National Exchange Carriers Association in respect of earnings by them which exceeded regulatory requirements. 1996 transmission access and distribution costs excluding these refunds were 58.1% of transmission services revenues. Changes in distribution costs as a percentage of revenues will also occur as the Company's traffic mix changes. Increases in cost of products sold and network services cost of sales as a proportion of the associated revenues also contributed to the increase in 1997 costs as compared to 1996.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative expenses increased 58.1% from $21.7 million in 1996 to $34.3 million in 1997. As a percentage of total revenues, selling, general and administrative expenses increased from 28.1% in 1996 to 31.5% in 1997. Selling, general and administrative expenses increased as a result of increased sales and customer service

volumes, additional bad debt expense totaling $1.1 million in 1997 compared to $857,000 in 1996 (directly associated with increased revenues), and increased sales, advertising and telemarketing costs totaling $6.8 million in 1997 compared to $5.8 million in 1996, due to the introduction of new services, various marketing plans and other proprietary rate plans. Additionally, selling, general and administrative expenses increased in 1997 due to an increase of approximately $2.2 million in engineering, operations, accounting, human resources, legal and regulatory, and management information services expenses. Such costs were associated with the development and introduction, or planned introduction, of new products and services including local services, cable television services, rural message and data telephone services, PCS services, and Internet services. Cable services selling, general and administrative costs totaled $9.5 million in 1997.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization expense increased 207.9% from $3.8 million in 1996 to $11.7 million in 1997. This increase resulted primarily from the Company's acquisition of the cable systems effective October 31, 1996.

INTEREST EXPENSE, NET. Interest expense, net of interest income, increased from $628,000 in 1996 to $8.2 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 construction of new facilities in rural Alaska, offset in part by increases in the amount of interest capitalized during 1997.

INCOME TAX EXPENSE. Income tax expense decreased from $3.0 million in 1996 to a benefit of $742,000 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 41.2% in 1996 to 35.4% in 1997 due to the net loss and the proportional amount of items that are nondeductible for income tax purposes.

As a result of its acquisition of the cable systems, the Company acquired net operating loss carryforwards ("NOL carryforwards") for income tax purposes totaling $58.5 million which begin to expire in 2004 if not utilized. However, the Company's utilization of these NOL carryforwards is subject to certain limitations pursuant to Section 382 of the Internal Revenue Code. Because of the limitation on the NOL carryforwards, the Company established an $8.1 million valuation allowance to offset the gross amount of the deferred tax asset. The amount of the valuation allowance was based on an estimate of the amount of the NOL carryforwards that will not be utilized, and the effective income tax rate. The amount of deferred tax asset considered realizable, however, could be reduced if estimates of future taxable income during the carryforward periods

are reduced.
<TABLE>

SEASONALITY; FLUCTUATIONS IN QUARTERLY RESULTS OF OPERATIONS

The following chart provides selected unaudited statement of operations data from the Company's quarterly results of operations during 1996 and 1997:
<CAPTION>

	(Dollars in thousands, except per share amounts)				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
1996					
<S>	<C>	<C>	<C>	<C>	<C>
Revenues					
Telecommunications services	$ 37,969	39,199	38,664	39,587	155,419
Cable services	---	---	---	9,475	9,475
Total revenues	37,969	39,199	38,664	49,062	164,894
Operating income	3,947	3,970	4,017	4,475	16,409

</TABLE>

<TABLE>
<CAPTION>

	(Dollars in thousands, except per share amounts)				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
<S>	<C>	<C>	<C>	<C>	<C>
Net earnings (loss)	$ 2,137	2,150	2,140	1,035	7,462
Net earnings (loss) per share	$ 0.09	0.09	0.09	0.02	0.27
Cable EBITDA	$ ---	---	---	4,416	4,416
Consolidated EBITDA	$ 5,834	5,888	5,829	8,267	25,818
1997					
Revenues					
Telecommunications services	$ 39,225	42,131			
Cable services	13,656	14,055			
Total revenues	52,881	56,186			
Operating income	3,292	2,786			
Net earnings (loss)	$ (525)	(832)			
Net earnings (loss) per share	$ (0.01)	(0.02)			
Cable EBITDA	$ 6,025	5,863			
Consolidated EBITDA	$ 9,412	8,394			

</TABLE>

Total revenues in the quarter ended June 30, 1997 were $56.2 million, representing a 6.2% increase over total revenues in the first quarter of 1997 of $52.9 million. This increase in revenues resulted in part from (1) by a 7.4% increase in telecommunications services revenues to $42.1 million in the second quarter of 1997 from $39.2 million during the first quarter of 1997. This increase is attributable in part to the increase in minutes of traffic carried during the second quarter of 1997 of approximately 6.0 million minutes as compared to the first quarter of 1997 (a 3.3% increase), (2) an increase in the average rate per minute billed during the second quarter of 1997 of approximately $0.005 as compared to the first quarter of 1997 (a 2.9% increase), and (3) an increase in cable services revenues to $14.1 million in the second quarter of 1997 from $13.7 million in the first quarter of 1997.

Operating expenses increased during the second quarter of 1997 as compared to the first quarter of 1997 principally as a result of (1) turn-up costs, including rent and utilities, of the Company's new rural DAMA satellite earth-station facilities, and (2) personnel, sales, engineering, operations, management information systems, accounting, human resources, legal and regulatory expenses associated with the development and introduction, or planned introduction, of new products and services including local services, PCS services and Internet services.

The Company expects that its EBITDA and EBITDA margins during 1997 may improve due to (1) cable service rate increases beginning in April 1997, and (2) revenue generation from the Company's rural telephony expansion and new service and product offerings to offset expenses already generated by these

endeavors. The Company reported a net loss of $832,000 for the second quarter of 1997 as compared to net loss of $525,000 during the first quarter of 1997. The net loss was attributable to (1) increased sales and marketing costs and pre-operating costs for local services incurred during the second quarter of 1997 as compared to the first quarter of 1997, (2) increased interest expense, and (3) margin compression as previously described.

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.

ACCOUNTING PRONOUNCEMENTS

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.

In February 1997, the Accounting Standards Board issued SFAS No. 129, Disclosure Of Information About Capital Structure. SFAS No. 129 consolidates the existing guidance in authoritative literature relating to a company's capital structure. SFAS No. 129 is effective for financial statements for periods ending after December 15, 1997. Capital structure disclosures required by this standard include liquidation preferences of preferred stock, information about the pertinent rights and privileges of the outstanding equity securities, and the redemption amounts for all issues of capital stock that are redeemable at fixed or determinable prices on fixed or determinable dates. Management of the Company does not expect that adoption of SFAS No. 129 will have a material impact on the Company's financial statement disclosures.

In June 1997, the Accounting Standards Board issued SFAS No. 130, Reporting Comprehensive Income. SFAS No. 130 establishes standards for reporting and display of comprehensive income and its components in a full set of general purpose financial statements. Statement 130 is applicable to all entities that provide a full set of financial statements consisting of a statement of financial position, results of operations and cash flows. SFAS No. 130 is effective for interim and annual periods beginning after December 15, 1997. Management of the Company does not expect that adoption of SFAS No. 130 will have a material impact on the Company's financial statement disclosures.

In June 1997, the Accounting Standards Board issued SFAS No. 131, Financial Reporting for Segments of a Business Enterprise which applies to all public business enterprises. SFAS No. 131 specifies the computation, presentation, and disclosure requirements for business segment information. SFAS No. 131

supersedes SFAS No. 14, Financial Reporting for Segments of a Business Enterprise, but retains the requirement to report information about major customers. It amends SFAS No. 94, Consolidation of All Majority-Owned Subsidiaries, to remove the special disclosure requirements for previously unconsolidated subsidiaries. Statement 131 is effective for financial statements for periods beginning after December 15, 1997. Management of the Company does not expect that adoption of SFAS No. 131 will have a material impact on the Company's financial statement disclosures.

LIQUIDITY AND CAPITAL RESOURCES

The Company reported cash flows from operating activities during the six months ended June 30, 1997 of $8.6 million, net of changes in the components of working capital. Additional sources of cash during the six months ended June 30, 1997 included long-term borrowings of $20.0 million. The Company's expenditures for property and equipment, including construction in progress, totaled $16.7 million and $21.1 million during the six months ended June 30, 1996 and 1997, respectively. Uses of cash during the first two quarters of 1997 included repayment of $12.5 million of long-term borrowings and capital lease obligations and an increase in notes receivable of $549,000.

Net receivables increased $3.3 million from December 31, 1996 to June 30, 1997 resulting from: (1) increased MTS 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; and (3) increased private line sales activity in 1997 as compared to 1996.

The Company reported a working capital deficit of $22.8 million as of December 31, 1996. The Company's then existing credit facility matured within the following twelve-month period resulting in the outstanding balance as of December 31, 1996 being included in current maturities of long-term debt. Except for the classification of the Company's senior indebtedness as current, working capital at December 31, 1996 totaled $4.6 million. Working capital at June 30, 1997 totaled $6.1 million, a $1.5 million increase from working capital recomputed at December 31, 1996.

General Communication, Inc. issued 7.0 million shares of its class A common stock on August 1, 1997 for $7.25 per share, before deducting underwriting discounts and commissions. Net proceeds to General Communication, Inc. totaled $47,959,100. Concurrently with the stock offering, $180.0 million of 9.75% senior notes due 2007 were issued to the public by GCI, Inc., a newly created wholly owned subsidiary of General Communication, Inc. Net proceeds to GCI, Inc. after deducting underwriting discounts and commissions totaled $174,600,000.

Concurrently with the public offerings described above, GCI Holdings, Inc. ("Holdings", a newly created wholly-owned subsidiary of GCI, Inc.) entered into a new $250,000,000 credit facility effective August 1, 1997. The new facility matures June 30, 2005 and bears interest at either Libor plus 0.75% to 2.5%, depending on the leverage ratio of Holdings and its restricted subsidiaries, or at the greater of the prime rate or the federal funds effective rate (as defined) plus 0.05%, in each case plus an additional 0.0% to 1.375%, depending on the leverage ratio of Holdings and its restricted subsidiaries. $57,700,000 was drawn on the credit facility on August 1, 1997.

The new credit facility and the public notes impose restrictions on the operations and activities of the Company, including requirements that the Company comply with certain financial covenants and financial ratios. Under the credit facility, Holdings may not permit the ratio of senior debt to annualized operating cash flow of Holdings and its restricted subsidiaries to exceed 3.5 to 1.0, total debt to annualized operating cash flow to exceed 7.0 to 1.0, and annualized operating cash flow to interest expense to exceed 1.5 to 1.0.

Each of the foregoing ratios decreases in specified increments during the life of the credit facility. The credit facility will also require Holdings to maintain a ratio of annualized operating cash flow to debt service of Holdings and its restricted subsidiaries of at least 1.25 to 1.0, and annualized operating cash flow to fixed charges of at least 1.0 to 1.0 (which adjusts to 1.05 to 1.0 in April, 2003 and thereafter). The credit facility will also limit capital expenditures of Holdings and its restricted subsidiaries to no more than $55.0 million (post-closing), $90.0 million, and $65.0 million in 1997, 1998 and 1999, respectively. The public notes impose a requirement that the leverage ratio of GCI, Inc. and its restricted subsidiaries will not exceed 7.5 to 1.0 prior to December 31, 1999 and 6.0 to 1.0 thereafter, subject to the ability of GCI, Inc. and its restricted subsidiaries to incur specified permitted indebtedness without regard to such ratios.

Net proceeds from the public offerings and new credit facility were used to retire amounts owing under the Company's existing credit agreements, fund $50 million in capital for use in constructing an undersea fiberoptic cable, and for working capital requirements.

The Company anticipates that its capital expenditures in 1997 may total as much as $135 million. Planned capital expenditures over the next five years include $240.0 million to $260.0 million to fund expansion of long distance facilities, (including approximately $40.0 million for satellite transponders and approximately $115.0 million for new undersea fiber optic cable facilities which will be financed by GCI Transport Co. Inc., a newly created subsidiary of GCI Holdings, Inc.) between $140.0 million and $160.0 million to fund development, construction and operating costs of its local exchange and PCS networks and businesses; and between $65.0 million and $85.0 million to upgrade its cable television plant and to purchase equipment for new cable television services. Sources of funds for these planned capital expenditures include net proceeds of the public offerings described above, internally generated cash flows and borrowings under the Company's new credit facility described above and its separate committed financing for GCI Transport Co., Inc., all of which funds will be necessary to complete the Company's planned capital expenditures.

Management expects that cash flow generated by the Company and funds provided by its public offerings and credit facilities will be sufficient to meet its planned capital expenditures and working capital requirements. The Company's ability to invest in discretionary capital and other projects will depend upon its future cash flows and access to borrowings under its credit facilities.

INFLATION

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

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 27 - Financial Data Schedule

(b) Reports on Form 8-K filed during the quarter ended
June 30, 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.

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

<TABLE> <S> <C>

<ARTICLE> 5

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE INTERIM CONSOLIDATED STATEMENT OF INCOME FOR THE SIX MONTHS ENDED JUNE 30, 1997 AND THE CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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