GCI, LLC AND SUBSIDIARIES

Condensed Consolidated Financial Statements
as of and for the three and nine months ended
September 30, 2024 and 2023

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", "us", "we" or "our") is currently comprised of one operating entity, GCI Holdings, LLC ("GCI Holdings" or "GCI"), as well as other assets and liabilities.

GCI, LLC is an indirect wholly-owned subsidiary of Liberty Broadband Corporation ("Liberty Broadband") as of September 30, 2024 as a result of the merger between GCI, LLC's former 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.

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 recent years, varying factors have contributed to significant volatility and disruption of financial markets and global supply chains. Additionally, the U.S. Federal Reserve increased interest rates starting in March 2022 and throughout 2023, though they have started decreasing rates in 2024. Mounting inflationary cost pressures and recessionary fears have negatively impacted the U.S. and global economy. Unfavorable economic conditions, such as a recession or economic slowdown in the U.S., or inflation in the markets in which GCI operates, could negatively affect the affordability of and demand for GCI's products and services and its cost of doing business.

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 financial reserves that GCI Holdings believes may be able to help fund the state government for the next couple of years. The Alaska economy is subject to recessionary pressures as a result of the economic impacts of volatility in oil prices, inflation, and other causes that could result in a decrease in economic activity. While it is difficult for GCI Holdings to predict the future impact of a 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. GCI Holdings' customers may not be able to obtain adequate access to credit, which could affect their ability to make timely payments to GCI Holdings and could lead to an increase in accounts receivable and bad debt expense. If a recession occurs, 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.

In addition, during 2023 and continuing in 2024, GCI Holdings began to experience the impact of inflation-sensitive items, including upward pressure on the costs of materials, labor, and other items that are critical to GCI Holdings' business. GCI Holdings continues to monitor these impacts closely and, if costs continue to rise, GCI Holdings may be unable to recoup losses or offset diminished margins by passing these costs through to its customers or implementing offsetting cost reductions.

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. The USF programs have also been subject to legal challenge, which could disrupt or eliminate the support GCI Holdings receives. 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 Company does not have any significant updates regarding GCI Holdings' involvement in the RHC Program as disclosed in the Company's Annual Report for the year ended December 31, 2023.

Results of Operations - Consolidated

General. We provide information regarding our consolidated operating results and other income and expenses in the tables below.

	Three months ended September 30,		Nine months ended September 30,	
	2024	**2023**	**2024**	**2023**
	amounts in millions			
Revenue	$ 262	240	753	731
Operating costs and expenses:				
Operating expense (exclusive of depreciation and amortization shown separately below)	(64)	(59)	(188)	(180)
Selling, general and administrative, excluding stock-based compensation	(98)	(92)	(289)	(280)
Stock-based compensation	(4)	(5)	(11)	(14)
Depreciation and amortization	(55)	(55)	(157)	(169)
Operating income (loss)	41	29	108	88
Other income (expense):				
Interest expense (including amortization of deferred loan fees)	(13)	(13)	(36)	(37)
Other, net	1	—	4	2
	(12)	(13)	(32)	(35)
Earnings (loss) before income taxes	29	16	76	53
Income tax benefit (expense)	(7)	(5)	(21)	(21)
Net earnings (loss)	$ 22	11	55	32
Adjusted OIBDA	100	89	276	271

Revenue. Consolidated revenue increased $22 million for both the three and nine months ended September 30, 2024, as compared to the corresponding prior year periods. The following table highlights selected key performance indicators used in evaluating GCI Holdings.

	September 30,	
	2024	**2023**
Consumer		
Data:		
Cable modem subscribers[1]	156,400	159,300
Wireless:		
Wireless lines in service[2]	200,300	200,300

[1] 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. Data cable modem subscribers as of September 30, 2024 include 900 subscribers that were reclassified from GCI Business to GCI Consumer subscribers in the first quarter of 2024 and are not new additions.

[2] A wireless line in service is defined as a wireless device with a monthly fee for services. Wireless lines in service as of September 30, 2024 include 1,800 lines that were reclassified from GCI Business to GCI Consumer lines in the first quarter of 2024 and are not new additions.

The components of revenue are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2024	**2023**	**2024**	**2023**
	amounts in millions			
Consumer				
Data	$ 59	57	179	175
Wireless	47	47	141	142
Other	10	10	30	32
Business				
Data	125	105	342	317
Wireless	12	12	36	38
Other	9	9	25	27
Total revenue	$ 262	240	753	731

Consumer data revenue increased $2 million and $4 million for the three and nine months ended September 30, 2024, respectively, as compared to the corresponding prior year periods. The increases were driven by subscribers' selection of plans with higher recurring monthly charges.

Consumer wireless revenue was flat and decreased $1 million for the three and nine months ended September 30, 2024, respectively, as compared to the corresponding prior year periods. The decrease in the nine month period was driven by a decrease in the number of handset sales and a decrease in prepaid data plans.

Consumer other revenue was flat and decreased $2 million for the three and nine months ended September 30, 2024, respectively, as compared to the corresponding prior year periods. Consumer other revenue consists of consumer video and voice revenue. The decrease for the nine month period was due to a decrease in video revenue primarily driven by decreased video subscribers. Historically, GCI Holdings has seen declines in video and voice subscribers and revenue and expects a continued decrease as customers make decisions to move to alternative services.

Business data revenue increased $20 million and $25 million for the three and nine months ended September 30, 2024, respectively, as compared to the corresponding prior year periods, primarily due to increased sales to health care and education customers due to service upgrades. These increases were partially offset by a decrease in business data subscribers.

Business wireless revenue was flat and decreased $2 million for the three and nine months ended September 30, 2024, respectively, as compared to the corresponding prior year periods, primarily due to changes in the number of subscribers.

Business other revenue was flat and decreased $2 million for the three and nine months ended September 30, 2024, respectively, as compared to the corresponding prior year periods. Business other revenue consists of business video and voice revenue. The decreases were primarily due to decreased local and long distance voice revenue. Historically, GCI Holdings has seen declines in video and voice subscribers and revenue and has not focused business efforts on growth in these areas.

Operating expenses increased $5 million and $8 million for the three and nine months ended September 30, 2024, respectively, as compared to the corresponding prior year periods. The increases in both periods were primarily due to increases in distribution costs to health care, education and consumer customers, partially offset by decreases in handset product costs due to decreased handset sales.

Selling, general and administrative expenses increased $6 million and $9 million for the three and nine months ended September 30, 2024, respectively, as compared to the corresponding prior year periods. The increases in both periods were primarily due to increases in labor related costs and to a lesser extent, software subscription costs, partially offset by a decrease in lease expense.

Stock-based compensation decreased $1 million and $3 million for the three and nine months ended September 30, 2024, respectively, as compared to the corresponding prior year period, due to multi-year grants fully vesting in the prior year. As of September 30, 2024, the total unrecognized compensation cost related to unvested Awards (as defined in note 4 to the accompanying condensed consolidated financial statements) was approximately $13 million. Such amount will be recognized in the Company's condensed consolidated statements of operations over a weighted average period of approximately 2.1 years.

Depreciation and amortization was flat and decreased $12 million for the three and nine months ended September 30, 2024, respectively, as compared to the corresponding prior year periods. The decrease for the nine month period was due to lower depreciation and amortization expense as certain fixed and intangible assets became fully depreciated during 2023.

Operating Income (Loss). Consolidated operating income increased $12 million and $20 million for the three and nine months ended September 30, 2024, respectively, as compared to the corresponding prior year periods. Operating income was impacted by the above explanations.

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 September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	amounts in millions			
Operating income (loss)	$ 41	29	108	88
Depreciation and amortization	55	55	157	169
Stock-based compensation	4	5	11	14
Adjusted OIBDA	$ 100	89	276	271

Consolidated Adjusted OIBDA increased $11 million and $5 million for the three and nine months ended September 30, 2024, respectively, as compared to the corresponding prior year periods, due to the items discussed above.

Other Income and Expense

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

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	amounts in millions			
Other income (expense):				
Interest expense	$ (13)	(13)	(36)	(37)
Other, net	1	—	4	2
	$ (12)	(13)	(32)	(35)

Interest Expense. Consolidated interest expense was relatively flat for both the three and nine months ended September 30, 2024, as compared to the corresponding prior year periods. 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.

Other, net. Other, net income was relatively flat for the three and nine months ended September 30, 2024, as compared to the corresponding prior year periods.

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

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	amounts in millions			
Earnings (loss) before income taxes	$ 29	16	76	53
Income tax (expense) benefit	(7)	(5)	(21)	(21)
Effective income tax rate	24%	31%	28%	40%

The difference between the effective income tax rate and the U.S. Federal income tax rate of 21% for the three and nine months ended September 30, 2024 was primarily due to the effect of state income taxes and certain non-deductible expenses, partially offset by federal tax credits.

The difference between the effective income tax rate and the U.S. Federal income tax rate of 21% for the three and nine months ended September 30, 2023 was primarily due to the effect of state income taxes and certain non-deductible expenses.

Net earnings (loss). The Company had net earnings of $22 million and $11 million for the three months ended September 30, 2024 and 2023, respectively, and net earnings of $55 million and $32 million for the nine months ended September 30, 2024 and 2023, respectively. The change in net earnings (loss) was the result of the above-described fluctuations in our revenue, expenses, and other income and expenses.

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"), and under the oversight of its board of directors, of the effectiveness of the design and operation of its disclosure controls and procedures as of September 30, 2024. Based on that evaluation, the Executives concluded that the Company's disclosure controls and procedures were effective as of September 30, 2024 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.

There has been no change in the Company's internal control over financial reporting that occurred during the three months ended September 30, 2024 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

GCI, LLC AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(unaudited)

	September 30, 2024	December 31, 2023
	amounts in millions	
Assets		
Current assets:		
Cash and cash equivalents	$ 47	79
Trade and other receivables, net of allowance for credit losses of $4 and $5, respectively	176	169
Prepaid and other current assets	58	66
Total current assets	281	314
Property and equipment, net	1,131	1,053
Intangible assets not subject to amortization		
Goodwill	746	746
Cable certificates	550	550
Other	41	40
Intangible assets subject to amortization, net (note 2)	423	461
Other assets, net	137	167
Total assets	$ 3,309	3,331

See accompanying notes to the condensed consolidated financial statements.

GCI, LLC AND SUBSIDIARIES

Condensed Consolidated Balance Sheets (Continued)

(unaudited)

	September 30, 2024	December 31, 2023
	amounts in millions	
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 101	82
Deferred revenue	30	30
Current portion of debt (note 3)	3	3
Other current liabilities	50	55
Total current liabilities	184	170
Long-term debt, net (note 3)	1,043	1,018
Obligations under tower obligations and finance leases, excluding current portion	79	83
Long-term deferred revenue	93	65
Deferred income tax liabilities	354	351
Other liabilities	140	143
Total liabilities	1,893	1,830
Equity		
Member's equity:		
Member's investment	1,778	1,766
Retained earnings (deficit)	(380)	(285)
Total member's equity	1,398	1,481
Non-controlling interests	18	20
Total equity	1,416	1,501
Commitments and contingencies (note 5)		
Total liabilities and equity	$ 3,309	3,331

See accompanying notes to the condensed consolidated financial statements.

GCI, LLC AND SUBSIDIARIES

Condensed Consolidated Statements of Operations

(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2024	**2023**	**2024**	**2023**
	amounts in millions			
Revenue	$ 262	240	753	731
Operating costs and expenses:				
Operating expense (exclusive of depreciation and amortization shown separately below)	64	59	188	180
Selling, general and administrative, including stock-based compensation	102	97	300	294
Depreciation and amortization	55	55	157	169
	221	211	645	643
Operating income (loss)	41	29	108	88
Other income (expense):				
Interest expense (including amortization of deferred loan fees)	(13)	(13)	(36)	(37)
Other, net	1	—	4	2
	(12)	(13)	(32)	(35)
Earnings (loss) before income taxes	29	16	76	53
Income tax benefit (expense)	(7)	(5)	(21)	(21)
Net earnings (loss)	22	11	55	32
Less net earnings (loss) attributable to the non-controlling interests	—	—	—	—
Net earnings (loss) attributable to member	$ 22	11	55	32

See accompanying notes to the condensed consolidated financial statements.

GCI, LLC AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

(unaudited)

	Nine months ended September 30, 2024	2023
	amounts in millions	
Cash flows from operating activities:		
Net earnings (loss)	$ 55	32
Adjustments to reconcile net earnings (loss) to net cash from operating activities:		
Depreciation and amortization	157	169
Stock-based compensation	11	14
Deferred income tax expense (benefit)	3	19
Other, net	(4)	(3)
Change in operating assets and liabilities:		
Current and other assets	28	-
Payables and other liabilities	(27)	(67)
Net cash provided by (used in) operating activities	223	164
Cash flows from investing activities:		
Capital expenditures	(183)	(149)
Grant proceeds received for capital expenditures	40	6
Other investing activities, net	—	2
Net cash provided by (used in) investing activities	(143)	(141)
Cash flows from financing activities:		
Borrowings of debt	130	—
Repayment of debt, tower obligations and finance leases	(104)	(4)
Dividends paid to parent	(150)	(65)
Other financing activities, net	—	(4)
Net cash provided by (used in) financing activities	(124)	(73)
Net increase (decrease) in cash, cash equivalents and restricted cash	(44)	(50)
Cash, cash equivalents and restricted cash, beginning of period	97	110
Cash, cash equivalents and restricted cash, end of period	$ 53	60

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:

	September 30, 2024	December 31, 2023
	amounts in millions	
Cash and cash equivalents	$ 47	79
Restricted cash included in other current assets	5	16
Restricted cash included in other long-term assets	1	2
Total cash and cash equivalents and restricted cash at end of period	$ 53	97

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, 2024	$ 1,766	(285)	20	1,501
Net earnings (loss)	—	55	—	55
Stock-based compensation	11	—	—	11
Dividends paid to parent	—	(150)	—	(150)
Other	1	—	(2)	(1)
Balances at September 30, 2024	$ 1,778	(380)	18	1,416

	Member's investment	Retained earnings (loss)	Non-controlling interest in equity of subsidiaries	Total equity
		amounts in millions		
Balances at July 1, 2024	$ 1,774	(402)	18	1,390
Net earnings (loss)	—	22	—	22
Stock-based compensation	4	—	—	4
Dividends paid to parent	—	—	—	—
Other	—	—	—	—
Balances at September 30, 2024	$ 1,778	(380)	18	1,416

	Member's investment	Retained earnings (loss)	Non-controlling interest in equity of subsidiaries	Total equity
		amounts in millions		
Balances at January 1, 2023	$ 1,750	(260)	18	1,508
Net earnings (loss)	—	32	—	32
Stock-based compensation	14	—	—	14
Dividends paid to parent	—	(65)	—	(65)
Other	(1)	—	2	1
Balances at September 30, 2023	$ 1,763	(293)	20	1,490

	Member's investment	Retained earnings (loss)	Non-controlling interest in equity of subsidiaries	Total equity
		amounts in millions		
Balances at July 1, 2023	$ 1,758	(279)	20	1,499
Net earnings (loss)	—	11	—	11
Stock-based compensation	5	—	—	5
Other	—	(25)	—	(25)
Balances at September 30, 2023	$ 1,763	(293)	20	1,490

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" or "GCI"), as well as other assets and liabilities.

GCI, LLC is an indirect wholly-owned subsidiary of Liberty Broadband Corporation ("Liberty Broadband") as of September 30, 2024 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.

The accompanying condensed consolidated financial statements refer to the combination of GCI Holdings, an indirect wholly-owned subsidiary of GCI, LLC 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 data, wireless, 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"). There remains $500 million undrawn as of September 30, 2024. 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 September 30, 2024 and December 31, 2023.

Dividends Paid to Parent

During the three and nine months ended September 30, 2024, GCI, LLC paid dividends of zero and $150 million, respectively, to its parent, Liberty Broadband. During the three and nine months ended September 30, 2023, GCI, LLC paid dividends of $25 million and $65 million, respectively, to its parent, Liberty Broadband.

Subsequent Events

The Company has evaluated subsequent events through November 7, 2024, which is the date the financial statements were available to be issued, and has discussed the relevant subsequent events within the applicable notes to the condensed consolidated financial statements in the note in which the subsequent event is expected to have an impact.

(2) Intangible Assets

Intangible Assets Subject to Amortization, net

	September 30, 2024			December 31, 2023		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
	amounts in millions					
Customer relationships	$ 515	(163)	352	515	(132)	383
Other amortizable intangible assets	162	(91)	71	156	(78)	78
Total	$ 677	(254)	423	671	(210)	461

Amortization expense for intangible assets with finite useful lives was $15 million and $16 million for the three months ended September 30, 2024 and 2023, respectively, and $45 million and $48 million for the nine months ended September 30, 2024 and 2023, respectively. Amortization expense for amortizable intangible assets for each of the five succeeding fiscal years is estimated to be (amounts in millions):

Remainder of 2024	$	15
2025	$	55
2026	$	52
2027	$	50
2028	$	48

(3) Debt

Debt is summarized as follows:

	Outstanding principal September 30, 2024	Carrying value September 30, 2024	Carrying value December 31, 2023
	amounts in millions		
Senior notes	$ 600	620	623
Senior credit facility	423	423	394
Wells Fargo note payable	4	4	5
Deferred financing costs		(1)	(1)
Total debt	$ 1,027	1,046	1,021
Debt classified as current		(3)	(3)
Total long-term debt		$ 1,043	1,018

Senior Notes

On October 7, 2020, GCI, LLC issued $600 million aggregate principal amount 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. The Senior Notes are stated net of an aggregate unamortized premium of $20 million at September 30, 2024. Such premium is being amortized to interest expense in the accompanying condensed consolidated statements of operations.

Senior Credit Facility

On October 15, 2021, GCI, LLC entered into an Eighth Amended and Restated Credit Agreement, 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 (the "Term Loan A") that matures on October 15, 2027. On June 12, 2023, GCI, LLC entered into Amendment No. 1 to the Eighth Amended and Restated Credit Agreement (as amended, the "Senior Credit Facility") which modified the interest rates to reference the Secured Overnight Financing Rate ("SOFR") instead of the London Interbank Offered Rate ("LIBOR").

Following the amendment in June 2023, 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 Senior Credit Facility has several leverage ratios defined in the Senior Credit Facility that are referenced throughout. The revolving credit facility borrowings under the Senior Credit Facility that are SOFR loans bear interest at a per annum rate equal to the applicable SOFR plus a Credit Spread Adjustment (as defined in the Senior Credit Facility) 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 SOFR loans bear interest at a per annum rate equal to the applicable

SOFR 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. Prior to the amendment in June 2023, all rates indexed to SOFR were previously indexed to LIBOR. The Senior Credit Facility also has a commitment fee that accrues at a per annum rate between 0.375% and 0.500% on the daily unused amount of the revolving credit facility depending on GCI, LLC's total leverage ratio.

GCI, LLC's first lien leverage ratio 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 September 30, 2024, there was $243 million outstanding under the Term Loan A, $180 million outstanding under the revolving portion of the Senior Credit Facility and $3 million in letters of credit under the Senior Credit Facility, leaving $367 million available for borrowing.

In October 2024, GCI, LLC borrowed an additional $25 million net under the revolving portion of the Senior Credit Facility.

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"). On May 1, 2023, the Wells Fargo Note Payable was amended to update the interest rate to reference SOFR instead of LIBOR. After this amendment, the interest rate is variable at SOFR plus 1.75%. Prior to the amendment, the interest rate was variable at one month LIBOR plus 2.25%.

The Wells Fargo Note Payable is subject to similar affirmative and negative covenants as the Senior Credit Facility. The obligations under the Wells Fargo Note Payable 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 September 30, 2024.

Fair Value of Debt

The fair value of the Senior Notes was $576 million at September 30, 2024 (Level 2).

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 September 30, 2024.

(4) 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.

Subsequent to the Combination, Liberty Broadband granted RSUs to certain employees of its subsidiaries under the Liberty Broadband 2019 Omnibus Incentive Plan, as amended, until its expiration on May 23, 2024 and then subsequently grants RSUs under the Liberty Broadband 2024 Omnibus Incentive Plan. The Company measures the cost of employee services received in exchange for an equity classified Award (such as RSUs) based on the grant-date fair value ("GDFV") of the Award, and recognizes that cost over the period during which the employee is required to provide service (usually the vesting period of the Award). The Company measures the cost of employee services received in exchange for a liability classified Award based on the current fair value of the Award, and re-measures the fair value of the Award at each reporting date.

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 September 30, 2024 and 2023, respectively, and $11 million and $14 million of stock-based compensation during the nine months ended September 30, 2024 and 2023, respectively.

Outstanding Awards

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

	Series C Liberty Broadband ("LBRDK")			
	Options (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (millions)
Outstanding at January 1, 2024	678	$ 132.94		
Granted	—	$ —		
Exercised	—	$ —		
Forfeited/Cancelled	—	$ —		
Outstanding at September 30, 2024	678	$ 132.94	2.4 years	$ —
Exercisable at September 30, 2024	496	$ 121.86	2.1 years	$ —

During the nine months ended September 30, 2024, the Company had 150 thousand Series B Liberty Broadband common stock ("LBRDB") options with a WAEP of $97.21 that were forfeited. As of September 30, 2024, the Company had 96 thousand LBRDB options outstanding and exercisable at a WAEP of $94.05 and a weighted average remaining contractual life of 0.6 years and intrinsic value of zero. During the nine months ended September 30, 2024, there were no grants or exercises of LBRDB options.

During the nine months ended September 30, 2024, the Company granted 96 thousand LBRDK RSUs with a weighted average GDFV of $57.07 per share to subsidiary employees. As of September 30, 2024, the total unrecognized compensation cost related to unvested Awards was approximately $13 million. Such amount will be recognized in the Company's condensed consolidated statements of operations over a weighted average period of approximately 2.1 years.

As of September 30, 2024, all shares are reserved at Liberty Broadband. Liberty Broadband reserved 774 thousand shares of LBRDK and LBRDB for issuance under exercise privileges of outstanding stock options. Liberty Broadband will issue new shares upon exercise of options.

(5) Commitments and Contingencies

General Litigation

The Company has contingent liabilities related to legal and tax proceedings and other matters arising in the ordinary course of business. Although it is reasonably possible the Company may incur losses upon conclusion of such matters, an estimate of any loss or range of loss cannot be made. In the opinion of management, it is expected that amounts, if any, which may be required to satisfy such contingencies will not be material in relation to the accompanying condensed consolidated financial statements.

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 Federal Communications Commission, interpretations of or compliance with USF program rules, or legislative actions. The USF programs have also been subject to legal challenge, which could disrupt or eliminate the support GCI Holdings receives. 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.

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

September 30, 2024

(unaudited)

amounts in millions

GCI, LLC and its Subsidiaries net assets	$	1,416
Reconciling items:		
Liberty Subsidiaries net assets (a)		—
GCI, LLC net assets, excluding the Liberty Subsidiaries	$	1,416
GCI, LLC and its Subsidiaries net earnings (loss)	$	55
Reconciling items:		
Liberty Subsidiaries net (earnings) loss (a)		—
GCI, LLC net earnings (loss), excluding the Liberty Subsidiaries	$	55

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