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**FOR IMMEDIATE RELEASE**

**GCI REPORTS THIRD QUARTER 2004 FINANCIAL RESULTS**

- Consolidated revenue of \$106.6 million
- Net income of \$9.3 million or \$0.15 per diluted share
- EBITDA of \$36.7 million

**ANCHORAGE, AK** -- GCI (NASDAQ:GNCMA) today reported net income of \$9.3 million, or earnings per diluted share of \$0.15, for the third quarter of 2004. The company's third quarter net income compares to income of \$4.5 million, or earnings per diluted share of \$0.07 in the same period of 2003.

GCI's third quarter 2004 revenues totaled \$106.6 million, an increase of 8.4 percent over third quarter 2003 revenues of \$98.3 million. For the current quarter, earnings before interest, taxes, depreciation, amortization and accretion (EBITDA) totaled \$36.7 million. Third quarter 2004 EBITDA increased \$6.0 million or 19.5 percent over the same quarter in 2003. Third quarter 2003 EBITDA totaled \$30.7 million.

Sequentially, revenues for the company increased 2.7 percent from second quarter 2004 revenues of \$103.8 million. GCI's third quarter EBITDA of \$36.7 million compares to EBITDA of \$34.9 million in the second quarter of 2004.

For the third quarter of 2004, GCI exceeded its revenue guidance and EBITDA guidance. The company expected revenues of approximately \$103 million to \$105 million, and EBITDA in excess of \$31 million, excluding the effects of any receivable recovery from MCI. GCI recorded a benefit of approximately \$1.1 million relating to the use of the MCI credit during the quarter.

GCI began its stock repurchase program during the third quarter. The company purchased 170,600 shares to date at an average price of \$9.16 per share.

"GCI's third quarter revenues and EBITDA keep us on track to report another record year in 2004," said Ron Duncan, GCI president. "We have the strongest product set in the marketplace and continue to grow our customer base."

"We expect fourth quarter revenues of approximately \$101 million to \$103 million and EBITDA of approximately \$32 million, excluding the effects of any receivable recovery from MCI. We expect to exceed the high end of our 2004 guidance for total revenues of \$410 million to \$420 million and EBITDA of \$129 million to \$134 million, before any benefit from credits against services purchased from MCI."

**Customer Highlights**

- The local services business was down 200 access lines during the third quarter, serving 110,400 local lines, an estimated 24 percent share of the total access line market in Alaska. Access lines declined due to a reduction in Internet Service Provider (ISP) lines.
- GCI had 101,100 statewide Internet customers at the end of third quarter 2004. At the

end of the third quarter of 2004, 61,200 of these Internet customers are using GCI cable modem service, an increase of 4,400 over the second quarter of 2004. The number of customers served on GCI's statewide dial-up Internet platform continued to decrease during the third quarter. Most of these customers migrated to cable modems.

- GCI cable television services pass 205,986 homes and serve 134,258 subscribers. Subscribers decreased sequentially by 915 subscribers from the second quarter of 2004. The decrease in subscribers is primarily attributable to normal seasonal declines of hotel customers. Residential subscribers were stable during the quarter.
- Long-distance billable minutes decreased 1.1 percent to 310.8 million minutes for the third quarter as compared to the same quarter of 2003, and increased 5.8 percent sequentially.

### **Long Distance Results**

For the third quarter of 2004, long distance revenues totaled \$63.2 million as compared to revenues of \$60.2 million in the third quarter of 2003 and \$60.9 million in the second quarter of 2004. Long distance revenues increased 5.0 percent year-over-year and 3.8 percent sequentially. The revenue increases were attributed to an increase in long haul fiber, private line, dedicated and other data services revenues and managed network services revenues. The revenue increases offset a decrease in switched minutes revenues which were down 10.3 percent when compared to a year ago and up slightly sequentially. The decrease in switched minutes revenues as compared to the prior year is due to fewer minutes carried and lower rates.

Long distance EBITDA, increased 19.0 percent for the third quarter of 2004 to \$24.4 million as compared to \$20.5 million in the third quarter of the prior year. Long distance EBITDA for the third quarter of 2004 was up \$3.4 million sequentially from \$21.0 million in the second quarter of 2004. Long distance EBITDA included MCI bad debt recoveries of \$1.1 million in the third quarter of 2004, \$0.6 million in the third quarter of 2003 and \$1.1 million in the second quarter of 2004. The EBITDA increases were primarily attributed to changes in the revenue mix from minute driven traffic to data traffic.

Total minutes-of-use are down 1.1 percent in the third quarter of 2004 when compared to the third quarter of 2003. Sequentially, minutes-of-use are up 5.8 percent compared to the second quarter of 2004.

The total number of billed long distance customers were relatively unchanged when customer counts are compared between September 2004 and June 2004.

### **Cable Television Results**

Cable television revenues for the third quarter increased 6.3 percent to \$25.2 million from \$23.7 million in the third quarter of 2003, and were steady from \$25.2 million in the second quarter of 2004. EBITDA of \$10.6 million for the third quarter of 2004 increased 9.3 percent from the third quarter of 2003, and decreased 7.8 percent when compared to \$11.5 million in the second quarter of 2004. The year over year increase in revenues and EBITDA is due primarily to the increase in sales of digital special interest (Digital) cable television, rental of Digital set-top boxes, advertisement sales and sales of cable modem services. The sequential decrease in EBITDA is primarily attributable to certain refunds and rebates received from cable television programmers during the second quarter of 2004.

Gross margins, as a percentage of revenues, increased by 51 basis points year-over-year and decreased 213 basis points sequentially. The sequential decrease in gross margins is primarily attributable to the aforementioned refunds and rebates received from

programmers in the prior quarter. The growth rate from Digital and cable modems is helping to mitigate the effects of continuing increases in programming and copyright costs.

As of September 30, 2004, the company's cable television operations passed 205,986 homes and served 134,258 subscribers (106,132 equivalent basic subscribers). For the third quarter, average revenue per equivalent basic subscriber was \$79.36, an increase of 10.6 percent when compared to the third quarter 2003 average revenue of \$71.77. Sequentially, average revenue was up 1.4 percent, from \$78.27, over the second quarter of 2004. Total subscribers decreased sequentially by 915 when compared to the second quarter of 2004. The decrease in subscribers is primarily attributable to a seasonal decrease in hotel customers. The total number of residential customers was relatively unchanged for the third quarter. This compares to a sequential decrease of 1,930 subscribers in the third quarter of 2003.

GCI served 42,568 Digital customers at the end of the third quarter of 2004, an increase of 3,800 customers compared to the second quarter of 2004. The sequential increase in Digital customers was due to the launch of several new service packages. The Anchorage system has been completely upgraded to a digital only system.

The operating statistics below include capital expenditures and customer information from cable services and the components of our local services and Internet services utilizing our cable services' facilities.

GCI's capital expenditures by standard reporting category for the nine months periods ending September 30, 2004 and 2003 follow (*amounts in thousands*):

	2004	2003
Customer premise equipment	\$ 12,136	6,880
Commercial	348	395
Scalable infrastructure	3,782	1,000
Line extensions	517	645
Upgrade/rebuild	6,516	1,816
Support capital	1,013	313
Sub-total	24,312	11,049
Remaining reportable segments and All Other capital expenditures	58,498	23,344
	<u>\$ 82,810</u>	<u>34,393</u>

The standard definition of a customer relationship is the number of customers who receive at least one level of service, encompassing voice, video, and data services, without regard to which services customers purchase. These relationships do not include local telephone customers except those receiving phone service through the cable television plant. At September 30, 2004 and 2003, GCI's cable business had 122,100 and 122,400 customer relationships, respectively.

The standard definition of a revenue-generating unit is the sum of all primary analog video, digital video, high-speed data and telephony customers, not counting additional outlets. At September 30, 2004 and 2003, GCI's cable business had 199,400 and 178,200 revenue generating units, respectively. The increase in the revenue generating units of 7,400 and 21,200 from June 30, 2004 and September 30, 2003 respectively, is due to an increase in the number of cable modem and Digital Local Phone Service (DLPS) customers.

### **Local Telephone Results**

For the third quarter 2004, local telephone service revenues totaled \$11.5 million, an increase of 21.1 percent, when compared to \$9.5 million in the third quarter of 2003.

Sequentially, revenue was up \$0.3 million or 2.7 percent from \$11.2 million in the second quarter of 2004. The increase in year-over-year revenues is attributable to increasing customer counts, Universal Service Fund and directory services revenues.

In the third quarter, local services generated an EBITDA loss of \$0.8 million, an improvement of \$0.1 million over the \$0.9 million loss in the third quarter of 2003. Sequentially, the third quarter EBITDA loss of \$0.8 million compares to EBITDA of \$0.2 million in the second quarter of 2004. The sequential decline in EBITDA is primarily due to an increase in operating costs attributable to the conversion of Anchorage customers to DLPS and the increase in Anchorage UNE rates. If the local telephone business received credit for access cost savings on calls placed by GCI long distance customers who are also GCI local customers, the company's local telephone business would have reported EBITDA of \$1.1 million in the third quarter of 2004.

At the end of the third quarter of 2004, GCI provided local service to approximately 110,400 access lines statewide. This represents a total decline of 200 access lines, or 0.2 percent, when compared to the 110,600 access lines reported at the end of the second quarter of 2004. During the third quarter GCI turned down more than 1,800 ISP access lines. Total access lines, not including ISP lines turned down, increased by 1,600 during the third quarter of 2004. The company estimates it has attained a 24 percent share of the total access line market in Alaska. Approximately 85 percent of GCI's access lines are provisioned on its own facilities or on resold local loops.

In early April 2004, GCI began converting customers to its DLPS technology. The roll out of DLPS will enable GCI to avoid wholesale and loop rental costs from local phone lines leased from the incumbent local exchange carrier. GCI now expects to provision 7,000 to 8,000 DLPS lines by the end of 2004. More than 5,000 DLPS lines are currently in service.

### **Internet Access Results**

Internet access revenues for the third quarter of 2004 totaled \$6.7 million, an increase of 36.7 percent year-over-year and 3.1 percent sequentially. Third quarter 2003 revenues were \$4.9 million and second quarter 2004 revenues were \$6.5 million. EBITDA for the third quarter totaled \$2.4 million, an improvement of \$1.1 million year-over-year and \$0.2 million sequentially. Third quarter 2003 EBITDA was \$1.3 million and second quarter 2004 EBITDA was \$2.2 million. The increase in Internet access revenues and EBITDA results from the migration of existing customers to cable modem access and customers adding more features and services, increasing economies of scale and effective cost containment controls.

At the end of the third quarter of 2004, GCI had 101,100 statewide Internet customers, an increase of 800 customers sequentially and an increase of 7,200 year-over-year. GCI's statewide Internet customers included 61,200 subscribers using cable modem access. This represents an increase of 4,400 subscribers, or 7.7 percent, over the prior quarter's subscriber count of 56,800. On a year-over-year basis, GCI experienced a 43.0 percent increase in cable modem subscribers, from 42,800 at the end of the third quarter of 2003.

At the end of the third quarter of 2004 GCI's average revenue per cable modem (ARPM) was \$33.51 as compared to \$36.84 at the end of the second quarter of 2004 and \$39.64 at the end of the third quarter of 2003. Total cable modem revenues for the third quarter of 2004 decreased 1.7 percent sequentially when compared to the second quarter of 2004 and increased 19.6 percent year-over-year. The increase in year-over-year revenues is due to the increase in the number of modem customers. The decline in ARPM is due to an increase in the percentage of total customers taking GCI's discounted cable modem products. The sequential decline in total modem revenues is due to some

customers shifting to lower priced services partially offset by growth in total modem revenues.

GCI began offering Internet access services during 1998 and its dial-up Internet service is offered in most major Alaska markets. GCI is the largest Internet access provider in Alaska.

### **Other Items**

During the three months ending September 30, 2004, core capital expenditures increased to \$18.2 million as compared to \$17.6 million in the second quarter of 2004. Additionally, GCI spent \$0.4 million relating to its new undersea fiber in the third quarter of 2004. GCI generated approximately \$11.4 million in free cash flow during the third quarter.

GCI will hold a conference call to discuss the quarter's results on Thursday, November 4, 2004 beginning at 2 p.m. (Eastern). To access the briefing on November 4, dial 888-390-6586 (international callers should dial 210-234-8000) and identify your call as "GCI." In addition to the conference call, GCI will make available net conferencing. To access the call via net conference, log on to [www.gci.com](http://www.gci.com) and follow the instructions. A replay of the call will be available for 72-hours by dialing 800-839-2291, access code 7461 (international callers should dial 402-998-1194.)

GCI is the largest telecommunications company in Alaska. A pioneer in bundled services, GCI provides local, wireless, and long distance telephone, cable television, Internet and data communication services throughout Alaska. More information about the company can be found at [www.gci.com](http://www.gci.com).

The foregoing contains forward-looking statements regarding the company's expected results that are based on management's expectations as well as on a number of assumptions concerning future events. Actual results might differ materially from those projected in the forward looking statements due to uncertainties and other factors, many of which are outside GCI's control. Additional information concerning factors that could cause actual results to differ materially from those in the forward looking statements is contained in GCI's cautionary statement sections of Form 10-K and 10-Q filed with the Securities and Exchange Commission.

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**GENERAL COMMUNICATION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

(Amounts in thousands)	(Unaudited) September 30, 2004	December 31, 2003
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,769	10,435
Receivables	75,600	70,235
Less allowance for doubtful receivables	2,069	1,954
Net receivables	73,531	68,281
Prepaid and other current assets	6,743	12,159
Deferred income taxes, net	5,621	7,195
Inventories	2,555	1,513
Property held for sale	1,046	2,173
Notes receivable from related parties	354	1,885
Total current assets	98,619	103,641
Property and equipment in service, net of depreciation	421,128	369,039
Construction in progress	19,940	33,618
Net property and equipment	441,068	402,657
Cable certificates	191,241	191,241
Goodwill	41,972	41,972
Other intangible assets, net of amortization of \$2,087 and \$1,656 at September 30, 2004 and December 31, 2003, respectively	5,078	4,195
Deferred loan and senior notes costs, net of amortization of \$2,226 and \$5,308 at September 30, 2004 and December 31, 2003, respectively	9,102	5,757
Notes receivable from related parties	4,230	4,281
Other assets	9,315	9,276
Total other assets	260,938	256,722
Total assets	\$ 800,625	763,020

(Continued)

**GENERAL COMMUNICATION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

(Continued)

(Amounts in thousands)	(Unaudited) September 30, 2004	December 31, 2003
Liabilities, Redeemable Preferred Stock, and Stockholders' Equity		
Current liabilities:		
Current maturities of obligations under capital leases	\$ 6,313	5,139
Accounts payable	27,350	34,133
Accrued payroll and payroll related obligations	14,025	17,545
Deferred revenue	13,844	21,275
Accrued liabilities	7,389	8,156
Accrued interest	2,860	8,645
Subscriber deposits	471	651
Total current liabilities	72,252	95,544
Long-term debt	377,060	345,000
Obligations under capital leases, excluding current maturities	34,244	38,959
Obligation under capital lease due to related party, excluding current maturity	680	677
Deferred income taxes, net of deferred income tax benefit	35,985	24,168
Other liabilities	6,811	6,366
Total liabilities	527,032	510,714
Redeemable preferred stock	19,244	25,664
Stockholders' equity		
Common stock (no par):		
Class A. Authorized 100,000 shares; issued 54,139 and 52,589 shares at September 30, 2004 and December 31, 2003, respectively	211,012	202,362
Class B. Authorized 10,000 shares; issued 3,866 and 3,868 shares at September 30, 2004 and December 31, 2003, respectively; convertible on a share-per-share basis into Class A common stock	3,267	3,269
Less cost of 380 and 338 Class A common shares held in treasury at September 30, 2004 and December 31, 2003, respectively	(2,284)	(1,917)
Paid-in capital	13,617	12,836
Notes receivable with related parties issued upon stock option exercise	(4,351)	(4,971)
Retained earnings	33,088	15,371
Accumulated other comprehensive loss	-	(308)
Total stockholders' equity	254,349	226,642
Commitments and contingencies		
Total liabilities, redeemable preferred stock, and stockholders' equity	\$ 800,625	763,020

**GENERAL COMMUNICATION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(Unaudited)

(Amounts in thousands, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Revenues	\$ 106,622	98,327	319,324	287,043
Cost of goods sold (exclusive of depreciation, amortization and accretion shown separately below)	32,876	31,870	104,878	92,189
Selling, general and administrative expenses	37,324	35,262	108,830	102,549
Bad debt expense (recovery)	(281)	533	(1,165)	1,932
Depreciation, amortization and accretion expense	15,297	13,067	46,759	39,368
Operating income	<u>21,406</u>	<u>17,595</u>	<u>60,022</u>	<u>51,005</u>
Other income (expense):				
Interest expense	(6,722)	(8,845)	(20,275)	(27,137)
Loss on early extinguishment of debt	-	-	(6,136)	-
Amortization and write-off of loan and senior notes fees	(400)	(631)	(3,414)	(2,329)
Interest income	86	162	273	493
Other expense, net	<u>(7,036)</u>	<u>(9,314)</u>	<u>(29,552)</u>	<u>(28,973)</u>
Net income before income taxes and cumulative effect of a change in accounting principle	14,370	8,281	30,470	22,032
Income tax expense	<u>5,075</u>	<u>3,752</u>	<u>11,525</u>	<u>9,598</u>
Net income before cumulative effect of a change in accounting principle	9,295	4,529	18,945	12,434
Cumulative effect of a change in accounting principle, net of income tax benefit of \$367	-	-	-	(544)
Net income	<u>\$ 9,295</u>	<u>4,529</u>	<u>18,945</u>	<u>11,890</u>
Basic net income per common share:				
Net income before cumulative effect of a change in accounting principle	\$ 0.15	0.07	0.31	0.20
Cumulative effect of a change in accounting principle, net of income tax benefit of \$367	-	-	-	(0.01)
Net income	<u>\$ 0.15</u>	<u>0.07</u>	<u>0.31</u>	<u>0.19</u>
Diluted net income per common share:				
Net income before cumulative effect of a change in accounting principle	\$ 0.15	0.07	0.30	0.19
Cumulative effect of a change in accounting principle, net of income tax benefit of \$367	-	-	-	(0.01)
Net income	<u>\$ 0.15</u>	<u>0.07</u>	<u>0.30</u>	<u>0.18</u>
Common shares used to calculate basic EPS	<u>58,031</u>	<u>55,707</u>	<u>57,027</u>	<u>55,563</u>
Common shares used to calculate diluted EPS	<u>60,708</u>	<u>56,870</u>	<u>58,162</u>	<u>56,094</u>

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES  
SUPPLEMENTAL SCHEDULE  
(Unaudited)

**Traditional Summary**

	Nine Months Ended September 30, 2004					Nine Months Ended September 30, 2003				
	Long	Local			Combined	Long	Local			Combined
	Distance	Cable	Services	Internet		Distance	Cable	Services	Internet	
Revenues	\$ 189,931	75,243	34,558	19,592	319,324	174,521	71,009	27,211	14,302	287,043
Cost of goods sold (exclusive of depreciation, amortization and accretion shown separately below)	58,115	20,311	21,184	5,268	104,878	50,972	19,435	17,445	4,337	92,189
Contribution	131,816	54,932	13,374	14,324	214,446	123,549	51,574	9,766	9,965	194,854
Selling, general and administrative expenses	66,528	21,099	13,415	7,788	108,830	63,640	19,786	12,902	6,221	102,549
Bad debt expense (recovery)	(1,808)	643	-	-	(1,165)	1,397	535	-	-	1,932
EBITDA, as adjusted	67,096	33,190	(41)	6,536	106,781	58,512	31,253	(3,136)	3,744	90,373
Less loss on early extinguishment of debt	6,136	-	-	-	6,136	-	-	-	-	-
EBITDA	60,960	33,190	(41)	6,536	100,645	58,512	31,253	(3,136)	3,744	90,373
Add loss on early extinguishment of debt	6,136	-	-	-	6,136	-	-	-	-	-
Less depreciation, amortization and accretion expense	27,018	14,072	2,927	2,742	46,759	20,786	13,441	2,612	2,529	39,368
Operating income (loss)	\$ 40,078	19,118	(2,968)	3,794	60,022	37,726	17,812	(5,748)	1,215	51,005

**Integrated Summary EBITDA, as Adjusted**  
(Unaudited)

	Nine Months Ended September 30, 2004				Nine Months Ended September 30, 2003			
	Voice	Data	Video	Combined	Voice	Data	Video	Combined
Traditional Summary EBITDA, as Adjusted:								
Long Distance	\$ 67,096			67,096	58,512			58,512
Cable			33,190	33,190			31,253	31,253
Local Services	(41)			(41)	(3,136)			(3,136)
Internet		6,536		6,536		3,744		3,744
	67,055	6,536	33,190	106,781	55,376	3,744	31,253	90,373
EBITDA, as Adjusted, Reallocations:								
Long Distance	(36,523)	36,523		-	(23,521)	23,521		-
Cable		8,080	(8,080)	-		4,930	(4,930)	-
Local Services	(142)	142		-	(113)	113		-
Integrated Summary EBITDA, as Adjusted	\$ 30,390	51,281	25,110	106,781	31,742	32,308	26,323	90,373

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES  
SUPPLEMENTAL SCHEDULE  
(Unaudited)

**Traditional Summary**

	Three Months Ended September 30, 2004					Three Months Ended June 30, 2004				
	Long	Local			Combined	Long	Local			Combined
	Distance	Cable	Services	Internet		Distance	Cable	Services	Internet	
Revenues	\$ 63,195	25,210	11,548	6,669	106,622	60,870	25,181	11,218	6,517	103,786
Cost of goods sold (exclusive of depreciation, amortization and accretion shown separately below)	16,463	6,897	7,816	1,700	32,876	18,274	6,352	6,822	1,809	33,257
Contribution	46,732	18,313	3,732	4,969	73,746	42,596	18,829	4,396	4,708	70,529
Selling, general and administrative expenses	22,863	7,433	4,486	2,542	37,324	22,276	7,115	4,246	2,465	36,102
Bad debt expense (recovery)	(522)	241	-	-	(281)	(678)	191	-	-	(487)
EBITDA	24,391	10,639	(754)	2,427	36,703	20,998	11,523	150	2,243	34,914
Less depreciation, amortization and accretion expense	8,752	4,702	964	879	15,297	9,003	4,691	1,071	939	15,704
Operating income (loss)	<u>\$ 15,639</u>	<u>5,937</u>	<u>(1,718)</u>	<u>1,548</u>	<u>21,406</u>	<u>11,995</u>	<u>6,832</u>	<u>(921)</u>	<u>1,304</u>	<u>19,210</u>

**Integrated Summary EBITDA**

(Unaudited)

	Three Months Ended September 30, 2004				Three Months Ended June 30, 2004			
	Voice	Data	Video	Combined	Voice	Data	Video	Combined
Traditional Summary EBITDA								
Long Distance	\$ 24,391			24,391	20,998			20,998
Cable			10,639	10,639			11,523	11,523
Local Services	(754)			(754)	150			150
Internet		2,427		2,427		2,243		2,243
	<u>23,637</u>	<u>2,427</u>	<u>10,639</u>	<u>36,703</u>	<u>21,148</u>	<u>2,243</u>	<u>11,523</u>	<u>34,914</u>
EBITDA, Reallocations:								
Long Distance	(13,000)	13,000		-	(11,648)	11,648		-
Cable		2,578	(2,578)	-		2,764	(2,764)	-
Local Services	(53)	53		-	(57)	57		-
Integrated Summary EBITDA	<u>\$ 10,584</u>	<u>18,058</u>	<u>8,061</u>	<u>36,703</u>	<u>9,443</u>	<u>16,712</u>	<u>8,759</u>	<u>34,914</u>

GENERAL COMMUNICATION, INC. AND SUBSIDIARIES  
SUPPLEMENTAL SCHEDULE  
(Unaudited)

**Traditional Summary**

	Three Months Ended September 30, 2004					Three Months Ended September 30, 2003				
	Long	Local			Combined	Long	Local			Combined
	Distance	Cable	Services	Internet		Distance	Cable	Services	Internet	
Revenues	\$ 63,195	25,210	11,548	6,669	106,622	60,166	23,699	9,540	4,922	98,327
Cost of goods sold (exclusive of depreciation, amortization and accretion shown separately below)	16,463	6,897	7,816	1,700	32,876	17,822	6,604	5,933	1,511	31,870
Contribution	46,732	18,313	3,732	4,969	73,746	42,344	17,095	3,607	3,411	66,457
Selling, general and administrative expenses	22,863	7,433	4,486	2,542	37,324	21,485	7,222	4,470	2,085	35,262
Bad debt expense (recovery)	(522)	241	-	-	(281)	365	168	-	-	533
EBITDA	24,391	10,639	(754)	2,427	36,703	20,494	9,705	(863)	1,326	30,662
Less depreciation, amortization and accretion expense	8,752	4,702	964	879	15,297	6,983	4,379	876	829	13,067
Operating income (loss)	<u>\$ 15,639</u>	<u>5,937</u>	<u>(1,718)</u>	<u>1,548</u>	<u>21,406</u>	<u>13,511</u>	<u>5,326</u>	<u>(1,739)</u>	<u>497</u>	<u>17,595</u>

**Integrated Summary EBITDA**

(Unaudited)

	Three Months Ended September 30, 2004				Three Months Ended September 30, 2003			
	Voice	Data	Video	Combined	Voice	Data	Video	Combined
Traditional Summary EBITDA:								
Long Distance	\$ 24,391			24,391	20,494			20,494
Cable			10,639	10,639			9,705	9,705
Local Services	(754)			(754)	(863)			(863)
Internet		2,427		2,427		1,326		1,326
	<u>23,637</u>	<u>2,427</u>	<u>10,639</u>	<u>36,703</u>	<u>19,631</u>	<u>1,326</u>	<u>9,705</u>	<u>30,662</u>
EBITDA Reallocations:								
Long Distance	(13,000)	13,000		-	(9,477)	9,477		-
Cable		2,578	(2,578)	-		2,372	(2,372)	-
Local Services	(53)	53		-	(27)	27		-
Integrated Summary EBITDA	<u>\$ 10,584</u>	<u>18,058</u>	<u>8,061</u>	<u>36,703</u>	<u>10,127</u>	<u>13,202</u>	<u>7,333</u>	<u>30,662</u>

**Non-GAAP Financial Reconciliation Schedule**

(Unaudited, Amounts in Millions)

	Three Months Ended		
	September 30, 2004	September 30, 2003	June 30, 2004
EBITDA (Note 2)	\$ 36.7	30.7	34.9
Depreciation, amortization and accretion expense	(15.3)	(13.1)	(15.7)
Operating income	21.4	17.6	19.2
Other income (expense):			
Interest expense	(6.7)	(8.9)	(6.0)
Loss on early extinguishment of debt	---	---	---
Amortization and write-off of loan and senior notes fee expense	(0.4)	(0.6)	(0.4)
Interest income	0.1	0.2	0.1
Other expense, net	(7.0)	(9.3)	(6.3)
Net income before income taxes	14.4	8.3	12.9
Income tax expense	5.1	3.8	5.2
Net income	\$ 9.3	4.5	7.7

	Nine Months Ended	
	September 30, 2004	September 30, 2003
EBITDA, as adjusted (Note 1) \$	106.8	90.4
Loss on early extinguishment of debt	(6.1)	---
EBITDA (Note 2)	100.7	90.4
Depreciation, amortization and accretion expense	(46.8)	(39.4)
Loss on early extinguishment of debt	6.1	---
Operating income	60.0	51.0
Other income (expense):		
Interest expense	(20.3)	(27.1)
Loss on early extinguishment of debt	(6.1)	---
Amortization and write-off of loan and senior notes fee expense	(3.4)	(2.4)
Interest income	0.2	0.5
Other expense, net	(29.6)	(29.0)
Net income before income taxes and cumulative effect of a change in accounting principle	30.4	22.0
Income tax expense	11.5	9.6
Net income before cumulative effect of a change in accounting principle	18.9	12.4
Cumulative effect of a change in accounting principle, net of income tax benefit of \$0.4	---	(0.5)
Net income	\$ 18.9	11.9

Notes:

- (1) EBITDA (as defined in Note 2 below) before deducting Loss on Early Extinguishment of Debt during the nine months ended September 30, 2004.
- (2) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is the sum of Net Income, Interest Expense, Amortization and Write-off of Loan and Senior Notes Fees, Interest Income, Taxes, and Depreciation, Amortization and Accretion. EBITDA is not presented as an alternative measure of net income, operating income or cash flow from operations, as determined in accordance with accounting principles generally accepted in the United States of America. GCI's management uses EBITDA to evaluate the operating performance of its business, and as a measure of performance for incentive compensation purposes. GCI believes EBITDA is a measure used as an analytical indicator of income generated to service debt and fund capital expenditures. In addition, multiples of current or

projected EBITDA are used to estimate current or prospective enterprise value. EBITDA does not give effect to cash used for debt service requirements, and thus does not reflect funds available for investment or other discretionary uses. EBITDA as presented herein may not be comparable to similarly titled measures reported by other companies.