

the first quarter of 2006. Consumer local access lines in service were down 500 from second quarter of 2005 and 900 from the first quarter of 2006. GCI converted 1,200 consumer access lines to its own facilities during the second quarter.

Consumer video revenue increased 5.6 percent over the prior year and increased 1.5 percent over the first quarter of 2006. The increase in revenue is due to increasing average revenue per customer in certain markets and increases in video subscribers purchasing digital service and renting high definition/digital video recorder converters.

Consumer data revenues increased 14.8 percent over the prior year and 4.3 percent over the first quarter of 2006. The increase in consumer data revenues is due to an increase in cable modem customers. GCI added 10,700 consumer cable modem customers over the prior year and 1,000 customers during the second quarter of 2006.

Consumer wireless revenues increased substantially during the second quarter of 2006.

### **Network Access**

Network access revenues increased 12.1 percent to \$41.4 million as compared to \$36.9 million in the second quarter of 2005 and increased 9.4 percent from the first quarter of 2006.

Voice revenues increased 16.3 percent over the prior year and increased 13.7 percent from the first quarter of 2006. Network access minutes increased 22.2 percent to 331.5 million minutes for the second quarter of 2006 as compared to the second quarter of 2005. Minutes for the second quarter of 2006 increased 15.1 percent from the first quarter of 2006. The effect on revenues of increases in minutes for the second quarter of 2006 was partially offset by rate decreases.

Data revenues were up 4.4 percent compared to second quarter 2005 and 1.5 percent over the prior quarter.

### **Commercial**

Commercial revenues decreased 1.5 percent to \$26.0 million as compared to \$26.4 million in the second quarter of 2005 and were relatively unchanged from the first quarter of 2006. A significant customer on GCI's fiber optic cable from Prudhoe Bay to Valdez began transition of their traffic to our competitor's microwave system in June of 2006. We expect to sign an agreement to lease capacity on our system in connection with the competitor's contract. We expect this transition to result in an approximate \$9.5 million annual decrease in revenues when completed. The decrease for 2006 will be approximately one half of the expected annual decrease depending upon the pace of the transition.

Increases in video and wireless revenues were offset by decreases in voice and data revenues when compared to the prior year.

GCI converted 100 commercial local access lines to its own facilities during the first quarter.

Basic commercial video customers, as expected, increased by 1,800 subscribers from the prior year and increased by 2,600 subscribers from the first quarter of 2006. Commercial video customers are primarily hotel video customers.

### **Managed Broadband**

Managed broadband revenues totaled \$6.6 million in the second quarter of 2006, a decrease of 5.7 percent from \$7.0 million in the second quarter of 2005 and an increase of 6.4 percent over \$6.2 million in the first quarter of 2006. The decrease from the prior year

quarter is due to fewer multi-site SchoolAccess customers and a decrease in rates charged for certain services provided to rural health customers. The increase from the prior sequential quarter was due to the sale of new services and circuits to rural health customers.

**Other Items**

Total selling, general and administrative expenses (SG&A) increased 7.0 percent to \$40.7 million as compared to \$38.0 million in the second quarter of 2005 and increased 2.7 percent from the first quarter of 2006. The increase was due primarily to share-based compensation expense from the adoption of a new accounting rule on January 1, 2006. SG&A expenses are recorded by segment using a combination of direct charges and an allocation based on prior year gross margins by segment.

During the second quarter of 2006 GCI's capital expenditures totaled \$23.9 million as compared to \$14.9 million in the first quarter of 2006.

GCI will hold a conference call to discuss the quarter's results on Wednesday, August 9, 2006 beginning at 1 p.m. (Eastern). To access the briefing on August 9, dial 800-369-2012 (International callers should dial 210-234-0006) 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 866-415-2337, access code 7461 (International callers should dial 203-369-0682.)

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.

# # #

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

(Amounts in thousands)	Assets	(Unaudited) June 30, 2006	December 31, 2005
<b>Current assets:</b>			
Cash and cash equivalents		\$ 45,686	44,362
Receivables		80,731	78,279
Less allowance for doubtful receivables		5,550	5,317
Net receivables		75,181	72,962
Deferred income taxes, net		20,801	19,596
Prepaid expenses		6,286	8,347
Inventories		2,881	1,556
Notes receivable from related parties		2,685	922
Property held for sale		2,315	2,312
Other current assets		5,938	2,572
Total current assets		<u>161,773</u>	<u>152,629</u>
Property and equipment in service, net of depreciation		434,847	453,008
Construction in progress		24,306	8,337
Net property and equipment		<u>459,153</u>	<u>461,345</u>
Cable certificates		191,565	191,565
Goodwill		42,181	42,181
Other intangible assets		7,813	6,201
Deferred loan and senior notes costs, net of amortization of \$1,953 and \$1,451 at June 30, 2006 and December 31, 2005, respectively		7,509	8,011
Notes receivable from related parties		84	2,544
Other assets		8,143	9,299
Total other assets		<u>257,295</u>	<u>259,801</u>
Total assets		<u>\$ 878,221</u>	<u>873,775</u>

(Continued)

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

(Continued)

(Amounts in thousands)	(Unaudited) June 30, 2006	December 31, 2005
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities:</b>		
Current maturities of obligations under long-term debt and capital leases	\$ 1,894	1,769
Accounts payable	26,640	23,217
Deferred revenue	15,139	16,439
Accrued payroll and payroll related obligations	13,176	17,925
Accrued interest	8,703	9,588
Accrued liabilities	6,759	6,814
Subscriber deposits	408	361
Total current liabilities	<u>72,719</u>	<u>76,113</u>
Long-term debt	473,360	474,115
Obligation under capital lease, excluding current maturity	1,192	-
Obligation under capital lease due to related party, excluding current maturity	597	628
Deferred income taxes, net of deferred income tax benefit	77,955	69,753
Other liabilities	12,146	9,546
Total liabilities	<u>637,969</u>	<u>630,155</u>
<b>Stockholders' equity:</b>		
Common stock (no par):		
Class A. Authorized 100,000 shares; issued 51,568 and 51,200 shares at June 30, 2006 and December 31, 2005, respectively	177,108	178,351
Class B. Authorized 10,000 shares; issued 3,380 and 3,843 shares at June 30, 2006 and December 31, 2005, respectively; convertible on a share-per-share basis into Class A common stock	2,855	3,247
Less cost of 290 and 291 Class A and Class B common shares held in treasury at June 30, 2006 and December 31, 2005, respectively	(1,723)	(1,730)
Paid-in capital	17,856	16,425
Notes receivable with related parties issued upon stock option exercise	(1,279)	(1,722)
Retained earnings	45,435	49,049
Total stockholders' equity	<u>240,252</u>	<u>243,620</u>
<b>Commitments and contingencies</b>		
Total liabilities and stockholders' equity	<u>\$ 878,221</u>	<u>873,775</u>

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

(Amounts in thousands, except per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
Revenues	\$ 118,220	110,665	231,042	217,175
Cost of goods sold (exclusive of depreciation and amortization shown separately below)	38,598	36,045	74,782	71,245
Selling, general and administrative expenses	40,667	38,019	80,281	75,199
Bad debt expense (recovery)	1,338	194	1,839	(159)
Depreciation and amortization expense	20,172	18,348	40,333	36,052
Operating income	<u>17,445</u>	<u>18,059</u>	<u>33,807</u>	<u>34,838</u>
Other income (expense):				
Interest expense	(8,696)	(8,403)	(17,250)	(16,735)
Amortization of loan and senior notes fees	(251)	(448)	(502)	(931)
Interest income	482	112	639	291
Other	282	-	169	-
Other expense, net	<u>(8,183)</u>	<u>(8,739)</u>	<u>(16,944)</u>	<u>(17,375)</u>
Net income before income taxes and cumulative effect of a change in accounting principle	9,262	9,320	16,863	17,463
Income tax expense	<u>3,856</u>	<u>4,036</u>	<u>7,535</u>	<u>7,516</u>
Net income before cumulative effect of a change in accounting principle	5,406	5,284	9,328	9,947
Cumulative effect of a change in accounting principle, net of income tax benefit of \$425	-	-	(608)	-
Net income	<u>5,406</u>	<u>5,284</u>	<u>8,720</u>	<u>9,947</u>
Preferred stock dividends	-	55	-	148
Net income available to common shareholders	<u>\$ 5,406</u>	<u>5,229</u>	<u>8,720</u>	<u>9,799</u>
Basic net income per common share:				
Net income before cumulative effect of a change in accounting principle	\$ 0.10	0.10	0.17	0.18
Cumulative effect of a change in accounting principle	-	-	(0.01)	-
Net income	<u>\$ 0.10</u>	<u>0.10</u>	<u>0.16</u>	<u>0.18</u>
Diluted net income per common share:				
Net income before cumulative effect of a change in accounting principle	\$ 0.09	0.09	0.16	0.18
Cumulative effect of a change in accounting principle	-	-	(0.01)	-
Net income	<u>\$ 0.09</u>	<u>0.09</u>	<u>0.15</u>	<u>0.18</u>
Common shares used to calculate basic EPS	<u>55,688</u>	<u>54,637</u>	<u>55,526</u>	<u>54,815</u>
Common shares used to calculate diluted EPS	<u>57,260</u>	<u>55,612</u>	<u>56,941</u>	<u>55,919</u>

**GENERAL COMMUNICATION, INC. AND SUBSIDIARIES**  
**SUPPLEMENTAL SCHEDULES**  
(Unaudited)

(Amounts in thousands)

	Second Quarter 2006					Second Quarter 2005				
	Consumer	Network	Commercial	Managed	Totals	Consumer	Network	Commercial	Managed	Totals
		Access		Broadband			Access		Broadband	
Revenues		Services					Services			
Voice	\$ 11,451	27,844	8,097	-	47,392	11,593	23,940	8,796	-	44,329
Video	22,329	-	1,933	-	24,262	21,142	-	1,889	-	23,031
Data	7,258	13,533	15,400	6,607	42,798	6,321	12,967	15,468	7,002	41,758
Wireless	3,185	-	583	-	3,768	1,293	-	254	-	1,547
Total	44,223	41,377	26,013	6,607	118,220	40,349	36,907	26,407	7,002	110,665
Cost of goods sold	17,124	8,794	11,605	1,075	38,598	15,712	7,791	11,151	1,391	36,045
Contribution	27,099	32,583	14,408	5,532	79,622	24,637	29,116	15,256	5,611	74,620
Less SG&A	18,544	9,771	8,857	3,495	40,667	17,629	8,547	8,309	3,534	38,019
Less / add bad debt expense (recovery)	677	-	395	266	1,338	(220)	-	(114)	528	194
Add other income	-	-	-	282	282	-	-	-	-	-
EBITDA	7,878	22,812	5,156	2,053	37,899	7,228	20,569	7,061	1,549	36,407
Add share-based compensation	508	605	348	121	1,582	-	-	-	-	-
EBITDA, as adjusted	\$ 8,386	23,417	5,504	2,174	39,481	7,228	20,569	7,061	1,549	36,407

	Second Quarter 2006					First Quarter 2006				
	Consumer	Network	Commercial	Managed	Totals	Consumer	Network	Commercial	Managed	Totals
		Access		Broadband			Access		Broadband	
Revenues		Services					Services			
Voice	\$ 11,451	27,844	8,097	-	47,392	11,311	24,485	8,023	-	43,819
Video	22,329	-	1,933	-	24,262	22,003	-	1,726	-	23,729
Data	7,258	13,533	15,400	6,607	42,798	6,961	13,338	15,910	6,208	42,417
Wireless	3,185	-	583	-	3,768	2,388	-	469	-	2,857
Total	44,223	41,377	26,013	6,607	118,220	42,663	37,823	26,128	6,208	112,822
Cost of goods sold	17,124	8,794	11,605	1,075	38,598	15,923	8,776	10,424	1,061	36,184
Contribution	27,099	32,583	14,408	5,532	79,622	26,740	29,047	15,704	5,147	76,638
Less SG&A	18,544	9,771	8,857	3,495	40,667	18,406	9,178	8,909	3,121	39,614
Less bad debt expense	677	-	395	266	1,338	257	-	139	105	501
Add other income (expense)	-	-	-	282	282	-	-	-	(113)	(113)
EBITDA	7,878	22,812	5,156	2,053	37,899	8,077	19,869	6,656	1,808	36,410
Add share-based compensation	508	605	348	121	1,582	262	206	161	49	678
EBITDA, as adjusted	\$ 8,386	23,417	5,504	2,174	39,481	8,339	20,075	6,817	1,857	37,088

**GENERAL COMMUNICATION, INC. AND SUBSIDIARIES**  
**SUPPLEMENTAL SCHEDULES**  
(Unaudited)

(Amounts in thousands)

	Six Months Ended June 30, 2006					Six Months Ended June 30, 2005				
	Consumer	Network Access Services	Commercial	Managed Broadband	Totals	Consumer	Network Access Services	Commercial	Managed Broadband	Totals
Revenues										
Voice	\$ 22,763	52,328	16,120	-	91,211	23,589	44,909	17,577	-	86,075
Video	44,331	-	3,659	-	47,990	42,136	-	3,533	-	45,669
Data	14,219	26,872	31,310	12,815	85,216	12,566	26,142	30,214	13,817	82,739
Wireless	5,573	-	1,052	-	6,625	2,250	-	442	-	2,692
Total	86,886	79,200	52,141	12,815	231,042	80,541	71,051	51,766	13,817	217,175
Cost of goods sold	33,047	17,570	22,029	2,136	74,782	30,663	15,578	22,536	2,468	71,245
Contribution	53,839	61,630	30,112	10,679	156,260	49,878	55,473	29,230	11,349	145,930
Less SG&A	36,950	18,949	17,766	6,616	80,281	35,161	16,624	16,713	6,701	75,199
Less / add bad debt expense (recovery)	934	-	534	371	1,839	(464)	-	(208)	513	(159)
Add other income	-	-	-	169	169	-	-	-	-	-
EBITDA	15,955	42,681	11,812	3,861	74,309	15,181	38,849	12,725	4,135	70,890
Add share-based compensation	770	811	509	170	2,260	-	-	-	-	-
EBITDA, as adjusted	\$ 16,725	43,492	12,321	4,031	76,569	15,181	38,849	12,725	4,135	70,890

**GENERAL COMMUNICATION, INC. AND SUBSIDIARIES**  
**KEY PERFORMANCE INDICATORS**  
(Unaudited)

	Three Months Ended			June 30, 2006 as compared to		June 30, 2006 as compared to	
	June 30, 2006	June 30, 2005	March 31, 2006	June 30, 2005	March 31, 2006	June 30, 2005	March 31, 2006
<b>Consumer</b>							
Voice							
Long-distance subscribers	92,757	NA	93,760	NA	(1,003)	NA	-1.1%
Total local access lines in service	67,700	68,200	68,600	(500)	(900)	-0.7%	-1.3%
DLPS local access lines in service	25,300	12,400	24,100	12,900	1,200	104.0%	5.0%
Video							
Basic subscribers	121,900	121,200	122,100	700	(200)	0.6%	-0.2%
Digital programming tier subscribers	55,100	48,700	54,900	6,400	200	13.1%	0.4%
HD/DVR converter boxes	18,800	7,400	16,200	11,400	2,600	154.1%	16.0%
Homes passed	217,100	211,000	216,000	6,100	1,100	2.9%	0.5%
Data							
Cable modem subscribers	75,000	64,300	74,000	10,700	1,000	16.6%	1.4%
<b>Network Access Services</b>							
Voice:							
Long-distance subscribers	30	NA	31	NA	(1)	NA	-3.2%
Total local access lines in service	3,300	3,600	3,300	(300)	-	-8.3%	0.0%
<b>Commercial</b>							
Voice:							
Long-distance subscribers	11,676	NA	11,765	NA	(89)	NA	-0.8%
Total local access lines in service	40,400	40,100	40,600	300	(200)	0.7%	-0.5%
DLPS access lines in service	1,100	400	1,000	700	100	175.0%	10.0%
Video							
Hotels and mini-headend subscribers	16,500	14,800	13,900	1,700	2,600	11.5%	18.7%
Basic subscribers	1,500	1,400	1,500	100	-	7.1%	0.0%
Total basic subscribers	<u>18,000</u>	<u>16,200</u>	<u>15,400</u>	<u>1,800</u>	<u>2,600</u>	<u>11.1%</u>	<u>16.9%</u>
Data							
Cable modem subscribers	7,100	5,900	6,900	1,200	200	20.3%	2.9%
<b>Broadband</b>							
SchoolAccess <sup>®</sup> customers	45	43	47	2	(2)	4.7%	-4.3%
Rural health customers	21	21	21	-	-	0.0%	0.0%
<b>Combined Consumer &amp; Commercial</b>							
Wireless							
Total lines in service	22,900	12,161	20,100	10,739	2,800	88.3%	13.9%
<b>Consumer</b>							
Voice							
Long-distance minutes carried (in millions)	35.9	40.5	36.9	(4.6)	(1.0)	-11.3%	-2.6%
Video							
Average monthly gross revenue per subscriber	\$ 60.92	\$ 59.22	\$ 63.87	\$ 1.70	\$ (2.95)	2.9%	-4.6%
<b>Network Access Services</b>							
Voice							
Long-distance minutes carried (in millions)	331.5	271.3	288.0	60.2	43.5	22.2%	15.1%
<b>Commercial</b>							
Voice:							
Long-distance minutes carried (in millions)	34.4	35.9	35.1	(1.5)	(0.7)	-4.2%	-2.0%

**General Communication, Inc.**  
**Non-GAAP Financial Reconciliation Schedule**  
(Unaudited, Amounts in Millions)

	Three Months Ended		
	June 30, 2006	June 30, 2005	March 31, 2006
EBITDA, as adjusted (Note 1) \$	39.5	36.4	37.1
Share-based compensation expense	(1.6)	---	(0.7)
EBITDA (Note 2)	37.9	36.4	36.4
Depreciation and amortization expense	(20.2)	(18.4)	(20.1)
Other	(0.3)	---	0.1
Operating income	17.4	18.0	16.4
Other income (expense):			
Interest expense	(8.7)	(8.4)	(8.6)
Amortization of loan and senior notes fee expense	(0.2)	(0.4)	(0.3)
Interest income	0.5	0.1	0.2
Other	0.3	---	(0.1)
Other expense, net	(8.1)	(8.7)	(8.8)
Net income before income taxes and cumulative effect of a change in accounting principle	9.3	9.3	7.6
Income tax expense	(3.9)	(4.0)	(3.7)
Net income before cumulative effect of a change in accounting principle	5.4	5.3	3.9
Cumulative effect of change in accounting principle, net of income tax benefit of \$0.4	---	---	(0.6)
Net income \$	5.4	5.3	3.3

	Six Months Ended	
	June 30, 2006	June 30, 2005
EBITDA, as adjusted (Note 1) \$	76.6	70.9
Share-based compensation expense	(2.3)	---
EBITDA (Note 2)	74.3	70.9
Depreciation and amortization expense	(40.3)	(36.1)
Other	(0.2)	---
Operating income	33.8	34.8
Other income (expense):		
Interest expense	(17.3)	(16.8)
Amortization of loan and senior notes fee expense	(0.5)	(0.9)
Interest income	0.6	0.3
Other	0.2	---
Other expense, net	(17.0)	(17.4)
Net income before income taxes and cumulative effect of a change in accounting principle	16.8	17.4
Income tax expense	(7.5)	(7.5)
Net income before cumulative effect of a change in accounting principle	9.3	9.9
Cumulative effect of change in accounting principle, net of income tax benefit of \$0.4	(0.6)	---
Net income \$	8.7	9.9

Notes:

- (1) EBITDA (as defined in Note 2 below) before deducting share-based compensation expense.
- (2) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is the sum of Net Income, Interest Expense, Amortization of Loan and Senior Notes Fees, Interest Income, Income Tax Expense, and Depreciation and Amortization Expense. 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.

# Exhibit D

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Petition of ACS of Anchorage, Inc. Pursuant to	)	
Section 10 of the Communications Act of 1934, as	)	WC Docket No. 06-109
Amended, for Forbearance from Certain Dominant	)	
Carrier Regulation of Its Interstate Access Services,	)	
And for Forbearance from Title II Regulation of Its	)	
Broadband Services, in the Anchorage, Alaska,	)	
Incumbent Local Exchange Carrier Study Area	)	

**STATEMENT OF MARK ENZENBERGER IN SUPPORT OF  
REPLY COMMENTS OF ACS OF ANCHORAGE, INC.**

1. Based on my experience at ACS of Anchorage, Inc. ("ACS"), I have knowledge and understand the nature of competition in the market for enterprise services in Anchorage.

Additionally, based on public information and reasonable assumptions regarding the location of the facilities of General Communication, Inc. ("GCI"), I have general knowledge regarding the significant reach of GCI's fiber network.

2. GCI's fiber facilities interconnect with each of ACS's five wire centers. It is generally known that GCI has fiber facilities at the following locations in Anchorage: (i) GCI's headquarters on Denali Street, (ii) its local switch location at Raspberry Road and C Street, (iii) its video headend in Anchorage Business Park, which is located in the midtown region of Anchorage, and (iv) the Diamond Center Mall, where ACS also has facilities. Based on ACS's field operations, ACS has knowledge that GCI uses fiber to serve some of its major customers in Anchorage, including Arctic Slope Regional Corporation, BP, First National Bank, Wells Fargo, and the Center Point Building. Based on the location of these customer locations, I can deduce

that GCI could easily serve many of the major buildings along the routes that run among these locations. The fiber route that connects these locations passes most major buildings in the midtown business corridor in Anchorage.

3. In new buildings, GCI has the same opportunity as ACS to negotiate exclusive access. Indeed, there are several multi-tenant commercial buildings in Anchorage where ACS has no facilities and that GCI likely has fiber, given the size of the building and of the customers occupying the building. For instance, GCI has exclusive entrance facilities into the Arctic Slope Regional Corporation and the Center Point buildings, both in the midtown business district in Anchorage. ACS does not have facilities in these buildings and has experienced difficulty serving tenants in these buildings.

Respectfully submitted,

/s/ Mark Enzenberger

Mark Enzenberger  
Director of Complex Services  
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