GCI, LLC AND SUBSIDIARIES

Condensed Consolidated Financial Statements
as of and for the three months ended
March 31, 2022 and 2021

GCI, LLC AND SUBSIDARIES
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Management's Discussion and Analysis and Results of Operations

The following discussion and analysis provides information concerning our results of operations and financial condition. This discussion should be read in conjunction with our accompanying condensed consolidated financial statements and the notes thereto.

Overview

GCI, LLC, (the "Company") is currently comprised of one operating entity, GCI Holdings, LLC ("GCI Holdings"), as well as other assets and liabilities. It was previously also comprised of equity interests in Charter Communications, Inc. ("Charter") (until Charter was distributed to parent on February 16, 2021).

GCI, LLC is an indirect wholly-owned subsidiary of Liberty Broadband as of March 31, 2022 as a result of the merger between GCI, LLC's parent, GCI Liberty, Inc. ("GCI Liberty"), and Liberty Broadband that was completed on December 18, 2020 (the "Combination").

Update on Economic Conditions

GCI Holdings offers wireless and wireline telecommunication services, data services, video services, and managed services to customers primarily throughout Alaska. Because of this geographic concentration, growth of GCI Holdings' business and operations depends upon economic conditions in Alaska. In December 2019, Chinese officials reported a novel coronavirus outbreak ("COVID-19"). COVID-19 has since spread through China and internationally. On March 11, 2020, the World Health Organization assessed COVID-19 as a global pandemic, causing many countries throughout the world to take aggressive actions, including imposing travel restrictions and stay-at-home orders, closing public attractions and restaurants, and mandating social distancing practices, which caused a significant disruption to most sectors of the economy at varying levels during the periods covered by the financial statements.

Although the COVID-19 pandemic has significantly impacted Alaska, GCI Holdings has continued to deliver services uninterrupted by the pandemic and expects to be able to continue to respond to the increase in network activity. As a major provider of Internet services in Alaska, GCI Holdings believes it plays an instrumental role in enabling social distancing through telecommuting and e-learning across the state and remains focused on its service to customers, as well as the health and safety of its employees and customers.

GCI Holdings cannot predict the ultimate impact of COVID-19 on its business, including the depth and duration of the economic impact to its customers' ability to pay for products and services including the impact of extended unemployment benefits and other stimulus packages and what assistance may be provided to its customers. There is a risk that GCI Holdings' accounts receivable and bad debt expense will increase substantially due to the economic impact of the COVID-19 pandemic. In addition, there is uncertainty regarding the impact of government emergency declarations, the ability of suppliers and vendors to provide products and services to GCI Holdings and the risk of limitations on the deployment and maintenance of its services.

The Alaska economy is dependent upon the oil industry, state and federal spending, investment earnings and tourism. A decline in oil prices would put significant pressure on the Alaska state government budget. The Alaska state government has significant reserves that GCI Holdings believes will help fund the state government for the next couple of years. The Alaska economy is in a recession that started in late 2015 and has continued as a result of the COVID-19 pandemic. While it is difficult for GCI Holdings to predict the future impact of a renewed or continuing recession on its business, these conditions have had an adverse impact on its business and could adversely affect the affordability of and demand for some of its products and services and cause customers to shift to lower priced products and services or to delay or forgo purchases of its products and services. If the recession continues, it could negatively affect GCI Holdings' business including its financial position, results of operations, or liquidity, as well as its ability to service debt and pay other obligations.

Rural Health Care ("RHC") Program

GCI Holdings receives support from various Universal Service Fund ("USF") programs including the RHC Program. The USF programs are subject to change by regulatory actions taken by the FCC, interpretations of or compliance with USF program rules, or legislative actions. Changes to any of the USF programs that GCI Holdings participates in could result in a material decrease in revenue and accounts receivable, which could have an adverse effect on GCI Holdings' business and the Company's financial position, results of operations or liquidity. The following paragraphs describe certain separate matters related to the RHC Program that impact or could impact the revenue earned by the Company. As of March 31, 2022, the Company had net accounts receivable from the RHC Program of approximately $73 million, which is included within Trade and other receivables in the condensed consolidated balance sheets.

The Company disclosed, in additional detail, the following items related to GCI Holdings' involvement in the RHC Program in its Annual Report for the year ended December 31, 2021:

<u>FCC Rate Reduction</u>

- The FCC reduced the rates charged to RHC customers by approximately 26% for the funding year that ended June 30, 2018. An Application for Review is currently with the FCC.
- The FCC approved the cost-based rural rates GCI Holdings historically applied for the funding years that ended on June 30, 2019 and June 30, 2020. GCI Holdings collected $175 million in accounts receivable relating to these two funding years during 2021. GCI Holdings also filed an Application for Review of these determinations. GCI Holdings identified rates for similar services provided by a competitor that would justify higher rates for certain GCI Holdings satellite services in the funding years that ended on June 30, 2018, June 30, 2019, and June 30, 2020. GCI Holdings submitted that information to the Bureau on September 7, 2021. The Applications for Review remain pending.
- On May 24, 2021, the FCC approved the cost studies submitted by GCI Holdings for the funding year ended June 30, 2021. Subsequently, on August 16, 2021, GCI Holdings submitted a request for approval of rates for 17 additional sites, which remains pending.

<u>RHC Program Funding Cap</u>

- The RHC Program has a funding cap for each individual funding year that is annually adjusted for inflation, and which the FCC can increase by carrying forward unused funds from prior funding years. In recent years, including the current year, this funding cap has not limited the amount of funding received by participants; however, management continues to monitor the funding cap and its potential impact on funding in future years.

<u>Enforcement Bureau and Related Inquiries</u>

- GCI Holdings received a letter of inquiry and request for information from the Enforcement Bureau of the FCC (the "Enforcement Bureau") in March 2018 relating to the period beginning January 1, 2015 and including all future periods.
- GCI Holdings became aware of potential RHC Program compliance issues in the fourth quarter of 2019 related to certain of its currently active and expired contracts with certain of its RHC customers.
- On December 17, 2020, GCI Holdings received a Subpoena Duces Tecum from the FCC's Office of the Inspector General requiring production of documents from January 1, 2009 to the present related to a single RHC customer and related contracts, information regarding GCI Holdings' determination of rural rates for a single customer, and to provide information regarding persons with knowledge of pricing practices generally.
- With respect to the ongoing inquiries from the FCC's Enforcement Bureau and the FCC's Office of the Inspector General, GCI Holdings recognized a liability of approximately $12 million in 2019 for contracts that were deemed probable of not complying with the RHC Program rules. GCI Holdings also identified certain contracts where additional loss was reasonably possible and such loss could range from zero to $44 million. An accrual was not made for the amount of the reasonably possible loss in accordance with the applicable accounting guidance. GCI Holdings could also be assessed fines and penalties but such amounts could not be reasonably estimated.

- GCI Holdings was informed in 2021 that a qui tam action has been filed in the Western District of Washington arising from the subject matter under review by the Enforcement Bureau. The Department of Justice (the "DOJ") is investigating whether GCI Holdings submitted false claims and/or statements in connection with GCI's participation in the FCC's RHC Program. Additionally in 2021, the DOJ issued a Civil Investigative Demand with regard to the qui tam action.

Revision of Support Calculations

- The FCC released an order adopting changes to the RHC Program that will revise the manner in which support issued under the RHC Program will be calculated and approved. On January 19, 2021, the Wireline Competition Bureau of the FCC issued an Order that waives the requirement to use the database for health care providers in Alaska for the two funding years ending June 30, 2022 and June 30, 2023. The Order requires GCI Holdings to determine its rural rates based on previously approved rates or under reinstitution of the rules currently in effect through the funding year ended on June 30, 2021. On April 8, 2021, the Wireline Competition Bureau issued an Order further extending the January 19, 2021 waiver to carriers nationwide and eliminating the ability or requirement to use the database to establish the healthcare provider payments for services subsidized by the RHC Telecom Program.

The Company does not have any significant updates regarding the items noted above except as discussed in the remainder of this paragraph. Subsequent to March 31, 2022, the Wireline Competition Bureau issued an Order further extending the January 19, 2021 waiver regarding use of the database by health care providers seeking support under the RHC Program through the funding year ending June 30, 2024. Also subsequent to March 31, 2022, the DOJ and GCI Holdings held discussions regarding the qui tam action whereby the DOJ clarified that its investigation relates to the years from 2010 through 2019 and alleged that GCI Holdings had submitted false claims under the RHC Program during this time period. GCI Holdings continues to work with the DOJ related to this matter; however, the Company is unable to assess the ultimate outcome of this action and is unable to reasonably estimate a range of possible loss, including any type of fine or penalty that may ultimately be assessed as permitted under the applicable law.

Results of Operations - Consolidated

General. We provide information regarding our consolidated operating results and other income and expenses, as well as information regarding the contribution to those items from our operating segments in the tables below. The "Corporate and other" category consists of those assets or businesses which do not qualify as a significant operating segment. For a more detailed discussion and analysis of the financial results of GCI Holdings, see "Results of Operations-GCI Holdings" below.

Operating Results

	Three months ended March 31,	
	2022	2021
	amounts in millions	
Revenue		
GCI Holdings	$ 233	242
Corporate and other	—	—
Consolidated	$ 233	242
Operating Income (Loss)		
GCI Holdings	$ 21	29
Corporate and other	(2)	(2)
Consolidated	$ 19	27
Adjusted OIBDA		
GCI Holdings	$ 87	96
Corporate and other	—	—
Consolidated	$ 87	96

Revenue. Consolidated revenue decreased $9 million for the three months ended March 31, 2022, as compared to the corresponding prior year period. The decrease in revenue was due to GCI Holdings. See "Results of Operations-GCI Holdings, LLC" below for a more complete discussion of the results of operations of GCI Holdings.

Operating Income (Loss). Consolidated operating income decreased $8 million for the three months ended March 31, 2022, as compared to the corresponding prior year period. The decrease in consolidated operating income was primarily due to decreased operating income at GCI Holdings. See "Results of Operations-GCI Holdings, LLC" below for a more complete discussion of the results of operations of GCI Holdings.

Stock-based compensation. Prior to the Combination, stock based compensation included compensation related to restricted shares of GCI Liberty's common stock and preferred stock, restricted stock units with respect to GCI Liberty's common stock, and options to purchase shares of GCI Liberty's common stock granted to certain directors, employees, and employees of its subsidiaries. In connection with the Combination at the close of business on December 18, 2020, all outstanding GCI Liberty Awards were converted to Liberty Broadband Awards. The conversion of such awards was considered a modification under ASC 805 – *Business Combinations*. A portion of the fair value of the converted award was attributed to the consideration paid in the acquisition. The remaining portion of the fair value will be recognized in the consolidated financial statements over the remaining vesting period of each individual award. We recorded $4 million and $5 million of stock compensation expense for the three months ended March 31, 2022 and 2021, respectively. The decrease for the three months ended March 31, 2022 was the result of no additional grants at GCI, LLC after the Combination. Stock-based compensation expense for the three months ended March 31, 2022 relates only to historical awards that existed at the time of the Combination and will continue to decrease as those awards complete their vesting cycle. As of March 31, 2022, the total unrecognized compensation cost related to unvested options and restricted stock was approximately $11 million and $6 million, respectively. Such amounts will be recognized in the Company's consolidated statements of operations over a weighted average period of approximately 1.8 years and 1.1 years, respectively.

Adjusted OIBDA. To provide investors with additional information regarding our financial results, the Company also discloses Adjusted OIBDA, which is a non-GAAP financial measure. The Company defines Adjusted OIBDA as operating income (loss) plus depreciation and amortization, stock-based compensation, transaction costs, separately reported litigation settlements, restructuring and impairment charges. The Company's chief operating decision maker and management team use this measure of performance in conjunction with other measures to evaluate our businesses and make decisions about allocating resources among our businesses. The Company believes this is an important indicator of the operational strength and performance of its businesses by identifying those items that are not directly a reflection of each business' performance or indicative of ongoing business trends. In addition, this measure allows management to view operating results, perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. Accordingly, Adjusted OIBDA should be considered in addition to, but not as a substitute for, operating income, net income, cash flow provided by operating activities and other measures of financial performance prepared in accordance with U.S. generally accepted accounting principles. The following table provides a reconciliation of operating income (loss) to Adjusted OIBDA:

	Three months ended March 31,	
	2022	**2021**
	amounts in millions	
Operating income (loss)	$ 19	27
Depreciation and amortization	64	64
Stock-based compensation	4	5
Adjusted OIBDA	$ 87	96

Consolidated Adjusted OIBDA decreased $9 million for the three months ended March 31, 2022, as compared to the corresponding prior year period, due to the items discussed above. See "Results of Operations-GCI Holdings, LLC" below for a more complete discussion of the results of operations of GCI Holdings.

Other Income and Expense

Components of Other income (expense) are presented in the table below.

	Three months ended March 31,	
	2022	**2021**
	amounts in millions	
Other income (expense):		
Interest expense	$ (8)	(11)
Realized and unrealized gains (losses) on financial instruments, net	—	(258)
Other, net	1	1
	$ (7)	(268)

Interest Expense. Consolidated interest expense decreased $3 million during the three months ended March 31, 2022, as compared to the corresponding prior year period. The decrease was primarily due to lower amounts outstanding on the Senior Credit Facility (as defined in note 4 of the accompanying condensed consolidated financial statements). See Schedule I for a reconciliation of the net assets and net earnings of GCI, LLC excluding the Liberty Subsidiaries under and as defined in the Senior Credit Facility and Indenture for the 4.75% Senior Notes Due 2028.

Realized and unrealized gains (losses) on financial instruments, net. Realized and unrealized gains (losses) on financial instruments, net are comprised of changes in the fair value of the following:

	Three months ended March 31,	
	2022	**2021**
	amounts in millions	
Equity securities	$ —	(258)
	$ —	(258)

The changes in these accounts are primarily due to market factors and changes in the fair value of the underlying stocks or financial instruments to which they are related. The unrealized loss during the three months ended March 31, 2021 was due to changes in the fair value of our investment in Charter, which was last marked to fair value on February 16, 2021, the date of the distribution of the Charter investment to parent through a restructuring. There were no realized and unrealized gains (losses) on financial instruments, net during the three months ended March 31, 2022.

Income taxes. Earnings (losses) before income taxes and income tax (expense) benefit are as follows:

		Three months ended March 31,	
		2022	2021
		amounts in millions	
Earnings (loss) before income taxes	$	12	(241)
Income tax (expense) benefit		(4)	51
Effective income tax rate		33%	21%

For the three months ended March 31, 2022, the income tax expense was in excess of the expected federal tax expense primarily due to state income taxes and non-deductible executive stock-based compensation, partially offset by tax deductible equity compensation.

For the three months ended March 31, 2021, the income tax benefit was not materially different than the expected federal tax expense primarily due to state income taxes offset by stock compensation benefits.

Net earnings (loss). The Company had net earnings of $8 million and net losses of $190 million for the three months ended March 31, 2022 and 2021, respectively. The change in net earnings (losses) was the result of the above-described fluctuations in our revenue, expenses, and other income and expenses.

Results of Operations - GCI Holdings, LLC

GCI Holdings provides a full range of wireless, data, video, voice, and managed services to residential, businesses, governmental entities, and educational and medical institutions primarily in Alaska. The following table highlights selected key performance indicators used in evaluating GCI Holdings.

	March 31,	
	2022	2021
Consumer		
Wireless:		
Wireless lines in service[1]	185,900	181,000
Data:		
Cable modem subscribers[2]	153,600	143,900

[1] A wireless line in service is defined as a wireless device with a monthly fee for services.

[3] A cable modem subscriber is defined by the purchase of cable modem service regardless of the level of service purchased. If one entity purchases multiple cable modem service access points, each access point is counted as a subscriber.

GCI Holdings' operating results for the three months ended March 31, 2022 and 2021 are as follows:

		Three months ended March 31,	
		2022	2021
		amounts in millions	
Revenue	$	233	242
Operating expenses (excluding stock-based compensation included below):			
Operating expense		(63)	(67)
Selling, general and administrative expenses		(83)	(79)
Adjusted OIBDA		87	96
Stock-based compensation		(3)	(3)
Depreciation and amortization		(63)	(64)
Operating income (loss)	$	21	29

Revenue

The components of revenue are as follows:

	Three months ended March 31,	
	2022	2021
	amounts in millions	
Consumer		
Wireless	$ 46	44
Data	58	52
Other	15	23
Business		
Wireless	14	20
Data	90	91
Other	10	12
Total revenue	$ 233	242

Consumer wireless revenue increased $2 million for the three months ended March 31, 2022, as compared to the corresponding prior year period. The increase was primarily due to increased plan service fee revenue driven by an increase in the number of subscribers and subscribers' selection of plans with higher recurring monthly charges that offer higher usage limits.

Consumer data revenue increased $6 million for the three months ended March 31, 2022, as compared to the corresponding prior year period. The increase was driven by an increase in the number of subscribers and the subscribers' selection of plans with higher recurring monthly charges that offer higher speeds and higher usage limits.

Consumer other revenue decreased $8 million for the three months ended March 31, 2022, as compared to the corresponding prior year period. Consumer other revenue consists of consumer video and voice revenue. The decrease was primarily due to a decrease in video revenue driven by decreased video subscribers, which was the result of both the transition from traditional linear video delivery to IP delivery and GCI Holding's decision to discontinue selling bulk video packages for multi-dwelling units. Historically, GCI Holdings has seen declines in video and voice subscribers and revenue and expects a continued decrease as customers potentially choose alternative services.

Business wireless revenue decreased $6 million for the three months ended March 31, 2022, as compared to the corresponding prior year period. The decrease was primarily due to decreases in roaming revenue. The decrease in roaming revenue was driven by a contract amendment signed in the fourth quarter of 2021. Although the contract amendment will result in lower annual roaming revenue, GCI Holdings will benefit from the extension of the agreement for several years as well as continued backhaul revenue.

Business data revenue was relatively flat for the three months ended March 31, 2022, as compared to the corresponding prior year period.

Business other revenue decreased $2 million for the three months ended March 31, 2022, as compared to the corresponding prior year period. Business other revenue consists of business video and voice revenue. The decrease was primarily due to decreased business video revenue. Historically, GCI Holdings has seen declines in subscribers and revenue and has not focused business efforts on growth in these areas.

Operating expenses decreased $4 million for the three months ended March 31, 2022, as compared to the corresponding prior year period. This was primarily due to a decrease in video costs paid to content producers driven by reduced video subscribers, partially offset by an increase in costs to operate our network driven by the increase in demand for data service.

Selling, general and administrative expenses increased $4 million for the three months ended March 31, 2022, as compared to the corresponding prior year period. The increase was primarily due to increases in labor related costs driven by an increase in contract labor costs, as well as an increase in software costs driven by an increase in software as service arrangements.

Stock-based compensation was relatively flat for the three months ended March 31, 2022, as compared to the corresponding prior year period.

Depreciation and amortization was relatively flat for the three months ended March 31, 2022, as compared to the corresponding prior year period.

Disclosure Controls and Procedures

The Company carried out an evaluation, under the supervision and with the participation of management, including its chief executive officer and its principal accounting and financial officer (the "Executives"), of the effectiveness of its disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Executives concluded that the Company's disclosure controls and procedures were effective as of March 31, 2022 to provide reasonable assurance that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms.

Changes in Internal Control Over Financial Reporting

There has been no change in the Company's internal control over financial reporting that occurred during the three months ended March 31, 2022 that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

GCI, LLC AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(unaudited)

	March 31, 2022	December 31, 2021
	amounts in millions	
Assets		
Current assets:		
Cash and cash equivalents	$ 111	34
Trade and other receivables, net of allowance for credit losses of $4 and $4, respectively	168	204
Other current assets	74	59
Total current assets	353	297
Property and equipment, net	1,010	1,030
Intangible assets not subject to amortization		
Goodwill	746	746
Cable certificates	550	550
Other	37	37
	1,333	1,333
Intangible assets subject to amortization, net (note 3)	559	573
Other assets, net	199	210
Total assets	$ 3,454	3,443

See accompanying notes to the condensed consolidated financial statements.

GCI, LLC AND SUBSIDIARIES

Condensed Consolidated Balance Sheets (Continued)

(unaudited)

	March 31, 2022	December 31, 2021
	amounts in millions	
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 90	93
Deferred revenue	20	20
Current portion of debt (note 4)	3	3
Other current liabilities	77	70
Total current liabilities	190	186
Long-term debt, net (note 4)	1,030	1,032
Obligations under finance leases and tower obligations, excluding current portion	88	89
Long-term deferred revenue	34	34
Deferred income tax liabilities	324	320
Other liabilities	178	187
Total liabilities	1,844	1,848
Equity		
Member's equity:		
Member's investment	1,737	1,734
Retained earnings (deficit)	(143)	(151)
Total member's equity	1,594	1,583
Non-controlling interests	16	12
Total equity	1,610	1,595
Commitments and contingencies (note 6)		
Total liabilities and equity	$ 3,454	3,443

See accompanying notes to the condensed consolidated financial statements.

GCI, LLC AND SUBSIDIARIES

Condensed Consolidated Statements of Operations

(unaudited)

	Three months ended March 31,	
	2022	2021
Revenue	$ 233	242
Operating costs and expenses:		
Operating expense (exclusive of depreciation and amortization shown separately below)	63	66
Selling, general and administrative, including stock-based compensation	87	85
Depreciation and amortization expense	64	64
	214	215
Operating income (loss)	19	27
Other income (expense):		
Interest expense (including amortization of deferred loan fees)	(8)	(11)
Realized and unrealized gains (losses) on financial instruments, net (note 2)	—	(258)
Other, net	1	1
	(7)	(268)
Earnings (loss) before income taxes	12	(241)
Income tax benefit (expense)	(4)	51
Net earnings (loss)	8	(190)
Less net earnings (loss) attributable to the non-controlling interests	—	—
Net earnings (loss) attributable to member	$ 8	(190)

See accompanying notes to the condensed consolidated financial statements.

GCI, LLC AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

(unaudited)

	Three months ended March 31,	
	2022	2021
	amounts in millions	
Cash flows from operating activities:		
Net earnings (loss)	$ 8	(190)
Adjustments to reconcile net earnings (loss) to net cash from operating activities:		
Depreciation and amortization	64	64
Stock-based compensation	4	5
Realized and unrealized (gains) losses on financial instruments, net	—	258
Deferred income tax expense (benefit)	4	(51)
Other, net	(1)	(2)
Change in operating assets and liabilities:		
Current and other assets	42	157
Payables and other liabilities	(6)	(11)
Net cash provided (used) by operating activities	115	230
Cash flows from investing activities:		
Capital expended for property and equipment	(32)	(28)
Other investing activities, net	4	—
Net cash provided (used) by investing activities	(28)	(28)
Cash flows from financing activities:		
Repayment of debt, finance leases and tower obligations	(2)	(183)
Contributions from (distributions to) member	—	(13)
Other financing activities, net	(1)	(1)
Net cash provided (used) by financing activities	(3)	(197)
Net increase (decrease) in cash, cash equivalents and restricted cash	84	5
Cash, cash equivalents and restricted cash at beginning of period	49	61
Cash, cash equivalents and restricted cash at end of period	$ 133	66

The following table reconciles cash and cash equivalents and restricted cash reported in the accompanying condensed consolidated balance sheets to the total amount presented in the accompanying condensed consolidated statement of cash flows:

	March 31, 2022	December 31, 2021
	amounts in millions	
Cash and cash equivalents	$ 111	34
Restricted cash included in other current assets	22	15
Total cash and cash equivalents and restricted cash at end of period	$ 133	49

See accompanying notes to the condensed consolidated financial statements.

GCI, LLC AND SUBSIDIARIES

Condensed Consolidated Statements of Equity

(unaudited)

	Member's investment	Retained earnings (loss)	Non-controlling interest in equity of subsidiaries	Total equity
		amounts in millions		
Balances at January 1, 2022	$ 1,734	(151)	12	1,595
Net earnings (loss)	—	8	—	8
Stock-based compensation	4	—	—	4
Other	(1)	—	4	3
Balances at March 31, 2022	$ 1,737	(143)	16	1,610

	Member's investment	Retained earnings	Non-controlling interest in equity of subsidiaries	Total equity
		amounts in millions		
Balances at January 1, 2021	$ 4,360	35	12	4,407
Net earnings (loss)	—	(190)	—	(190)
Stock-based compensation	5	—	—	5
Contributions from (distributions to) member, net	(13)	—	—	(13)
Distribution of Charter to member	(2,617)	—	—	(2,617)
Other	(1)	—	—	(1)
Balances at March 31, 2021	$ 1,734	(155)	12	1,591

See accompanying notes to the condensed consolidated financial statements.

(1) Basis of Presentation

GCI, LLC is currently comprised of one operating entity, GCI Holdings, LLC ("GCI Holdings"), as well as other assets and liabilities. It was also previously comprised of equity interests in Charter Communications, Inc. ("Charter") (until Charter was distributed to parent on February 16, 2021).

GCI, LLC is an indirect wholly-owned subsidiary of Liberty Broadband as of March 31, 2022 as a result of the merger between GCI, LLC's parent, GCI Liberty, Inc. ("GCI Liberty"), and Liberty Broadband that was completed on December 18, 2020 (the "Combination"). GCI, LLC's sole member is Grizzly Merger Sub 1, LLC.

In December 2019, Chinese officials reported a novel coronavirus outbreak ("COVID-19"). COVID-19 has since spread through China and internationally. On March 11, 2020, the World Health Organization assessed COVID-19 as a global pandemic, causing many countries throughout the world to take aggressive actions, including imposing travel restrictions and stay-at-home orders, closing public attractions and restaurants, and mandating social distancing practices, which caused a significant disruption to most sectors of the economy at varying levels during the periods covered by the financial statements.

We are not presently aware of any events or circumstances arising from the COVID-19 pandemic that would require us to update our estimates or judgments or revise the carrying value of our assets or liabilities. Our estimates may change, however, as new events occur and additional information is obtained, and any such changes will be recognized in the consolidated financial statements. Actual results could differ from estimates, and any such differences may be material to our financial statements.

The accompanying condensed consolidated financial statements refer to the combination of GCI Holdings, an indirect wholly-owned subsidiary of GCI, LLC, Charter (until Charter was distributed to parent on February 16, 2021) and certain other assets and liabilities as the "Company", "us", "we" and "our." All significant intercompany accounts and transactions have been eliminated in the condensed consolidated financial statements.

The Company, through its ownership of interests in subsidiaries and other companies, is primarily engaged in providing a full range of wireless, data, video, voice, and managed services to residential customers, businesses, governmental entities, and educational and medical institutions primarily in Alaska.

Loans from Member

Broadband Holdco, LLC ("Broadband Holdco"), a wholly-owned subsidiary of GCI, LLC, entered into a Master Revolving Subordinated Promissory Note with GCI Liberty (following the Combination, Grizzly Merger Sub 1, LLC, as successor to GCI Liberty) where it can borrow up to $500 million on a revolving basis (the "Subordinated Revolving Note"). The outstanding balance of $134 million was forgiven on December 18, 2020 as a result of the Combination, although the note was not cancelled and there remains $500 million undrawn as of March 31, 2022. The interest rate on the Subordinated Revolving Note converted to 4% per annum after the Combination was completed. The Subordinated Revolving Note had an outstanding balance of zero as of both March 31, 2022 and December 31, 2021.

Subsequent Events

The Company has evaluated subsequent events through May 5, 2022 and has discussed subsequent events throughout the notes to the condensed consolidated financial statements in the note in which the subsequent event is expected to have an impact.

Recently Announced Accounting Pronouncements

In November 2021, the Financial Accounting Standards Board issued new accounting guidance which will require annual disclosures about certain government transactions that are accounted for by applying a grant or contribution accounting model by analogy, including information about the nature of the transactions, the related policy used to account for the transactions, the amounts applicable to each financial statement line item and any significant terms and conditions of the transactions, including commitments and contingencies. This guidance is effective for financial statements issued for annual periods beginning after December 15, 2021, with early adoption permitted. The Company does not expect a significant impact from the adoption of the standard but is currently evaluating the effect that the updated standard will have on its financial disclosures.

(2) Investments in Equity Securities

On February 16, 2021, the Company completed an internal restructuring whereby GCI, LLC transferred the subsidiary that holds the Charter shares to Liberty Broadband, which was previously accounted for as investment in equity securities and carried at fair value.

Realized and Unrealized Gains (Losses) on Financial Instruments, net

Realized and unrealized gains (losses) on financial instruments, net are comprised of changes in the fair value of the following:

	Three months ended March 31, 2022	Three months ended March 31, 2021
	amounts in millions	
Equity securities	$ —	(258)
	$ —	(258)

The unrealized loss during the three months ended March 31, 2021 was primarily due to changes in the fair value of our investment in Charter, which was last marked to fair value on February 16, 2021, the date of the distribution of the Charter investment to parent through a restructuring.

(3) Intangible Assets

Intangible Assets Subject to Amortization

	March 31, 2022			December 31, 2021		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
	amounts in millions					
Customer relationships	$ 515	(59)	456	515	(49)	466
Other amortizable intangibles	140	(37)	103	138	(31)	107
Total	$ 655	(96)	559	653	(80)	573

Amortization expense for intangible assets with finite useful lives was $17 million and $19 million for the three months ended March 31, 2022 and 2021, respectively. Amortization expense for amortizable intangible assets for each of the five succeeding fiscal years is estimated to be (amounts in millions):

Years ending December 31,	
Remainder of 2022	$ 49
2023	$ 59
2024	$ 53
2025	$ 51
2026	$ 48

(4) Debt

Debt is summarized as follows:

	Outstanding principal March 31, 2022	Carrying value March 31, 2022	Carrying value December 31, 2021
	amounts in millions		
Senior notes	$ 600	631	632
Senior credit facility	399	399	399
Wells Fargo note payable	6	6	6
Deferred financing costs	—	(3)	(2)
Total debt	$ 1,005	1,033	1,035
Debt classified as current		(3)	(3)
Total long-term debt		$ 1,030	1,032

Senior Notes

On October 7, 2020, GCI, LLC issued $600 million of 4.75% senior notes due 2028 (the "Senior Notes"). The Senior Notes are unsecured and interest on the Senior Notes is payable semi-annually in arrears. The Senior Notes are redeemable at the Company's option, in whole or in part, at a redemption price defined in the indenture, and accrued and unpaid interest (if any) to the date of redemption.

Senior Credit Facility

On October 15, 2021, GCI, LLC entered into an Eighth Amended and Restated Credit Agreement (the "Senior Credit Facility"), which includes a $550 million revolving credit facility, with a $25 million sublimit for standby letters of credit, that matures on October 15, 2026 and a $250 million Term Loan A that matures on October 15, 2027. Additionally, the $400 million Term Loan B which existed prior to the amendment, was repaid in full using the proceeds from the new Term Loan A together with $150 million in borrowings under the revolving credit facility. The revolving credit facility borrowings under the Senior Credit Facility that are alternate base rate loans bear interest at a per annum rate equal to the alternate base rate plus a margin that varies between 0.50% and 1.75% depending on GCI, LLC's total leverage ratio. The revolving credit facility borrowings under the Senior Credit Facility that are LIBOR loans bear interest at a per annum rate equal to the applicable LIBOR plus a margin that varies between 1.50% and 2.75% depending on GCI, LLC's total leverage ratio. Term Loan A borrowings that are alternate base rate loans bear interest at a per annum rate equal to the alternate base rate plus a margin that varies between 1.00% and 2.25% depending on GCI, LLC's total leverage ratio. Term Loan A borrowings that are LIBOR loans bear interest at a per annum rate equal to the applicable LIBOR plus a margin that varies between 2.00% and 3.25% depending on GCI, LLC's total leverage ratio. Principal payments are due quarterly on the Term Loan A equal to 0.25% of the original principal amount, which may step up to 1.25% of the original principal amount of the Term Loan A depending on GCI, LLC's secured leverage ratio. Each loan may be prepaid at any time and from time to time without penalty other than customary breakage costs. Any amounts prepaid on the revolving credit facility may be reborrowed. The Senior Credit Facility also provides for customary LIBOR replacement provisions.

Prior to the amendment, the borrowings under the Senior Credit Facility bore interest at either the alternate base rate or LIBOR (based on an interest period selected by GCI, LLC of one month, two months, three months or six months) at the election of GCI, LLC in each case plus a margin. The revolving credit facility borrowings that were alternate base rate loans bore interest at a per annum rate equal to the alternate base rate plus a margin that varied between 0.50% and 1.75% depending on GCI, LLC's total leverage ratio. The revolving credit facility borrowings that were LIBOR loans bore interest at a per annum rate equal to the applicable LIBOR plus a margin that varied between 1.50% and 2.75% depending on GCI, LLC's total leverage ratio. Term Loan B borrowings that were alternate base rate loans bore interest at a per annum rate equal to the alternate base rate plus a margin of 1.75%. Term Loan B borrowings that were LIBOR loans bore interest at a per annum rate equal to the applicable LIBOR plus a margin of 2.75% with a LIBOR floor of 0.75%.

GCI, LLC's First Lien Leverage Ratio (as defined in the Senior Credit Facility) may not exceed 4.00 to 1.00.

The terms of the Senior Credit Facility include customary representations and warranties, customary affirmative and negative covenants and customary events of default. At any time after the occurrence of an event of default under the Senior Credit Facility, the lenders may, among other options, declare any amounts outstanding under the Senior Credit Facility immediately due and payable and terminate any commitment to make further loans under the Senior Credit Facility. The obligations under the Senior Credit Facility are secured by a security interest on substantially all of the assets of GCI, LLC and the subsidiary guarantors, as defined in the Senior Credit Facility, and on the stock of GCI Holdings.

As of March 31, 2022, there was $249 million outstanding under the Term Loan A, $150 million outstanding under the revolving portion of the Senior Credit Facility and $3 million in letters of credit under the Senior Credit Facility, leaving $397 million available for borrowing.

During the three months ended March 31, 2021, GCI, LLC repaid $180 million on its revolving credit facility and completed an internal restructuring whereby GCI, LLC transferred the subsidiary that holds the Charter shares to Liberty Broadband parent.

Wells Fargo Note Payable

GCI Holdings issued a note to Wells Fargo that matures on July 15, 2029 and is payable in monthly installments of principal and interest (the "Wells Fargo Note Payable"). The interest rate is variable at one month LIBOR plus 2.25%. The note also provides for customary LIBOR replacement provisions.

The note is subject to similar affirmative and negative covenants as the Senior Credit Facility. The obligations under the note are secured by a security interest and lien on the building purchased with the note.

Debt Covenants

GCI, LLC is subject to covenants and restrictions under its Senior Notes and Senior Credit Facility. GCI, LLC is in compliance with all debt maintenance covenants as of March 31, 2022.

Fair Value of Debt

The fair value of the Senior Notes was $588 million at March 31, 2022.

Due to the variable rate nature of the Senior Credit Facility and Wells Fargo Note Payable, the Company believes that the carrying amount approximates fair value at March 31, 2022.

(5) Stock-Based Compensation

Prior to the Combination and pursuant to the GCI Liberty, Inc. 2018 Omnibus Incentive Plan, GCI Liberty granted to certain directors, employees and employees of its subsidiaries, restricted stock (“RSAs”), restricted stock units (“RSUs”) and options to purchase shares of GCI Liberty’s common stock (collectively, "Awards"). In connection with the Combination at the close of business on December 18, 2020, all outstanding GCI Liberty Awards were converted to Liberty Broadband Awards. The conversion of such Awards was considered a modification under ASC 805 – *Business Combinations*. A portion of the fair value of the converted award was attributed to the consideration paid in the acquisition. The remaining portion of the fair value will be recognized in the condensed consolidated financial statements over the remaining vesting period of each individual Award.

Included in selling, general and administrative expenses in the accompanying condensed consolidated statements of operations are $4 million and $5 million of stock-based compensation during the three months ended March 31, 2022 and 2021, respectively.

Outstanding Awards

The following table presents the number and weighted average exercise price ("WAEP") of Awards to purchase common stock granted to certain officers, employees and directors, as well as the weighted average remaining life and aggregate intrinsic value of the Awards.

	Series C Liberty Broadband ("LBRDK")			
	Awards (000's)	**WAEP**	**Weighted average remaining life**	**Aggregate intrinsic value (millions)**
Outstanding at January 1, 2022	790	$ 125.22		
Granted	—	$ —		
Exercised	(4)	$ 67.83		
Forfeited/Cancelled	—	$ —		
Outstanding at March 31, 2022	786	$ 125.52	4.5 years	$ 15
Exercisable at March 31, 2022	272	$ 90.21	3.0 years	$ 12

As of March 31, 2022, the Company also had 315 thousand Series B Liberty Broadband (“LBRDB”) options outstanding and exercisable at a WAEP of $96.25 and a weighted average remaining contractual life of 2.2 years.

As of March 31, 2022, the total unrecognized compensation cost related to unvested options and RSA/RSUs was approximately $11 million and $6 million, respectively. Such amounts will be recognized in the Company’s condensed consolidated statements of operations over a weighted average period of approximately 1.8 years and 1.1 years, respectively.

As of March 31, 2022, all shares are reserved at Liberty Broadband. Liberty Broadband reserved 1.1 million shares of LBRDK and LBRDB for issuance under exercise privileges of outstanding stock Awards. Liberty Broadband will issue new shares upon exercise of equity awards.

(6) Commitments and Contingencies

General Litigation

The Company is involved in various lawsuits, billing disputes, legal proceedings, and regulatory matters that have arisen from time to time in the normal course of business. Management believes there are no proceedings from asserted and unasserted claims which if determined adversely would have a material adverse effect on the Company’s financial position, results of operations or liquidity.

GCI, LLC
Reconciliation of GCI, LLC and its Subsidiaries Net Assets
and Net Earnings (Loss) to GCI LLC, Excluding the Liberty Subsidiaries

March 31, 2022

(unaudited)

amounts in millions

GCI, LLC and its Subsidiaries net assets	$	1,610
Reconciling items:		
Liberty Subsidiaries net assets (a)		-
GCI, LLC net assets, excluding the Liberty Subsidiaries	$	1,610
GCI, LLC and its Subsidiaries net earnings (loss)	$	8
Reconciling items:		
Liberty Subsidiaries net (earnings) loss (a)		1
GCI, LLC net earnings (loss), excluding the Liberty Subsidiaries	$	9

(a) Liberty Subsidiaries is a defined term in the Credit Agreement and Indenture for the 4.75% Senior Notes due 2028.