As filed with the Securities and Exchange Commission on May 15, 1998.

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, 1998
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, 1998 was:
45,341,813 shares of Class A common stock; and
4,062,520 shares of Class B common stock.

INDEX

GENERAL COMMUNICATION, INC.

FORM 10-Q

FOR THE QUARTER ENDED MARCH 31, 1998

<TABLE>
<CAPTION>

</TABLE>

PART I. FINANCIAL INFORMATION
ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

<TABLE>
GENERAL COMMUNICATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
<CAPTION>

ASSETS	(Unaudited) March 31 1998	December 31, 1997
	(Amounts in thousands)	
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	$ 3,933	3,048
Receivables:		
Trade	33,633	29,599
Income taxes	7,612	4,752
Other	526	649
	41,771	35,000
Less allowance for doubtful receivables	1,185	1,070
Net receivables	40,586	33,930
Prepaid and other current assets	2,893	2,520
Deferred income taxes, net	1,683	1,675
Inventories	2,575	2,164
Notes receivable	765	897
Total current assets	52,435	44,234
Restricted cash (note 5)	26,254	39,406
Property and equipment in service, net	181,021	165,993
Construction in progress	34,569	18,513
Net property and equipment	215,590	184,506
Other assets:		
Intangible assets, net of amortization	245,073	246,534
Deferred loan and Senior Notes costs, net of amortization	10,170	9,379
Transponder deposit (note 5)	9,100	9,100
Undersea fiber optic cable deposit (note 5)	---	9,094
Notes receivable	1,424	1,331
Other assets, at cost, net of amortization	2,737	1,718
Total other assets	268,504	277,156
Total assets	$ 562,783	545,302

</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, 1998	December 31, 1997
	(Amounts in thousands)	
<S>	<C>	<C>
Current liabilities:		
Current maturities of long-term debt (note 3)	$ 1,669	1,634
Current maturities of obligations under capital leases	205	198
Accounts payable	21,664	25,107
Accrued interest	3,540	7,649
Accrued payroll and payroll related obligations	5,627	4,630
Accrued liabilities	5,437	6,019
Subscriber deposits and deferred revenues	4,225	3,898
Accrued income taxes	111	111
Total current liabilities	42,478	49,246
Long-term debt, excluding current maturities (note 3)	272,045	248,450
Obligations under capital leases, including related party obligations, excluding current maturities	937	990
Deferred income taxes, net of deferred income tax benefit	40,871	38,904
Other liabilities	3,384	3,273
Total liabilities	359,715	340,863
Stockholders' equity (note 4):		
Common stock (no par):		
Class A. Authorized 100,000,000 shares; issued and outstanding 45,335,248 and 45,279,045 shares at March 31,1998 and December 31, 1997, respectively (note 4)	170,477	170,322
Class B. Authorized 10,000,000 shares; issued and outstanding 4,062,685 and 4,062,892 shares at March 31, 1998 and December 31, 1997, respectively; convertible on a share-per-share basis into Class A common stock	3,432	3,432
Less cost of 202,768 Class A common shares held in treasury at March 31, 1998 and December 31, 1997	(1,039)	(1,039)
Paid-in capital	4,515	4,425
Retained earnings	25,683	27,299
Total stockholders' equity	203,068	204,439
Commitments and contingencies (note 5)		
Total liabilities and stockholders' equity	$ 562,783	545,302

</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, 1998	1997
	(Amounts in thousands except per share amounts)	
<S>	<C>	<C>
Revenues:		
Telecommunication services	$ 43,951	39,225
Cable services	14,201	13,656
Total revenues	58,152	52,881
Cost of sales and services	27,315	27,168
Selling, general and administrative expenses	20,334	16,301
Depreciation and amortization	8,066	6,120
Operating income	2,437	3,292

Interest expense, net		4,944	3,949
Net loss before income taxes		(2,507)	(657)
Income tax benefit		(891)	(132)
Net loss	$	(1,616)	(525)
Basic net loss per common share	$	(0.03)	(0.01)
Diluted net loss per common share	$	(0.03)	(0.01)

</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, 1998 AND 1997

<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, 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	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
Balances at December 31, 1997	45,279	4,063	$ 170,322	3,432	(1,039)	4,425	27,299
Net earnings	---	---	---	---	---	---	(1,616)
Tax effect of excess stock compensation expense for tax purposes over amounts recognized for financial reporting purposes	---	---	---	---	---	10	---
Shares issued under stock option plan	56	---	170	---	---	80	---
Stock offering issuance costs (note 4)	---	---	(15)	---	---	---	---
Balances at March 31, 1998	45,335	4,063	$ 170,477	3,432	(1,039)	4,515	25,683

</TABLE>

See accompanying notes to consolidated financial statements.

<TABLE>

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

<CAPTION>

	(Unaudited) Three Months Ended March 31, 1998	1997
	(Amounts in thousands)	
<S>	<C>	<C>
Cash flows from operating activities:		
Net loss	$ (1,616)	(525)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Depreciation and amortization	8,066	6,120
Deferred income tax expense	1,969	264
Deferred compensation and compensatory stock options	168	(58)
Bad debt expense, net of write-offs	115	179
Other noncash income and expense items	(26)	16
Change in operating assets and liabilities (note 2)	(14,342)	(4,156)
Net cash provided (used) by operating activities	(5,666)	1,840
Cash flows from investing activities:		
Purchases of property and equipment	(28,167)	(9,529)
Restricted cash investment	13,152	---
Purchases of other assets	(1,160)	(197)
Notes receivable issued	(30)	(337)
Payments received on notes receivable	95	4
Net cash used in investing activities	(16,110)	(10,059)
Cash flows from financing activities:		
Long-term borrowings - bank debt and leases	24,027	10,000
Repayments of long-term borrowings and capital lease obligations	(443)	(10,448)
Stock offering issuance costs (note 4)	(15)	---
Payment of debt issuance costs	(1,078)	---
Proceeds from common stock issuance	170	77
Purchase of treasury stock	---	(29)
Net cash provided (used) by financing activities	22,661	(400)
Net increase (decrease) in cash and cash equivalents	885	(8,619)
Cash and cash equivalents at beginning of period	3,048	13,349
Cash and cash equivalents at end of period	$ 3,933	4,730

</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

(a) Organization

General Communication, Inc. ("GCI"), an Alaska corporation, was incorporated in 1979. GCI, Inc., an Alaska corporation, was incorporated in 1997 and is a wholly owned subsidiary of GCI. GCI

Holdings, Inc. ("Holdings") is a wholly owned subsidiary of GCI, Inc. and was incorporated in 1997. GCI Communication Corp. ("GCC"), an Alaska corporation, is a wholly owned subsidiary of Holdings and was incorporated in 1990. GCI Communication Services, Inc. ("Communication Services"), an Alaska corporation, is a wholly owned subsidiary of Holdings and was incorporated in 1992. GCI Leasing Co., Inc. ("Leasing Company"), an Alaska corporation, is a wholly owned subsidiary of Communication Services and was incorporated in 1992. GCI, GCI, Inc., Holdings and GCC are engaged in the transmission of interstate and intrastate private line and switched message long distance telephone service between Anchorage, Fairbanks, Juneau, and other communities in Alaska and the remaining United States and foreign countries. GCI, GCI, Inc., Holdings and GCC also provide northbound services to certain common carriers terminating traffic in Alaska and sells and services dedicated communications systems and related equipment. Communication Services provides private network point-to-point data and voice transmission services between Alaska, Hawaii and the western contiguous United States. Leasing Company owns and leases capacity on an undersea fiber optic cable used in the transmission of interstate private line and switched message long distance services between Alaska and the remaining United States and foreign countries.

Cable television services are provided through GCI Cable, Inc. its wholly owned subsidiaries GCI Cable/Fairbanks, Inc., and GCI Cable/Juneau, Inc. (collectively "GCI Cable" or "Cable Companies"). GCI Cable, Inc. and its subsidiaries are Alaska corporations and were incorporated in 1996. GCI Cable, Inc. is a wholly owned subsidiary of Holdings.

GCI Transport Co., Inc., Fiber Hold Company, Inc., GCI Fiber Co., Inc., and GCI Satellite Co., Inc., all Alaska corporations, were incorporated in 1997 to finance the acquisition of satellite transponders and to construct and deploy the fiber optic cable system further described in note 5. GCI Transport Co., Inc. is a wholly owned subsidiary of Holdings. Fiber Hold Company, Inc., GCI Fiber Co., Inc., and GCI Satellite Co., Inc. are wholly-owned subsidiaries of GCI Transport Co., Inc. Alaska United Fiber System Partnership ("Alaska United") was organized in 1997 to construct, own and operate the fiber optic cable system described in note 5. Alaska United is a partnership wholly owned by the Company through GCI Fiber Co., Inc. and Fiber Hold Co., Inc.

(b) Net Loss Per Common Share

<TABLE>

Shares used to calculate net loss per common share consist of the following (amounts in thousands):

<CAPTION>

<S>	1998 <C>	1997 <C>
Weighted average common shares outstanding	49,190	43,167
Common equivalent shares outstanding	---	---
	49,190	43,167

</TABLE>

Common equivalent shares outstanding of 862,000 and 853,000 are anti-dilutive at March 31, 1998 and 1997 and are not included in the diluted net loss per share calculation.

(c) Other

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The interim condensed consolidated financial statements include the consolidated accounts of 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. Operating results for the quarter ended March 31, 1998 are not necessarily indicative of the results that may be expected for the year ended December 31, 1998. 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, 1997.

(2) Consolidated Statements of Cash Flows Supplemental Disclosures

<TABLE>

Changes in operating assets and liabilities consist of:

<CAPTION>

	(Unaudited)	
Three-month periods ended March 31,	1998	1997
	(Amounts in thousands)	
<S>	<C>	<C>
Increase in receivables	$ (6,771)	(253)
Increase in prepaid and other current assets	(373)	(52)
Increase in inventory	(411)	(77)
Decrease in accounts payable	(3,443)	(1,357)
Increase (decrease) in accrued liabilities	(582)	96
Increase (decrease) in accrued payroll and payroll related obligations	997	(151)
Decrease in accrued interest	(4,109)	(2,357)
Increase in deferred revenues	327	(5)
Increase in other liabilities	23	---
	$ (14,342)	(4,156)

</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.

No income taxes were paid during the three-month periods ended March 31, 1998 and 1997, respectively.

Interest paid totaled $10,800,000 and $6,300,000 during the three-month periods ended March 31, 1998 and 1997, respectively.

(3) Long-term Debt

In January 1998 Alaska United closed a $75 million project finance facility ("Fiber Facility") to construct a fiber optic cable system connecting Anchorage, Fairbanks, Valdez, Whittier, Juneau and Seattle as further described in note 5. The Fiber Facility provides up to $75 million in construction financing and will bear interest at either Libor plus 3.0%, or at the Company's choice, the lender's prime rate plus 1.75%. The interest rate will decline to Libor plus 2.5%-2.75%, or at the Company's choice, the lender's prime rate plus 1.25%-1.5% after the project completion date and when the loan balance is $60,000,000 or less. Alaska United is required to pay a commitment fee equal to 0.375% per annum on the unused portion of the commitment. The Fiber Facility is a 10-year term loan that is interest only for the first 5 years. The facility can be extended to a 12 year term loan at any time between the second and fifth anniversary of closing the facility if the Company can

demonstrate projected revenues from certain capacity commitments will be sufficient to pay all operating costs, and interest and principal installments based on the extended maturity.

The Fiber Facility contains, among others, covenants requiring certain intercompany loans and advances in order to maintain specific levels of cash flow necessary to pay operating costs, interest and principal installments. Additional covenants pertain to the timely completion of certain project construction milestones. The Fiber Facility also contains a guarantee that requires, among other terms and conditions, Alaska United complete the project by the completion date and pay any non-budgeted costs of the project.

All of Alaska United's assets, as well as a pledge of the partnership interests' owning Alaska United, collateralize the Fiber Facility.

On August 1, 1997 GCI, Inc. issued $180,000,000 of 9.75% senior notes due 2007 ("Senior Notes"). The Senior Notes were issued at face value. Net proceeds to GCI, Inc. after deducting underwriting discounts and commissions totaled $174,600,000. Issuance costs will be amortized to interest expense over the term of the Senior Notes.

The Senior Notes are not redeemable prior to August 1, 2002. After August 1, 2002 the Senior Notes are redeemable at the option of GCI, Inc. under certain conditions and at stated redemption prices. The Senior Notes include limitations on additional indebtedness and prohibit payment of dividends, payments for the purchase, redemption, acquisition or retirement of GCI, Inc.'s stock, payments for early retirement of debt subordinate to the note, liens on property, and asset sales. GCI, Inc. was in compliance with all covenants during the period commencing August 1, 1997 (date of the notes) through March 31, 1998.

(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.

GCI 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 GCI totaled $47,959,100.

(5) Commitments and Contingencies

Deferred Compensation Plan

During 1995, the Company adopted a non-qualified, unfunded deferred compensation plan to provide a means by which certain employees may elect to defer receipt of designated percentages or amounts of their compensation and to provide a means for certain other

deferrals of compensation. The Company may, at its discretion, contribute matching deferrals equal to the rate of matching selected by the Company. Participants immediately vest in all elective deferrals and all income and gain attributable thereto. Matching contributions and all income and gain attributable thereto vest over a six-year period. Participants may elect to be paid in either a single lump sum payment or annual installments over a period not to exceed 10 years. Vested balances are payable upon termination of employment, unforeseen emergencies, death and total disability. Participants are general creditors of the Company with respect to deferred compensation plan benefits. Compensation deferred pursuant to the plan totaled approximately $0 and $12,000 during the quarters ended March 31, 1998 and 1997, respectively.

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 during the third quarter of 1998 in addition to the $9.1 million deposit previously paid is not expected to exceed $41 million.

Litigation

The Company is involved in various lawsuits and legal proceedings that 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 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, 1998, the State of Alaska has rate regulation authority over the Juneau system's basic service rates. (The Juneau system serves approximately 9% of the Company's total basic service subscribers at March 31, 1998.) 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 that 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.

Undersea Fiber Optic Cable Contract Commitment

The Company signed a contract in July 1997 for construction of the undersea portion of a $125 million fiber optic cable system 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. Subsea 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 made progress payments of $9.1 million during the year ended December 31, 1997 and $13.6 million during the three-month period ended March 31, 1998. The Company will pay the remaining balance in installments through December 1998 based on completion of certain key milestones. Approximately $39.4 million of proceeds from the Senior Notes offering (see note 3), net of the $9.1 million paid in 1997, were contributed to Alaska United. The use of such proceeds is restricted to funding the construction and deployment of the fiber optic cable system and is reported as Restricted Cash in the accompanying Interim Condensed Consolidated

Financial Statements. The Company has secured up to $75 million in bank financing to fund the remaining cost of construction and deployment (see note 3).

Fiber Capacity Exchange

The Company and Kanas Telecom, Inc. ("Kanas") signed a contract November 21, 1997 that provides for an exchange of fiber optic cable capacity between Anchorage and Fairbanks via Valdez. The Company and Kanas will trade "dark fiber" capacity connecting Fairbanks, Valdez, Whittier and Anchorage. Each company will provide their own electronic equipment to place their fiber into service. The Company will provide Kanas with dark fiber from Valdez to Anchorage. Kanas will provide the Company with dark fiber between Valdez and Fairbanks.

(6) Supplemental financial information

<TABLE>

(Amounts in thousands)

<CAPTION>

(Unaudited)		Three-month period ended March 31, 1998			
		Long-Distance	Cable	Local	Combined
<S>	<C>		<C>	<C>	<C>
Revenues:					
Telecommunication revenues	$	42,937	---	1,014	43,951
Cable revenues		---	14,201	---	14,201
Total revenues		42,937	14,201	1,014	58,152
Cost of sales and services:					
Distribution costs and costs of services		23,045	---	875	23,920
Programming and copyright costs		---	3,395	---	3,395
Total cost of sales and services		23,045	3,395	875	27,315
Contribution		19,892	10,806	139	30,837
Selling, general and administrative expenses:					
Telephony operating and engineering		2,675	---	262	2,937
Cable television, including management fees of $188		---	4,863	---	4,863
Sales and communications		3,129	---	267	3,396
General and administrative		6,907	---	1,694	8,601
Bad debts		389	148	---	537
Total selling, general and administrative expenses		13,100	5,011	2,223	20,334
Depreciation and amortization		3,375	3,624	1,067	8,066
Operating income (loss)	$	3,417	2,171	(3,151)	2,437

</TABLE>

<TABLE>
<CAPTION>

		Three-month period ended March 31, 1997			
		Long-Distance	Cable	Local	Combined
<S>	<C>		<C>	<C>	<C>
Revenues:					
Telecommunication revenues	$	39,225	---	---	39,225
Cable revenues		---	13,656	---	13,656
Total revenues		39,225	13,656	---	52,881
Cost of sales and services:					
Distribution costs and costs of services		23,884	---	118	24,002
Programming and copyright costs		---	3,166	---	3,166
Total cost of sales and services		23,884	3,166	118	27,168
Contribution		15,341	10,490	(118)	25,713
Selling, general and administrative expenses:					
Telephony operating and engineering		2,792	---	---	2,792
Cable television, including management fees of $271		---	4,368	---	4,368
Sales and communications		2,864	---	50	2,914
General and administrative		5,238	---	466	5,704
Bad debts		426	97	---	523
Total selling, general and administrative expenses		11,320	4,465	516	16,301
Depreciation and amortization		2,623	3,497	---	6,120
Operating income (loss)	$	1,398	2,528	(634)	3,292

</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.

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 and other sections of Form 10-Q. The information contained in Form 10-Q includes forward-looking statements regarding the Company's future performance. Future results of the Company may differ materially from any forward-looking statement due to such assumptions and risks. Future performance cannot be ensured.

OVERVIEW

Long Distance Telecommunications Services. 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 Sprint Corporation ("Sprint")). These services accounted for approximately 91.5% of the Company's telecommunications services revenues during the first quarter of 1998. The balance of telecommunications services revenues have been attributable to corporate network management contracts, telecommunications equipment sales and service, Internet services and other miscellaneous revenues (including revenues from prepaid and debit calling cards, the installation and leasing of customers' very small aperture terminal ("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 long distance 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 long distance 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 quarter of 1998, local access charges accounted for 38.8% of telecommunications cost of sales and services, fees paid to other long distance carriers represented 35.2%, satellite transponder lease and undersea fiber maintenance costs represented 10.1%, enterprise services and outsourcing costs represented 7.4%, and telecommunications equipment costs accounted for 2.8% of telecommunications cost of sales and services.

The Company's long distance telecommunications selling, general, and administrative expenses have consisted of operating and engineering, customer service, sales and communications, management information systems, general and administrative, and legal and regulatory expenses. Most of these expenses consist of salaries, wages and benefits of personnel and certain other indirect costs (such as rent, travel, utilities, insurance and property taxes). A significant portion of telecommunications selling, general, and administrative expenses, 23.9% during the first quarter of 1998, represents the cost of the Company's advertising, promotion and market analysis programs.

Cable Services. During the first quarter of 1998, cable revenues and EBITDA represented 24.4% and 55.2%, respectively, of consolidated revenues and EBITDA. The cable systems serve 26 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 first quarter of 1998 programming services generated 86.5% of total cable services revenues, equipment rental and installation fees accounted for 7.6% of such revenues, advertising sales accounted for 3.9% of such revenues, and other services accounted for the remaining 2.0% 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' cost of sales and selling, general and administrative expenses have consisted principally of programming and copyright expenses, labor, maintenance and repairs, marketing and advertising, rental expense, and property taxes. During the first quarter of 1998 programming and copyright expenses represented approximately 40.4% of total cable cost of sales and selling, general and administrative expenses. Marketing and advertising costs represented approximately 12.3% of such total expenses.

Plant upgrades in Petersburg and Wrangell were completed during the first quarter of 1998. A plant upgrade to 550 MHz began in Anchorage during the first quarter of 1998 with completion expected during the second quarter of 1998.

Plant upgrades allow the Company to offer additional programming services and value to its customers.

Local Services. The Company began offering local exchange services in Anchorage during late September 1997. Local exchange services revenues totaled $1.0 million during the first quarter of 1998 representing 1.7% of total revenues. The Company expects local services revenues to represent less than 6.0% of total revenues in 1998. During the first quarter of 1998 operating and engineering expenses represented approximately 8.5% of total local services cost of sales and selling, general and administrative expenses. Marketing and advertising costs represented approximately 8.6% of such total expenses, customer service, and general and administrative costs represented approximately 54.7% of such total expenses. The Company expects that it will continue to generate operating losses and negative EBITDA from local exchange services during 1998. Factors that have the greatest impact on year-to-year changes in local services revenues include the rates charged to customers the number of customers served.

Internet Services. The Company's statewide SchoolAccess services (Internet access and related products and services for Alaska schools) commenced January 1998. SchoolAccess revenues totaled $903,000 during the first quarter of 1998 representing 1.6% of total revenues. The Company began offering retail Internet services in April 1998. The Company expects Internet services revenues will represent less than 3.0% of total revenues in 1998. Factors that have the greatest impact on year-to-year changes in Internet services revenues include the rates charged to customers the number of customers served.

PCS Services. The Company began developing plans for PCS wireless communications service deployment in 1995 and is currently evaluating various vendors for a proposed PCS network. In 1997 the Company conducted a technical trial of its candidate technology. The Company currently expects to launch PCS service in Anchorage in 1999, although it may be deferred beyond that date.

Depreciation and amortization and interest expense on a consolidated basis is expected to be higher in 1998 as compared to 1997 resulting primarily from additional depreciation on 1997 and 1998 capital expenditures and additional outstanding long-term debt. As a result, the Company expects that it will continue to record net losses in 1998.

RESULTS OF OPERATIONS

<TABLE>

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

(Underlying data rounded to the nearest thousands)

<CAPTION>

(Unaudited)	Quarter Ended March 31, 1997	Quarter Ended March 31, 1998	Percentage Change 1997 vs. 1998
Statement of Operations Data:			
<S>	<C>	<C>	<C>
Revenues:			
Telecommunications services...........	74.2%	73.8%	9.5%
Cable services........................	25.8%	24.4%	4.0%
Local services........................	---	1.8%	---
Total revenues...........................	100.0%	100.0%	10.0%
Cost of sales and services...........	51.4%	47.0%	0.5%
Selling, general and administrative expenses.........................	30.8%	35.0%	24.7%
Depreciation and amortization........	11.6%	13.9%	31.8%
Operating income.........................	6.2%	4.2%	(26.0)%
Net loss before income taxes............	(1.2)%	(4.3)%	281.6%
Net loss	(1.0)%	(2.8)%	207.8%
Other Operating Data:			
Cable operating income (1)...........	18.5%	15.3%	(14.1)%
Cable EBITDA (1)........................	44.1%	40.8%	(3.8)%
Local operating loss (2)............	---	(310.7)%	397.0%
Local EBITDA (2)....................	---	(205.5)%	228.7%

Consolidated EBITDA.................	17.8%	18.1%	11.6%

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

THREE MONTHS ENDED March 31, 1998 ("1998") COMPARED TO THREE MONTHS ENDED MARCH 31, 1997 ("1997")

REVENUES. Total revenues increased 10.0% from $52.9 million in 1997 to $58.2 million in 1998. Long distance transmission revenues from commercial, residential, governmental, and other common carrier customers increased 8.3% from $36.3 million in 1997 to $39.3 million in 1998. This increase reflected a 5.6% increase in interstate minutes of use to 158.2 million minutes and a 3.1% increase in intrastate minutes of use to 33.0 million minutes. Long distance revenue growth in 1998 was largely due to a 7.5% increase in revenues from other common carriers (principally MCI and Sprint), from $13.4 million in 1997 to $14.4 million in 1998 and a 25.0% increase in private line and private network transmission services revenues, from $3.6 million in 1997 to $4.5 million in 1998. The Company's average rate per minute on long distance traffic was constant at $0.173 per minute in 1998 as compared to 1997. Cable revenues increased 3.6% from $13.7 million in 1997 to $14.2 million in 1998 resulting primarily from a 4.0% increase in basic subscribers of approximately 4,200 as of March 31, 1998 as compared to March 31, 1997. The number of homes passed by the cable systems increased approximately 940 during the three-month period ended March 31, 1998. The Company began offering local services in Anchorage in September 1997 with first quarter 1998 revenues totaling $1.0 million.

Product sales and network services revenues increased 4.2% from $2.4 million in 1997 to $2.5 million in 1998, primarily due to increased network services revenues in 1998 as compared to 1997.

COST OF SALES AND SERVICES. Cost of sales and services totaled $27.2 million in 1997 and $27.3 million in 1998. As a percentage of total revenues, cost of sales and services decreased from 51.4% in 1997 to 47.0% in 1998. The decrease in cost of sales and services as a percentage of revenues is primarily attributed to: 1) a refund received in the first quarter of 1998 totaling approximately $1.1 million from a local exchange carrier in respect of its earnings that exceeded regulatory requirements, 2) reductions in access charges paid by the Company to other carriers for distribution of its traffic, 3) avoidance of access charges resulting from the Company's distribution and termination of its traffic on its own network instead of paying other carriers to distribute and terminate its traffic, and 4) changes in the Company's product mix.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative expenses increased 24.7% from $16.3 million in 1997 to $20.3 million in 1998, and, as a percentage of revenues, increased from 30.8% in 1997 to 35.0% in 1998. This increase resulted from:

1. Operating, engineering, sales, customer service and administrative costs totaling $516,000 in 1997 as compared to $2.2 million in 1998 associated with the Company's local services segment which initiated service in September 1997. The first quarter increase was necessary to provide the operations, engineering, customer service and support infrastructure necessary to accommodate the expected growth in the Company's local services customer base.
2. Increased telecommunication general and administrative expenses of $13.1 million in 1998 as compared to $11.3 million in 1997 due to increased personnel and other costs in customer service, engineering, operations, accounting, human resources, legal and

regulatory, and management information services. Cost increases were associated with the development, introduction, or planned introduction, and support of new products and services including rural message and data telephone services, PCS services, and Internet services. Increased customer service expenses were associated with support of increased sales volumes and expenditures necessary for continuing integration of customer service operations across product lines.
3. Increased telecommunication segment sales, advertising and telemarketing costs totaling $2.9 million in 1997 compared to $3.1 million in 1998. Increased selling costs were associated with the introduction of various marketing plans and other

proprietary rate plans and cross promotion of products and services.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization expense increased 31.8% from $6.1 million in 1997 to $8.1 million in 1998. The increase is attributable to the Company's $64.6 million investment in facilities during 1997 for which a full year of depreciation will be recorded during 1998 and the first quarter 1998 facilities investment of $28.2 million.

INTEREST EXPENSE, NET. Interest expense, net of interest income, increased 25.2% from $3.9 million in 1997 to $4.9 million in 1998. This increase resulted from increases in the Company's average outstanding indebtedness resulting primarily from construction of new long distance and local telecommunication equipment and facilities and expansion and upgrades of cable television facilities. Such increases were offset in part by increases in the amount of interest capitalized during 1998.

INCOME TAX BENEFIT. Income tax benefit increased from $132,000 in 1997 to $891,000 in 1998 due to an increase in the net loss before income taxes in 1998 as compared to 1997. The Company's effective income tax rate increased from 20.1% in 1997 to 35.5% in 1998 due to the increased net loss and the proportional amount of items that are nondeductible for income tax purposes.

As a result of its acquisition of the Cable Companies, the Company has available net operating loss carryforwards for income tax purposes totaling $37.6 million at March 31, 1998 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.

The amount of deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward periods are reduced. The Company estimates that its effective income tax rate for financial statement purposes will be approximately 36% in 1998. The Company expects that its operations will generate net income before income taxes during the carryforward periods to allow utilization of loss carryforwards for which no allowance has been established.

FLUCTUATIONS IN QUARTERLY RESULTS OF OPERATIONS

<TABLE>

The following chart provides selected unaudited statement of operations data from the Company's quarterly results of operations during 1997 and 1998:

<CAPTION>

(Dollars in thousands, except per share amounts)

(Unaudited)		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
1997						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues						
Telecommunications services	$	39,225	42,131	44,407	42,271	168,034
Cable services		13,656	14,055	13,294	14,160	55,165
Local services		---	---	255	355	610
Total revenues		52,881	56,186	57,956	56,786	223,809
Operating income		3,292	2,786	3,786	5,518	15,382
Extraordinary item, net of income tax benefit		---	---	433	88	521
Net income (loss)	$	(525)	(832)	(928)	102	(2,183)
Basic net earnings (loss) per share	$	(0.01)	(0.02)	(0.02)	0.00	(0.05)
Diluted net earnings (loss) per share	$	(0.01)	(0.02)	(0.02)	0.00	(0.05)
Other financial data:						

Cable EBITDA	$	6,025	5,863	5,687	6,168	23,743
Local EBITDA	$	(634)	(814)	(540)	(2,443)	(3,797)
Consolidated EBITDA	$	9,412	8,394	9,553	11,790	39,149

		1998	
Revenues			
Telecommunications services	$	42,937	42,937
Cable services		14,201	14,201
Local services		1,014	1,014
Total revenues		58,152	58,152
Operating income		2,437	2,437
Net loss	$	(1,616)	(1,616)
Basic net loss per share	$	(0.03)	(0.03)
Diluted net loss per share	$	(0.03)	(0.03)
Other financial data:			
Cable EBITDA	$	5,795	5,795
Local EBITDA	$	(2,084)	(2,084)
Consolidated EBITDA	$	10,503	10,503

</TABLE>

Total revenues for the quarter ended March 31, 1998 were $58.2 million, representing a 2.5% increase from total revenues in the fourth quarter of 1997 of $56.8 million. This increase in total revenues resulted from the following:

1. A 1.4% increase in telecommunications services revenues to $42.9 million in the first quarter of 1998 from $42.3 million during the fourth quarter of 1997. This increase is attributable in part to an increase in minutes of traffic carried during the first quarter of 1998 of approximately 5.6 million minutes as compared to the fourth quarter of 1997 (a 3.0% increase).
2. An increase in Internet revenues included in the Telecommunications segment totaling $800,000 in 1998.
3. An increase in local services revenues totaling $659,000 in 1998.
4. These increases were offset, in part, by a reduction in the average rate per minute billed by the company during the first quarter of 1998 of approximately $0.003 as compared to the fourth quarter of 1997 (a 0.6% decrease).

Cost of sales and services for the quarter ended March 31, 1998 totaled $27.3 million, representing a 7.9% increase from total cost of sales and services in the fourth quarter of 1997 of $25.3 million. Increased cost of sales resulted from:

1. A 1.4% increase in long-distance telecommunications revenues.
2. An increase in local services costs totaling $1.0 million in 1998.
3. Universal Service Fund costs totaling $665,000 in 1998.
4. An increase in Internet costs included in the Telecommunications segment totaling $368,000 in 1998.

5. These increases were offset, in part, by a refund in the first quarter of 1998 aggregating approximately $1.1 million from a local exchange carrier in respect of its earnings that exceeded regulatory requirements.

Long distance revenues have historically been highest in the summer months as a result of temporary population increases attributable to tourism and increased seasonal economic activity such as construction, commercial fishing, and oil and gas activities. Cable television revenues, on the other hand, are higher in the winter months because consumers spend more time at home and tend to watch more television during these months. Local service operations are not expected to exhibit significant seasonality. 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

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. This new standard requires companies to disclose segment data based on how management makes decisions about allocating resources to segments and how it measures segment performance. SFAS 131 requires companies to disclose a measure of segment profit or loss, segment assets, and reconciliations to consolidated totals. It also requires entity-wide disclosures about a company's products and services, its major customers and the material countries in which it holds assets and

reports revenues. Statement 131 is effective for financial statements for periods beginning after December 15, 1997. Management of the Company expects that adoption of SFAS No. 131 will not have a material impact on the Company's year-end 1998 financial statement disclosures.

In February 1998, the Accounting Standards Board issued SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits." SFAS 132 standardizes the disclosure requirements for pensions and postretirement benefits where practical. It also eliminates certain disclosures and requires additional information on changes in benefit obligations and fair values of plan assets. The Company will adopt SFAS 132 in its 1998 year-end financial statements. SFAS 132 is not expected to have a significant effect on the Company's pension and postretirement benefit plan disclosures.

LIQUIDITY AND CAPITAL RESOURCES

The Company's first quarter 1998 ("1998") cash used by operating activities totaled $5.7 million, net of changes in the components of working capital. Sources of cash during 1998 included long-term borrowings of $24.0 million and class A common stock sales proceeds totaling $170,000. The Company's expenditures for property and equipment, including construction in progress, totaled $9.5 million and $28.2 million for the quarters ended March 31, 1997 and 1998, respectively. Uses of cash during 1998 included repayment of $443,000 of long-term borrowings and capital lease obligations, payment of deferred debt issuance costs totaling $1.1 million and an increase in other assets of $1.2 million.

Net receivables increased $6.7 million from December 31, 1997 to March 31, 1998 resulting from increased revenues in 1998 as compared to 1997 and an increase in refundable income taxes in 1998 of $2.9 million.

Accounts payable decreased $3.4 million and accrued interest decreased $4.1 million from December 31, 1997 to March 31, 1998 resulting from the Company's payment of amounts accrued at December 31, 1997 during the first quarter of 1998.

Working capital at March 31, 1998 totaled $10.0 million, a $15.0 million increase from the working capital deficit of $5.0 million at December 31, 1997. The increase in working capital is primarily attributed to 1) payment of accounts payable and accrued interest at December 31, 1997 with cash generated by operating activities, 2) payment of amounts accrued for facilities expansion and equipment at December 31, 1997 with cash generated by operating activities and cash obtained through the Company's credit agreements, and 3) increases in trade accounts receivable and refundable income taxes.

On January 27, 1998 Alaska United closed a $75 million project finance facility ("Fiber Facility") to construct a fiber optic cable system connecting Anchorage, Fairbanks, Valdez, Whittier, Juneau and Seattle (see notes 3 and 5 to the accompanying Notes to Interim Condensed Consolidated Financial Statements). The Fiber Facility provides up to $75 million in construction financing and will bear interest at either Libor plus 3.0%, or at the Company's choice, the lender's prime rate plus 1.75%. The interest rate will decline to Libor plus 2.5%-2.75%, or at the Company's choice, the lender's prime rate plus 1.25%-1.5% after the project completion date and when the loan balance is

$60,000,000 or less. Alaska United is required to pay a commitment fee equal to 0.375% per annum on the unused portion of the commitment. The Fiber Facility is a 10-year term loan that is interest only for the first 5 years. The facility can be extended to a 12 year term loan at any time between the second and fifth anniversary of closing the facility if the Company can demonstrate projected revenues from certain capacity commitments will be sufficient to pay all operating costs, and interest and principal installments based on the extended maturity. $1.0 million was borrowed under the facility at March 31, 1998.

The Fiber Facility contains, among others, covenants requiring certain intercompany loans and advances in order to maintain specific levels of cash flow necessary to pay operating costs, interest and principal installments. Additional covenants pertain to the timely completion of certain project construction milestones. The Fiber Facility also contains a guarantee that requires, among other terms and conditions, Alaska United complete the project by the completion date and pay any non-budgeted costs of the project. All of Alaska United's assets, as well as a pledge of the partnership interests' owning Alaska United, collateralize the Fiber Facility.

The Company's expenditures for property and equipment, including construction in progress, totaled $28.2 million and $9.5 million during the first quarters of 1998 and 1997, respectively. The Company anticipates that its capital expenditures in 1998 may total as much as $225.0 million, including approximately $40.0 million for satellite transponders and approximately $125.0 million for new undersea fiber optic cable facilities. Planned capital expenditures over the next five years include $50.0 million to $70.0 million to fund expansion of long distance facilities, between $120.0 million and $140.0 million to fund development, construction and operating costs of its local exchange and PCS networks and businesses; and between $55.0 million and $65.0 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 internally generated cash flows and borrowings under the Company's credit facilities including borrowings under the new $75 million project financing described above. All such funds will be necessary to complete the Company's capital expenditure plans.

The Alaska United project will provide a high capacity fiber optic link between Fairbanks, Anchorage, Valdez, and Juneau, Alaska, and the lower 48 states through Seattle, Washington. Its initial capacity will be more than five times the capacity of Alaska's current undersea fiber to the lower 48. After a preliminary route survey was completed and initial cost components determined, a detailed sea floor survey was commissioned. On August 1, 1997 the Company issued a down payment to TSS to begin construction. Manufacturing of the cable and its electronics has been underway since that time. The cable is expected to be laid from August to October 1998. Testing will occur after that, and services are expected to commence in December 1998.

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. Management anticipates that cash flow generated by the Company and borrowings under its credit facilities will be sufficient to meet its planned capital expenditures and working capital requirements

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 during the third quarter of 1998 is not expected to exceed $41 million.

YEAR 2000 COSTS

The "Year 2000" issue affects the Company's installed computer systems, network elements, software applications, and other business systems that have time-sensitive programs that may not properly reflect or recognize the year 2000. Because many computers and computer applications define dates by the last two digits of the year, "00" may not be properly identified as the year 2000. This error could result in miscalculations or system failures.

The Company has established a year 2000 task force to coordinate the identification, evaluation, and implementation of changes to financial and operating computer systems and applications necessary to achieve a year 2000 date conversion with no effect on customers or disruption to business operations. These actions are necessary to insure that the systems and applications will recognize and process the year 2000 and beyond. Major areas of potential business impact have been identified and are being assessed, and initial conversion efforts are underway using both internal and external resources.

The Year 2000 issue may also affect the systems and applications of the Company's customers and vendors. The Company is also contacting others with whom it conducts business to receive the appropriate warranties and assurances that those third parties are, or will be, Year 2000 compliant.

The total cost of modifications and conversions is not known at this time. The Company's management estimates that the incremental cost of compliance over the cost of normal software upgrades and replacements and its effect on the Company's future results of operations totals approximately $3 million in each of 1998 and 1999, subject to further review as part of the detailed conversion planning. The cost of modifications and conversions is being expensed as incurred. 1998 Costs incurred through March 31 totaled approximately $80,000.

If compliance is not achieved in a timely manner, the Year 2000 issue could have a material effect on the Company's operations. However, the Company is focusing on identifying and addressing all aspects of its operations that may be affected by the Year 2000 issue and is addressing the most critical applications first. As a result, the Company's management does not believe its operations will be materially adversely affected.

Funds for year 2000 costs are expected to be provided from the Company's operating activities and credit facilities. Management must balance the requirements for funding discretionary capital expenditures with required year 2000 efforts given its limited resources.

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 March 31, 1998 - None

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* Filed herewith.

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 12, 1998	By:	/s/ Ronald A. Duncan
(Date)		Ronald A. Duncan, President and Director (Principal Executive Officer)
May 12, 1998	By:	/s/ John M. Lowber
(Date)		John M. Lowber, Senior Vice President and Chief Financial Officer (Principal Financial Officer)

May 12, 1998	By:	/s/ Alfred J. Walker
(Date)		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 CONDENSED CONSOLIDATED STATEMENT OF INCOME FOR THE THREE MONTHS ENDED MARCH 31, 1998 AND THE INTERIM CONDENSED CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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