GCI, LLC AND SUBSIDIARIES

Consolidated Financial Statements
as of and for the years ended
December 31, 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 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 December 31, 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.

Recent Events

On November 12, 2024, Liberty Broadband entered into a definitive agreement (the "Merger Agreement") under which Charter Communications, Inc. ("Charter") has agreed to acquire Liberty Broadband (the "Charter Combination", together with the other transactions contemplated by the Merger Agreement, the "Transactions").

Liberty Broadband has agreed to divest the business of GCI (the "GCI business") by way of a distribution to the holders of Liberty Broadband common stock prior to the closing of the Charter Combination (the "GCI Divestiture"). The GCI Divestiture is expected to be taxable to Liberty Broadband and its stockholders, with Charter bearing the corporate level tax liability upon completion of the Charter Combination. However, to the extent such corporate level tax liability exceeds $420 million, Charter will be entitled under a tax receivables agreement to the portion of the tax benefits realized by GCI corresponding to such excess. The companies currently expect the Charter Combination to close on June 30, 2027 unless otherwise agreed, subject to the completion of the GCI Divestiture and other customary closing conditions.

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 had 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. Increased costs to equipment, for example due to increased tariffs, could also impact GCI's results.

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 Alaska experiences a recession or economic slowdown, it could negatively affect GCI Holdings' business including its financial position, results of operations, or liquidity, as well as its ability to service debt, pay other obligations and enhance shareholder returns.

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.

Federal Universal Service Programs

Legal Challenges to the Constitutionality of the Federal Communications Commission ("FCC") Universal Service Support Programs. There have been a number of legal challenges to the constitutionality of the Universal Service Fund ("USF"). The U.S. Courts of Appeals for the Sixth and Eleventh Circuits rejected such challenges in 2023, as did a panel of three judges in the Fifth Circuit. However, on July 24, 2024, the U.S. Court of Appeals for the Fifth Circuit sitting *en banc* ruled that the USF program is unconstitutional as currently administered, and remanded the case to the FCC. In its decision, the *en banc* Fifth Circuit concluded that there was an impermissible public delegation of legislative authority to the FCC and an impermissible private delegation of authority from the FCC to the Universal Service Administrative Company, the private company responsible for USF administration. The Supreme Court granted petitions for certiorari from the Fifth Circuit's decision, and the case is likely to be decided by summer 2025. In addition, it is likely that additional cases and appeals will continue to be filed in relation to the matter. There is significant uncertainty regarding the outcome of the Supreme Court review, as well as whether any action taken by the FCC or Congress to resolve the issue would be sufficient and what impact such actions might have on the USF program. A Supreme Court ruling upholding the Fifth Circuit's decision or, more broadly, that the legislation establishing the USF program or its funding method is unconstitutional could disrupt or eliminate GCI Holdings' USF support unless and until any identified legal defects with the program structure or administration are remedied. Such a ruling would likely result in a material decrease in revenue and accounts receivable, which could likely have an adverse effect on GCI Holdings' business and the Company's financial position, results of operations or liquidity.

Pause in Federal Financial Assistance. On January 27, 2025, the Office of Management and Budget ("OMB") issued a memorandum directing a pause in federal financial assistance pending review for consistency with presidential executive actions. On January 28, 2025, OMB clarified that this only applied to programs affected by certain specified executive actions, which do not appear to include FCC universal service support programs. OMB subsequently withdrew the memorandum, which has also been subject to temporary restraining orders by two federal district courts. However, if this or another pause were to extend to federal universal service support programs, or to other infrastructure grants that GCI receives, and such a pause were to become extended, it could have a material adverse effect on GCI Holdings' business and the Company's financial position, results of operations or liquidity.

Rural Health Care ("RHC") Program

GCI Holdings receives support from various 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 following paragraphs describe certain separate matters related to the RHC Program that impact or could impact the revenue earned and receivables recognized by the Company. As of December 31, 2024, the Company had net accounts receivable from the RHC Program in the amount of approximately $69 million, which is included within Trade and other receivables in the consolidated balance sheets.

The rates that GCI and other carriers can charge for service provided under the RHC Telecommunications Program are highly regulated by the FCC. FCC rules provide that a telecommunications carrier can only charge a rural rate that is the average of rates actually being charged to commercial customers, other than health care providers, for identical or similar services in the rural area where the health care provider is located. If that is not available, the rural rate must be the average of tariffed or other publicly available rates charged in that area over the same distance by other carriers.

If there is no rate available using rates actually being charged by GCI or other carriers, then, through the end of Funding Year 2025, which ends in June 2026, GCI may use a previously approved rural rate. If none of the preceding options are available, then the rate must be determined by a cost study submitted to the FCC or, for jurisdictionally intrastate services, to the state public utility commission. The RHC Telecommunications Program funds the difference between the rural rate and the urban rate, which is the amount that GCI must collect from the health care provider. The FCC has an ongoing rulemaking proceeding addressing the RHC rules, how subsidies are determined and related processes. GCI cannot predict which changes the FCC will adopt, and whether those changes will benefit or adversely affect GCI.

RHC Program Funding Cap. 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.

Enforcement Bureau and Related Inquiries. On March 23, 2018, GCI Holdings received a letter of inquiry and request for information from the Enforcement Bureau of the FCC relating to the period beginning January 1, 2015 and including all future periods. This included inquiry into the rates charged by GCI Holdings and other aspects related to the Enforcement Bureau's review of GCI Holdings' compliance with program rules, which are discussed separately below. The ongoing uncertainty in program funding, as well as the uncertainty associated with the rate review, could have an adverse effect on its business, financial position, results of operations or liquidity.

In the fourth quarter of 2019, GCI Holdings became aware of potential RHC Program compliance issues related to certain of GCI Holdings' currently active and expired contracts with certain of its RHC customers. The Company and its external experts performed significant and extensive procedures to determine whether GCI Holdings' currently active and expired contracts with its RHC customers would be deemed to be in compliance with the RHC Program rules. GCI Holdings notified the FCC of the potential compliance issues in the fourth quarter of 2019.

On May 28, 2020, GCI Holdings received a second letter of inquiry from the Enforcement Bureau in the same matter noted above. This second letter, which was in response to a voluntary disclosure made by GCI Holdings to the FCC, extended the scope of the original inquiry to also include various questions regarding compliance with the records retention requirements related to the (i) original inquiry and (ii) RHC Program.

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.

On April 21, 2021, representatives of the Department of Justice ("DOJ") informed GCI Holdings that a qui tam action had been filed in the Western District of Washington arising from the subject matter under review by the Enforcement Bureau. The DOJ was investigating whether GCI Holdings submitted false claims and/or statements in connection with GCI's participation in the FCC's RHC Program. On July 14, 2021, the DOJ issued a Civil Investigative Demand with regard to the qui tam action.

The FCC's Enforcement Bureau and GCI Holdings held discussions regarding GCI Holdings potential RHC Program compliance issues related to certain of its contracts with its RHC customers for which GCI Holdings had previously recognized an estimated liability for a probable loss of approximately $12 million in 2019 for contracts that were deemed probable of not complying with the RHC Program rules. During the year ended December 31, 2022, GCI Holdings recorded an additional estimated settlement expense of $15 million relating to a settlement offer made by GCI Holdings resulting in a total estimated liability of $27 million.

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. During the year ended December 31, 2022, GCI Holdings recorded a $14 million estimated settlement expense to reflect discussions and settlement offers that GCI Holdings made to the DOJ.

Separately, during the third quarter of 2022, GCI Holdings became aware of possible RHC Program compliance issues relating to potential conflicts of interest identified in the historical competitive bidding process with respect to certain of its contracts with its RHC customers. GCI Holdings notified the FCC's Enforcement Bureau of the potential compliance issues; however, the Company is unable to assess the ultimate outcome of the potential compliance issues and is unable to reasonably estimate any range of loss or possible loss.

On May 10, 2023, GCI entered into a final settlement agreement with both the FCC and the DOJ to resolve all Enforcement Bureau and Related Inquiries discussed above except for the matter that was separately identified during the third quarter of 2022, which continues to remain outstanding. The settlement with the FCC and the DOJ resulted in a total cash payment of $41 million of which $27 million was paid to the FCC and $14 million was paid to the DOJ in 2023, which had been previously recorded as liabilities.

In 2024, the FCC adopted the Alaska Connect Fund Order, which is the successor to the 2016 Alaska High Cost Order. The Alaska Connect Fund Order for wireline providers maintains their existing funding and performance requirements through 2028. Support levels and obligations starting in 2029 have not yet been set by the FCC and could impact GCI Holdings' ability to continue providing local telephone service in the areas where it relies on high-cost support.

Universal Service Support for Mobile. Under FCC regulations and RCA orders, GCI Holdings is an authorized Eligible Telecommunications Carrier ("ETC") for purposes of providing wireless telephone service in many rural areas throughout Alaska. Without ETC status, GCI Holdings would not qualify for USF support in these areas or other rural areas where it proposes to offer facilities-based wireless telephone services, and its net cost of providing wireless telephone services in these areas would be materially adversely affected.

Per the Alaska High Cost Order, as of January 1, 2017, Remote (as defined by the Alaska High Cost Order) high cost support payments to Alaska High Cost participants are frozen on a per-company basis at adjusted December 2014 levels for a ten-year term in exchange for meeting individualized performance obligations to offer voice and broadband services meeting the service obligations at specified minimum speeds by five-year and ten-year service milestones to a specified number of locations. Support amounts increase 30% starting January 2025. Remote high cost support is no longer dependent upon line counts and line count filings are no longer required. Under the terms of the Alaska High Cost Order, the FCC was to initiate a process in 2021 to eliminate duplicate support in areas that were served by more than one subsidized mobile wireless carrier as of December 31, 2020. As part of the Alaska High Cost Order, the FCC issued a Notice of Proposed Rulemaking seeking comment on how to implement that process. The FCC has not to date issued any further orders with respect to that process. The process to eliminate duplicate support in areas has been delayed, and may affect the amount of support GCI Holdings receives to provide wireless services starting in 2030.

In November 2024, the FCC adopted the Alaska Connect Fund Order to succeed the Alaska High Cost Order. The Order may result in GCI Holdings receiving less support for its wireless operations in rural Alaska, and could have a material effect on its ability to continue providing service. The FCC has delayed some decisions, such as how to assure that only one provider receives support for a single area and how to calculate any amounts that would be removed as associated with intangible areas, or subject to potential competitive selection in areas with more than one supported mobile provider. The outcome of the FCC decisions and related proceedings could materially impact GCI Holdings' ability to continue providing or upgrading wireless services in rural Alaska.

Results of Operations - Consolidated

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

	Years ended December 31,	
	2024	2023
	amounts in millions	
Revenue	$ 1,016	981
Operating costs and expenses:		
Operating expense (exclusive of depreciation and amortization shown separately below)	257	245
Selling, general and administrative, excluding stock-based compensation	397	375
Stock-based compensation	13	19
Depreciation and amortization	207	230
Operating income (loss)	142	112
Other income (expense):		
Interest expense (including amortization of deferred loan fees)	(49)	(51)
Other, net	6	4
	(43)	(47)
Earnings (loss) before income taxes	99	65
Income tax benefit (expense)	(26)	(25)
Net earnings (loss)	$ 73	40
Adjusted OIBDA	$ 362	361

Revenue. Consolidated revenue increased $35 million for the year ended December 31, 2024, as compared to the corresponding prior year period. The following table highlights selected key performance indicators used in evaluating GCI Holdings.

	December 31,	
	2024	2023
Consumer		
Data:		
Cable modem subscribers[1]	155,700	159,700
Wireless:		
Wireless lines in service[2]	198,800	197,300

[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 December 31, 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 December 31, 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:

	Years ended December 31,	
	2024	2023
	amounts in millions	
Consumer		
Data	$ 238	233
Wireless	191	193
Other	40	42
Business		
Data	469	427
Wireless	47	50
Other	31	36
Total revenue	$ 1,016	981

Consumer data revenue increased $5 million for the year ended December 31, 2024, as compared to the same period in 2023. The increase was primarily driven by subscribers' selection of plans with higher recurring monthly charges.

Consumer wireless revenue decreased $2 million for the year ended December 31, 2024, as compared to the same period in 2023. The decrease was driven by a decrease in the number of handset sales and a decrease in prepaid data plans.

Consumer other revenue decreased $2 million for the year ended December 31, 2024, as compared to the same period in 2023. Consumer other revenue consists of consumer video and voice revenue. The decrease 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. During the fourth quarter of 2024, it was announced that GCI Holdings plans to exit the video business in 2025, subject to regulatory approvals.

Business data revenue increased $42 million for the year ended December 31, 2024, as compared to the same period in 2023, primarily due to increased sales to health care and education customers due to service upgrades. These increases were partially offset by decreases in business data subscribers.

Business wireless revenue decreased $3 million for the year ended December 31, 2024, as compared to the same period in 2023, primarily due to changes in the number of subscribers.

Business other revenue decreased $5 million for the year ended December 31, 2024, as compared to the same period in 2023. Business other revenue consists of business video and voice revenue. The decrease was primarily due to decreased local and long distance voice revenue as a result of decreased subscribers. Historically, GCI Holdings has seen declines in video and voice subscribers and revenue and has not focused business efforts on growth in these areas. During the fourth quarter of 2024, it was announced that GCI Holdings plans to exit the video business in 2025, subject to regulatory approvals.

Operating expenses increased $12 million for the year ended December 31, 2024, as compared to the same period in 2023, 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 $22 million for the year ended December 31, 2024, as compared to the same period in 2023. The increase was primarily due to increases in labor related costs primarily from increased average salaries and increased headcount, and to a lesser extent, software subscription costs, partially offset by a decrease in lease expense.

Stock based compensation decreased $6 million for the year ended December 31, 2024, as compared to the same period in 2023, due to multi-year grants fully vesting in the prior year. As of December 31, 2024, the total unrecognized compensation cost related to unvested Awards (as defined in note 8 to the accompanying consolidated financial statements) was approximately $9 million. Such amount will be recognized in the Company's consolidated statements of operations over a weighted average period of approximately 1.0 year.

Depreciation and amortization decreased $23 million for the year ended December 31, 2024, as compared to the same period in 2023. The decrease 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 $30 million for the year ended December 31, 2024, as compared to the same period in 2023. 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, 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:

	Years ended December 31,	
	2024	**2023**
	amounts in millions	
Operating income (loss)	$ 142	112
Depreciation and amortization	207	230
Stock-based compensation	13	19
Adjusted OIBDA	$ 362	361

Consolidated Adjusted OIBDA increased $1 million during the year ended December 31, 2024, as compared to the same period in 2023, due to the items discussed above.

Other Income and Expense

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

	Years ended December 31,	
	2024	**2023**
	amounts in millions	
Other income (expense):		
Interest expense	$ (49)	(51)
Other, net	6	4
	$ (43)	(47)

Interest Expense. Consolidated interest expense decreased $2 million during the year ended December 31, 2024, as compared to the same period in 2023. The decrease was driven by lower interest rates on the Company's variable rate debt, partly offset by higher amounts outstanding on the Senior Credit Facility (as defined in note 5 to the accompanying 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.

Other, net. Other, net income increased $2 million for the year ended December 31, 2024, as compared to the same period in 2023, primarily due to increased dividend and interest income.

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

	Years ended December 31,	
	2024	**2023**
	amounts in millions	
Earnings (loss) before income taxes	$ 99	65
Income tax (expense) benefit	(26)	(25)
Effective income tax rate	26%	38%

For the year ended December 31, 2024, the income tax expense was in excess of the expected federal tax expense primarily due to the effect of state income taxes, partially offset by federal tax credits.

For the year ended December 31, 2023, the income tax expense was in excess of the expected federal tax expense primarily due to state income taxes, certain non-deductible expenses and non-deductible executive compensation.

Net earnings (loss). The Company had net earnings of $73 million and $40 million for the years ended December 31, 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 December 31, 2024. Based on that evaluation, the Executives concluded the Company's disclosure controls and procedures were effective as of December 31, 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.

Management's Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over the Company's financial reporting. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

The Company's management assessed the effectiveness of internal control over financial reporting as of December 31, 2024, using the criteria in *Internal Control-Integrated Framework (2013),* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has concluded that, as of December 31, 2024, the Company's internal control over financial reporting is effective.

The consolidated financial statements of GCI, LLC do not include an audit report of the Company's independent registered public accounting firm regarding internal control over financial reporting. Management's assessment of internal control over financial reporting was not subject to audit by the Company's independent auditor.

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 year ended December 31, 2024 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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Independent Auditors' Report

The member of GCI, LLC
GCI, LLC:

Opinion

We have audited the consolidated financial statements of GCI, LLC and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of operations, cash flows, and equity for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Information Included in the Section Management's Discussion and Analysis of Financial Conditions and Results of Operations within the Consolidated Financial Statements and Schedule I

Management is responsible for the other information included in the annual report. The other information comprises the information included in the section of Management's discussion and analysis of financial conditions and results of operations within the consolidated financial statements and Schedule I to the consolidated financial statements but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

KPMG LLP

Anchorage, Alaska
March 31, 2025

GCI, LLC AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2024 and 2023

	2024	2023
	amounts in millions	
Assets		
Current assets:		
Cash and cash equivalents	$ 74	79
Trade and other receivables, net	184	169
Prepaid and other current assets	60	66
Total current assets	318	314
Property and equipment, net (note 2)	1,150	1,053
Intangible assets not subject to amortization (note 4)		
Goodwill	746	746
Cable certificates	550	550
Other	41	40
Intangible assets subject to amortization, net (note 4)	411	461
Other assets, net	165	167
Total assets	$ 3,381	3,331

See accompanying notes to consolidated financial statements.

GCI, LLC AND SUBSIDIARIES

Consolidated Balance Sheets (Continued)

December 31, 2024 and 2023

	2024	2023
	amounts in millions	
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 108	82
Deferred revenue	21	30
Current portion of debt (note 5)	3	3
Other current liabilities	58	55
Total current liabilities	190	170
Long-term debt, net (note 5)	1,066	1,018
Obligations under tower obligations and finance leases, excluding current portion (note 6)	72	83
Long-term deferred revenue	113	65
Deferred income tax liabilities (note 7)	359	351
Other liabilities	151	143
Total liabilities	1,951	1,830
Equity		
Member's equity:		
Member's investment	1,777	1,766
Retained earnings (deficit)	(362)	(285)
Total member's equity	1,415	1,481
Non-controlling interests	15	20
Total equity	1,430	1,501
Commitments and contingencies (note 10)		
Total liabilities and equity	$ 3,381	3,331

See accompanying notes to consolidated financial statements.

GCI, LLC AND SUBSIDIARIES

Consolidated Statements of Operations

December 31, 2024 and 2023

	2024	2023
	amounts in millions	
Revenue	$ 1,016	981
Operating costs and expenses:		
Operating expense (exclusive of depreciation and amortization shown separately below)	257	245
Selling, general and administrative, including stock-based compensation (note 8)	410	394
Depreciation and amortization	207	230
	874	869
Operating income (loss)	142	112
Other income (expense):		
Interest expense (including amortization of deferred loan fees)	(49)	(51)
Other, net	6	4
	(43)	(47)
Earnings (loss) before income taxes	99	65
Income tax benefit (expense)	(26)	(25)
Net earnings (loss)	73	40
Less net earnings (loss) attributable to the non-controlling interests	—	—
Net earnings (loss) attributable to member	$ 73	40

See accompanying notes to consolidated financial statements.

GCI, LLC AND SUBSIDIARIES

Consolidated Statements of Cash Flows

December 31, 2024 and 2023

	2024	2023
	amounts in millions	
Cash flows from operating activities:		
Net earnings (loss)	$ 73	40
Adjustments to reconcile net earnings (loss) to net cash from operating activities:		
Depreciation and amortization	207	230
Stock-based compensation	13	19
Deferred income tax expense (benefit)	7	24
Other, net	(4)	(4)
Change in operating assets and liabilities:		
Current and other assets	28	56
Payables and other liabilities	(46)	(88)
Net cash provided by (used in) operating activities	278	277
Cash flows from investing activities:		
Capital expenditures	(247)	(222)
Grant proceeds received for capital expenditures	54	6
Other investing activities, net	—	2
Net cash provided by (used in) investing activities	(193)	(214)
Cash flows from financing activities:		
Borrowings of debt	155	—
Repayment of debt, tower obligations and finance leases	(107)	(6)
Dividends paid to parent	(150)	(65)
Other financing activities, net	(5)	(5)
Net cash provided by (used in) financing activities	(107)	(76)
Net increase (decrease) in cash, cash equivalents and restricted cash	(22)	(13)
Cash, cash equivalents and restricted cash, beginning of period	97	110
Cash, cash equivalents and restricted cash, end of period	$ 75	97

See accompanying notes to consolidated financial statements.

GCI, LLC AND SUBSIDIARIES

Consolidated Statements of Equity

December 31, 2024 and 2023

	Member's investment	Retained earnings (deficit)	Non-controlling interest in equity of subsidiaries	Total equity
	amounts in millions			
Balances at December 31, 2022	$ 1,750	(260)	18	1,508
Net earnings (loss)	—	40	—	40
Stock-based compensation	19	—	—	19
Dividends paid to parent	—	(65)	—	(65)
Other	(3)	—	2	(1)
Balances at December 31, 2023	1,766	(285)	20	1,501
Net earnings (loss)	—	73	—	73
Stock-based compensation	13	—	—	13
Dividends paid to parent	—	(150)	—	(150)
Other	(2)	—	(5)	(7)
Balances at December 31, 2024	$ 1,777	(362)	15	1,430

See accompanying notes to 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 December 31, 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.

The accompanying 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 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 under the GCI brand.

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 could borrow up to $500 million on a revolving basis (the "Subordinated Revolving Note"). The Subordinated Revolving Note matured on December 16, 2024. The interest rate on the Subordinated Revolving Note converted to 4% per annum after the Combination was completed and was adjusted to 5.16% per annum in December 2023. The Subordinated Revolving Note had an outstanding balance of zero as of December 31, 2023 and prior to maturity on December 16, 2024.

Dividends Paid to Parent

During the years ended December 31, 2024 and 2023, GCI, LLC paid dividends of $150 million and $65 million, respectively, to its parent, Liberty Broadband.

Recent Events

On November 12, 2024, Liberty Broadband entered into a definitive agreement (the “Merger Agreement”) under which Charter Communications, Inc. (“Charter”) has agreed to acquire Liberty Broadband (the “Charter Combination”, together with the other transactions contemplated by the Merger Agreement, the “Transactions”).

As a condition to closing the Charter Combination, Liberty Broadband has agreed to divest the business of GCI (the “GCI business”) by way of a distribution to the holders of Liberty Broadband common stock prior to the closing of the Combination (the “GCI Divestiture”). The GCI Divestiture is expected to be taxable to Liberty Broadband and its stockholders, with Charter bearing the corporate level tax liability upon completion of the Charter Combination. However, to the extent such corporate level tax liability exceeds $420 million, Charter will be entitled under a tax receivables agreement to the portion of the tax benefits realized by GCI corresponding to such excess. The companies currently expect the Charter Combination to close on June 30, 2027 unless otherwise agreed, subject to the completion of the GCI Divestiture and other customary closing conditions.

Subsequent Events

The Company has evaluated subsequent events through March 31, 2025, 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 consolidated financial statements in the note in which the subsequent event is expected to have an impact.

(2) Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash consists of cash deposits held in global financial institutions. Cash equivalents, when held, consist of highly liquid investments with original maturities of three months or less at the time of acquisition. Cash that has restrictions upon its usage has been excluded from cash and cash equivalents. Financial instruments, which potentially subject the Company to concentration of credit risk, consist primarily of cash and cash equivalents and corporate debt securities. The Company maintains some cash and cash equivalents balances with financial institutions that are in excess of Federal Deposit Insurance Corporation insurance limits. As of December 31, 2024 and 2023, the Company had no cash equivalents.

Accounts Receivable and Allowance for Credit Losses

Trade accounts receivable are recorded at the invoiced amount and interest is not billed to the customer. For financed device contracts with customers, which is included within trade accounts receivable and other assets, the Company imputes interest and records the imputed interest as a reduction to the related accounts receivable. Interest is recognized over the financed device payment term. The allowance for credit losses is the Company’s best estimate of the amount of expected credit losses in its existing accounts receivable. The Company bases its estimates on the aging of its accounts receivable balances, financial health of specific customers, regional economic data, changes in its collections process, regulatory requirements and its customers’ compliance with the Federal Communications Commission (“FCC”) rules.

Depending upon the type of account receivable the Company’s allowance is calculated using a pooled basis using a percentage of related accounts, or a specific identification method. When a specific identification method is used, potentially uncollectible accounts due to bankruptcy or other issues are reviewed individually for collectability. Write-offs of accounts receivable balances occur when the Company deems the receivables are uncollectible. The Company does not have any off-balance-sheet credit exposure related to its customers.

A summary of activity in the allowance for credit losses for the years ended December 31, 2024 and 2023 is as follows (amounts in millions):

	Balance at beginning of year	Additions	Deductions	Balance at end of year
		Charged to costs and expenses	Write-offs net of recoveries	
2024	$ 5	4	(5)	4
2023	$ 4	5	(4)	5

Property and Equipment

Property and equipment is stated at depreciated cost less impairments, if any. Construction costs of facilities are capitalized. Construction in progress represents equipment, distribution facilities, fiber and other capital assets not yet placed in service on December 31, 2024 or 2023, that management intends to place in service when the assets are ready for their intended use. Depreciation is computed using the straight-line method based upon the shorter of the estimated useful lives of the assets or the lease term, if applicable.

Net property and equipment consists of the following:

	December 31, 2024	December 31, 2023
	amounts in millions	
Land	$ 13	16
Buildings (25 years)	114	108
Telephony transmission equipment and distribution facilities (5-20 years)	899	832
Cable transmission equipment and distribution facilities (5-30 years)	156	118
Support equipment and systems (3-20 years)	128	112
Fiber optic cable systems (15-25 years)	130	128
Other (2-20 years)	87	72
Construction in progress	302	197
	1,829	1,583
Accumulated depreciation	(679)	(530)
Property and equipment, net	$ 1,150	1,053

Depreciation of property and equipment under finance leases is included in Depreciation and amortization expense in the consolidated statements of operations. Depreciation expense of $147 million and $166 million was recorded for the years ended December 31, 2024 and 2023, respectively.

Repairs and maintenance are charged to expense as incurred. Expenditures for major renewals and betterments are capitalized. Accumulated depreciation is removed and gains or losses are recognized at the time of sales or other dispositions of property and equipment.

Material interest costs incurred during the construction period of non-software capital projects are capitalized. Interest is capitalized in the period commencing with the first expenditure for a qualifying capital project and ending when the capital project is substantially complete and ready for its intended use. Capitalized interest costs were $10 million and $7 million for the years ended December 31, 2024 and 2023, respectively.

Impairment of Long-lived Assets

The Company periodically reviews the carrying amounts of its property and equipment and its intangible assets (other than goodwill and indefinite-lived intangible assets) to determine whether current events or circumstances indicate that such carrying amounts may not be recoverable. If the carrying amount of the asset group is greater than the expected undiscounted cash flows to be generated by such asset group, including its ultimate disposition, an impairment adjustment is to be recognized. Such adjustment is measured by the amount that the carrying value of such asset groups exceeds its fair value. The Company generally measures fair value by considering sale prices for similar asset groups or by discounting estimated future cash flows using an appropriate discount rate. Considerable management judgment is necessary to estimate the fair value of asset groups. Accordingly, actual results could vary significantly from such estimates. Asset groups to be disposed of are carried at the lower of their financial statement carrying amount or fair value less costs to sell.

Asset Retirement Obligations

The Company records the fair value of a liability for an asset retirement obligation in the period in which it is incurred in Other liabilities in the consolidated balance sheets. When the liability is initially recorded, the Company capitalizes a cost by increasing the carrying amount of the related long-lived asset. In periods subsequent to initial measurement, changes in the liability for an asset retirement obligation resulting from revisions to either the timing or the amount of the original estimate of undiscounted cash flows are recognized. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, the Company either settles the obligation for its recorded amount or incurs a gain or loss upon settlement.

The majority of the Company's asset retirement obligations are the estimated cost to remove telephony transmission equipment and support equipment from leased property. The asset retirement obligation is in Other liabilities in the consolidated balance sheets. Following is a reconciliation of the beginning and ending aggregate carrying amounts of the liability for asset retirement obligations (amounts in millions):

Balance at December 31, 2022	$	81
Liability incurred		1
Accretion expense		2
Liability settled		—
Balance at December 31, 2023		84
Liability incurred		1
Accretion expense		3
Liability settled		—
Balance at December 31, 2024	$	88

Certain of the Company's network facilities are on property that requires it to have a permit and the permit contains provisions requiring the Company to remove its network facilities in the event the permit is not renewed. The Company expects to continually renew its permits and therefore cannot reasonably estimate any liabilities associated with such agreements. A remote possibility exists that the Company would not be able to successfully renew a permit, which could result in it incurring significant expense in complying with restoration or removal provisions.

Intangible Assets

Internally used software, whether developed or purchased and installed as is, is capitalized and amortized using the straight-line method over an estimated useful life of three to five years. The Company capitalizes certain costs associated with internally developed software such as payroll costs of employees devoting time to the projects, external direct costs for materials and services, and interest costs incurred. Costs associated with internally developed software to be used internally are expensed until the point the project has reached the development stage. Subsequent additions, modifications or upgrades to internal-use software are capitalized only to the extent that they allow the software to perform a task it previously did not perform. Software maintenance and training costs are expensed in the period in which they are incurred. The capitalization of software requires judgment in determining when a project has reached the development stage.

The Company has Software as a Service ("SaaS") arrangements which are accounted for as service agreements and are not capitalized. Internal and other third party costs for SaaS arrangements are capitalized or expensed in accordance with the internal use software guidance as discussed in the preceding paragraph.

Intangible assets with estimable useful lives are amortized over their respective estimated useful lives to their estimated residual values and reviewed for impairment upon certain triggering events. Intangible assets with estimable useful lives are being amortized over three to 25 year periods with a weighted-average life of 12 years.

Goodwill, cable certificates (certificates of convenience and public necessity) and other intangible assets with indefinite useful lives are not amortized, but instead are tested for impairment at least annually. Cable certificates represent agreements or authorizations with government entities that allow access to homes in cable service areas, including the future economic benefits of the right to solicit and service potential customers and the right to deploy and market new services to potential customers. Goodwill represents the excess of cost over fair value of net assets acquired in connection with a business acquisition. The Company's annual impairment assessment of its indefinite-lived intangible assets is performed during the fourth quarter of each year.

The accounting guidance allows entities the option to perform a qualitative impairment test for goodwill. The entity may resume performing the quantitative assessment in any subsequent period. In evaluating goodwill on a qualitative basis, the Company reviews the business performance of each reporting unit and evaluates other relevant factors as identified in the relevant accounting guidance to determine whether it was more likely than not that an indicated impairment exists for any of its reporting units. The Company considers whether there are any negative macroeconomic conditions, industry specific conditions, market changes, increased competition, increased costs in doing business, management challenges, the legal environments and how these factors might impact company specific performance in future periods. As part of the analysis, the Company also considers fair value determinations for certain reporting units that have been made at various points throughout the current year and prior year for other purposes. If based on the qualitative analysis it is more likely than not that an impairment exists, the Company performs the quantitative impairment test.

The quantitative goodwill impairment test compares the estimated fair value of a reporting unit to its carrying value and to the extent the carrying value is greater than the fair value, the difference is recorded as an impairment in the consolidated statements of operations. Developing estimates of fair value requires significant judgments, including making assumptions about appropriate discount rates, perpetual growth rates, relevant comparable market multiples, public trading prices and the amount and timing of expected future cash flows. The cash flows employed in the Company's valuation analyses are based on management's best estimates considering current marketplace factors and risks as well as assumptions of growth rates in future years. There is no assurance that actual results in the future will approximate these forecasts.

The accounting guidance also permits entities to first perform a qualitative assessment to determine whether it is more likely than not that an indefinite-lived intangible asset, other than goodwill, is impaired. The accounting guidance also allows entities the option to bypass the qualitative assessment for any indefinite-lived intangible asset in any period and proceed directly to the quantitative impairment test. The entity may resume performing the qualitative assessment in any subsequent period. If the qualitative assessment supports that it is more likely than not that the carrying value of the Company's indefinite-lived intangible assets, other than goodwill, exceeds its fair value, then a quantitative assessment is performed. If the carrying value of an indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess.

Revenue Recognition

Revenue is measured based on consideration specified in a contract with a customer and excludes any sales incentives and amounts collected on behalf of third parties. GCI Holdings recognizes revenue when it satisfies a performance obligation by transferring control of a product or service to a customer. Substantially all of GCI Holdings' revenue is earned from services transferred over time. If at contract inception, GCI Holdings determines the time period between when it transfers a promised good or service to a customer and when the customer pays for that good or service is one year or less, it does not adjust the promised amount of consideration for the effects of a significant financing component.

Certain of GCI Holdings' customers have guaranteed levels of service. If an interruption in service occurs, GCI Holdings does not recognize revenue for any portion of the monthly service fee that will be refunded to the customer or not billed to the customer due to these service level agreements.

Taxes assessed by a governmental authority that are both imposed on, and concurrent with, a specific revenue-producing transaction that are collected by GCI Holdings from a customer, are excluded from revenue from contracts with customers.

Nature of Services and Products

Data

Data revenue is generated by providing data network access, high-speed internet services, and product sales. Monthly service revenue for data network access and high-speed internet services is billed in advance, recorded as deferred revenue on the balance sheet, and recognized as the associated services are provided to the customer. Internet service excess usage revenue is recognized when the services are provided. GCI Holdings recognizes revenue for product sales when a customer takes possession of the equipment. GCI Holdings provides telecommunications engineering services on a time and materials basis. Revenue is recognized for these services as-invoiced.

Wireless

Wireless revenue is generated by providing access to, and usage of GCI Holdings' network by consumer, business, and wholesale carrier customers. Additionally, GCI Holdings generates revenue by selling wireless equipment such as handsets and tablets. In general, access revenue is billed in advance, recorded as deferred revenue on the balance sheet, and recognized as the associated services are provided to the customer. Equipment sales revenue associated with the sale of wireless devices and accessories is generally recognized when the products are delivered to and control transfers to the customer. Consideration received from the customer is allocated to the service and products based on stand-alone selling prices when purchased together.

New and existing wireless customers have the option to purchase certain wireless devices in installments over a period of up to 36 months. Under the Upgrade Now program, participating customers have the right to trade-in the original equipment for a new device after making the equivalent of 12 monthly installment payments, provided their handset is in good working condition. Upon upgrade, the outstanding balance of the wireless equipment installment plan is exchanged for the used handset. GCI Holdings accounts for this upgrade option as a right of return with a reduction of Revenue and Operating expense for handsets expected to be upgraded based on historical data.

Other

Other revenue consists of video and voice revenue. Video revenue is generated primarily from residential and business customers that subscribe to GCI Holdings' cable video plans. Video revenue is billed in advance, recorded as deferred revenue on the balance sheet, and recognized as the associated services are provided to the customer. GCI Holdings has announced that it plans to exit the video business in 2025, subject to regulatory approvals. Voice revenue is for fixed monthly fees for voice plans as well as usage based fees for long-distance service usage. Voice plan fees are billed in advance, recorded as deferred revenue on the balance sheet, and recognized as the associated services are provided to the customer. Usage based fees are recognized as services are provided.

Arrangements with Multiple Performance Obligations

Contracts with customers may include multiple performance obligations as customers purchase multiple services and products within those contracts. For such arrangements, revenue is allocated to each performance obligation based on the relative standalone selling price for each service or product within the contract. Standalone selling prices are generally determined based on the prices charged to customers.

Significant Judgments

Some contracts with customers include variable consideration and may require significant judgment to determine the total transaction price, which impacts the amount and timing of revenue recognized. GCI Holdings uses historical customer data to estimate the amount of variable consideration included in the total transaction price and reassess its estimate at each reporting period. Any change in the total transaction price due to a change in the estimated variable consideration is allocated to the performance obligations on the same basis as at contract inception. Any portion of a change in transaction price that is allocated to a satisfied or partially satisfied performance obligation is recognized as revenue (or a reduction in revenue) in the period of the transaction price change. Variable consideration has been constrained to reduce the likelihood of a significant revenue reversal.

Often contracts with customers include promises to transfer multiple products and services to a customer. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment.

Judgment is required to determine the standalone selling price for each distinct performance obligation. Services and products are generally sold separately, which helps establish standalone selling price for services and products GCI Holdings provides.

Remaining Performance Obligations

The Company expects to recognize revenue in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2024 of $369 million in 2025, $223 million in 2026, $113 million in 2027, $27 million in 2028 and $21 million in 2029 and thereafter.

The Company applies certain practical expedients as permitted and does not disclose information about remaining performance obligations that have original expected durations of one year or less, information about revenue remaining from usage based performance obligations that are recognized over time as-invoiced, or variable consideration allocated to wholly unsatisfied performance obligations.

The Company excludes variable consideration from its remaining performance obligations that are unsatisfied for certain of its business data contracts that have an original expected duration greater than one year. Such contracts are associated with GCI Holdings' participation in the Rural Health Care ("RHC") Program because the rates charged under those contracts are highly regulated by the FCC and must be approved annually. Beyond the variability in the rate to be determined annually, the RHC Program is also subject to funding caps that could potentially limit the amount of funding for the RHC Program, which would also reduce the amount of funding available to GCI Holdings. The RHC Program contracts typically have a term that ranges from three to five years.

Contract Balances

The Company had receivables of $193 million and $181 million at December 31, 2024 and 2023, respectively, the long-term portion of which are included in Other assets, net. The Company had deferred revenue of $33 million and $43 million at December 31, 2024 and 2023, respectively, the long-term portion of which are included in Other liabilities. The receivables and deferred revenue are only from contracts with customers. GCI Holdings' customers generally pay for services in advance of the performance obligation and therefore these prepayments are recorded as deferred revenue. The deferred revenue is recognized as revenue in the accompanying consolidated statements of operations as the services are provided. Changes in the contract liability balance for the Company during 2024 was not materially impacted by other factors.

Assets Recognized from the Costs to Obtain a Contract with a Customer

Management expects that incremental commission fees paid to intermediaries as a result of obtaining customer contracts are recoverable and therefore the Company capitalizes them as contract costs.

Capitalized commission fees are amortized based on the transfer of goods or services to which the assets relate which typically range from two to five years, and are included in selling, general and administrative expenses.

The Company recognizes the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that otherwise would have been recognized is one year or less. These costs are included in selling, general and administrative expenses.

Revenue from contracts with customers, classified by customer type and significant service offerings, is as follows:

	Years ended December 31, 2024	2023
	amounts in millions	
GCI Holdings		
Consumer Revenue		
Data	$ 238	233
Wireless	141	143
Other	41	41
Business Revenue		
Data	465	424
Wireless	41	45
Other	14	18
Lease, grant, and revenue from subsidies	76	77
Total	$ 1,016	981

Government Assistance

In current and prior years, the Company has been awarded, as either the recipient or subrecipient, federal government grants to construct broadband infrastructure to unserved and underserved communities in rural Alaska. During the years ended December 31, 2024 and 2023, the Company received approximately $54 million and $6 million, respectively, for grants awarded in current and/or prior years.

For accounting purposes, these grants are accounted for using a grant accounting model by analogy to International Accounting Standard 20, *Accounting for Government Grants and Disclosure of Government Assistance.* These grants were recorded as deferred revenue since the primary conditions for the receipt of the grant are the build out and operation of the broadband services over the established time frames, which range from 11 to 17 years for assets already placed in service and will be based on the property's useful life for assets currently being constructed. During the years ended December 31, 2024 and 2023, revenue recorded in the consolidated financial statements was not material. Both short-term and long-term deferred revenue have been recorded for the amounts of the grants received, with a non-material amount recorded as short-term and approximately $92 million and $41 million recorded as long-term deferred revenue, respectively, as of December 31, 2024 and 2023.

Advertising Costs

Advertising costs generally are expensed as incurred. Advertising costs aggregated $7 million and $5 million for the years ended December 31, 2024 and 2023, respectively. Advertising costs are reflected in the Selling, general and administrative, including stock-based compensation line item in our consolidated statements of operations.

Stock-Based Compensation

As more fully described in note 8, the Company may grant to employees of subsidiaries, restricted shares ("RSAs"), restricted stock units ("RSUs") and options to purchase shares of parent company common stock (collectively, "Awards"). The Company measures the cost of employee services received in exchange for equity classified Awards (such as stock options, RSAs and RSUs) based on the grant-date fair value of the Awards, and recognizes that cost over the period during which the employee is required to provide service (usually the vesting period of the Awards). 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 remeasures the fair value of the Award at each reporting date. The Company recognizes forfeitures as they occur.

Stock compensation expense was $13 million and $19 million for the years ended December 31, 2024 and 2023, respectively, and was included in Selling, general and administrative expense, including stock-based compensation in the accompanying consolidated statements of operations.

Income Taxes

The Company accounts for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts and income tax bases of assets and liabilities and the expected benefits of utilizing net operating loss and tax credit carryforwards. The deferred tax assets and liabilities are calculated using enacted tax rates in effect for each taxing jurisdiction in which the Company operates for the year in which those temporary differences are expected to be recovered or settled. Net deferred tax assets are then reduced by a valuation allowance if the Company believes it more likely than not that such net deferred tax assets will not be realized. We consider all relevant factors when assessing the likelihood of future realization of our deferred tax assets, including our recent earnings experience by jurisdiction, expectations of future taxable income, and the carryforward periods available to us for tax reporting purposes, as well as assessing available tax planning strategies. The effect on deferred tax assets and liabilities of an enacted change in tax rates is recognized in the consolidated statements of operations in the period that includes the enactment date. Due to inherent complexities arising from the nature of our businesses, future changes in income tax law, tax sharing agreements or variances between our actual and anticipated operating results, we make certain judgments and estimates. Therefore, actual income taxes could materially vary from these estimates.

When the tax law requires interest to be paid on an underpayment of income taxes, the Company recognizes interest expense from the first period the interest would begin accruing according to the relevant tax law. Such interest expense is included in Interest expense in the accompanying consolidated statements of operations. Any accrual of penalties related to underpayment of income taxes on uncertain tax positions is included in Other, net in the accompanying consolidated statements of operations.

We recognize in our consolidated financial statements the impact of a tax position, if that position is more likely than not to be sustained upon an examination, based on the technical merits of the position.

Certain Risks and Concentrations

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.

GCI Holdings receives support from each of the various Universal Service Fund ("USF") programs: rural health care, schools and libraries, high-cost, and lifeline. The programs are subject to change by regulatory actions taken by the FCC or legislative actions, therefore, changes to the programs could result in a material decrease in revenue that the Company has recorded. Historical revenue recognized from the programs was 42% and 39% of GCI Holdings’ revenue for the years ended December 31, 2024 and 2023, respectively. The Company had USF net receivables of $125 million at December 31, 2024. See note 10 for more information regarding the rural health care receivables.

Loss Contingencies

Periodically, we review the status of all significant outstanding matters to assess any potential financial exposure. When it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated, we record the estimated loss in our consolidated statements of operations. We provide disclosure in the notes to the consolidated financial statements for loss contingencies that do not meet both these conditions if there is a reasonable possibility that a loss may have been incurred that would be material to the financial statements. Significant judgment is required to determine the probability that a liability has been incurred and whether such liability is reasonably estimable. We base accruals made on the best information available at the time which can be highly subjective. The final outcome of these matters could vary significantly from the amounts included in the accompanying consolidated financial statements.

Reclassifications

Reclassifications have been made to the prior years' consolidated financial statements to conform to the classifications used in the current year.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The Company considers (i) non-recurring fair value measurements of non-financial instruments and (ii) accounting for income taxes to be its most significant estimates.

Recent Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures*, which requires more detailed income tax disclosures. The guidance requires entities to disclose disaggregated information about their effective tax rate reconciliation as well as expanded information on income taxes paid by jurisdiction. The disclosure requirements will be applied on a prospective basis, with the option to apply them retrospectively. The effective date for the standard is for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is in the process of evaluating the impact of the new standard on the related disclosures.

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which expands disclosures about specific expense categories at interim and annual reporting periods. The standard is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. The Company is in the process of evaluating the impact of the new standard on the related disclosures.

(3) Supplemental Disclosures to Consolidated Statements of Cash Flows

	Years ended December 31,	
	2024	2023
	amounts in millions	
Cash paid for interest, net of amounts capitalized	$ 56	56
Cash paid for taxes, net	$ 24	3
Noncash activity:		
Property and equipment expenditures incurred but not yet paid	$ 27	15

The following table reconciles cash and cash equivalents and restricted cash reported in the Company's consolidated balance sheets to the total amount presented in its consolidated statements of cash flows:

	Years ended December 31,	
	2024	2023
	amounts in millions	
Cash and cash equivalents	$ 74	79
Restricted cash included in other current assets	—	16
Restricted cash included in other long-term assets	1	2
Total cash and cash equivalents and restricted cash at end of period	$ 75	97

Restricted cash primarily relates to cash restricted for use on GCI Holdings' various arrangements to help fund projects that extended terrestrial broadband service for the first time to rural Alaska communities via a high capacity hybrid fiber optic and microwave network.

(4) Goodwill and Intangible Assets

Goodwill and Indefinite Lived Assets

There have been no changes in the carrying amount of goodwill for the years ended December 31, 2024 and 2023.

As presented in the accompanying consolidated balance sheets, cable certificates are the majority of the other significant indefinite lived intangible assets.

Intangible Assets Subject to Amortization, net

	December 31, 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	(173)	342	515	(132)	383
Other amortizable intangible assets	165	(96)	69	156	(78)	78
Total	$ 680	(269)	411	671	(210)	461

Intangible assets are being amortized generally on an accelerated basis as reflected in amortization expense and in the future amortization table below.

Amortization expense for intangible assets with finite useful lives was $60 million and $64 million for the years ended December 31, 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):

2025	$ 56
2026	$ 53
2027	$ 50
2028	$ 49
2029	$ 42

Impairments

The Company recorded no impairments during the years ended December 31, 2024 and 2023.

(5) Debt

Debt is summarized as follows:

	Outstanding principal December 31, 2024	Carrying value December 31, 2024	Carrying value December 31, 2023
	amounts in millions		
Senior notes	$ 600	619	623
Senior credit facility	447	447	394
Wells Fargo note payable	4	4	5
Deferred financing costs		(1)	(1)
Total debt	$ 1,051	1,069	1,021
Debt classified as current		(3)	(3)
Total long-term debt		$ 1,066	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 $19 million at December 31, 2024. Such premium is being amortized to interest expense in the accompanying 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. The interest rates on the Senior Credit Facility were 6.3% and 7.3% at December 31, 2024 and 2023, respectively.

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 December 31, 2024, there was $242 million outstanding under the Term Loan A, $205 million outstanding under the revolving portion of the Senior Credit Facility and $3 million in letters of credit under the Senior Credit Facility, leaving $342 million available for borrowing.

Subsequent to December 31, 2024, GCI, LLC entered into a Ninth Amended and Restated Credit Agreement on March 25, 2025, which refinanced in full and replaced the Senior Credit Facility with (x) a new $450 million revolving credit facility, with a $35 million sublimit for letters of credit, that matures on March 25, 2030 (or, to the extent the Senior Notes remains outstanding, the date that is 91 days prior to the maturity date of the Senior Notes or the date that is 91 days prior to the maturity date of any indebtedness with a maturity date that is 91 days prior to March 25, 2030 that is used to refinance any of the Senior Notes) and (y) a $300 million Term Loan A ("New Term Loan A") that matures on March 25, 2031 (or, to the extent the Senior Notes remains outstanding, the date that is 91 days prior to the maturity date of the Senior Notes). The revolving credit facility borrowings under the New 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 1.25% depending on GCI, LLC's total leverage ratio. 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 rate plus a margin that varies between 1.50% and 2.25% depending on GCI, LLC's total leverage ratio. New 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 1.75% 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 rate plus a margin that varies between 2.00% and 2.75% depending on GCI, LLC's total leverage ratio. Principal payments are due quarterly on the New 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 New 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 New Senior Credit Facility also has a commitment fee that accrues at a per annum rate between 0.300% and 0.375% on the daily unused amount of the revolving credit facility depending on GCI, LLC's total leverage ratio.

The New Senior Credit Facility includes representations and warranties, customary affirmative and negative covenants and customary events of default that are similar to those contained in the Senior Credit Facility. The New Senior Credit Facility is secured on the same assets that secure 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 interest rates on the Wells Fargo Note Payable were 6.1% and 7.1% at December 31, 2024 and 2023, respectively.

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.

Five Year Maturities

The annual principal maturities of debt, based on stated maturity dates, for each of the next five years is as follows (amounts in millions):

2025	$	3
2026	$	208
2027	$	238
2028	$	601
2029	$	2

Fair Value of Debt

The fair value of the Senior Notes was $560 million at December 31, 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 December 31, 2024.

(6) Leases

In 2016 and 2017, GCI Holdings sold certain tower sites and entered into a master lease agreement in which it leased back space on those tower sites. GCI Holdings determined that it is precluded from applying sales-leaseback accounting.

GCI Holdings has entered into finance lease agreements with satellite providers for transponder capacity to transmit voice and data traffic in rural Alaska. GCI Holdings is also party to finance lease agreements for an office building and certain retail store locations. GCI Holdings also leases office space, land for towers and communication facilities, satellite transponders, fiber capacity, and equipment. These leases are classified as operating leases. Operating lease right-of-use (“ROU”) assets and operating lease liabilities are recognized based on the present value of the future lease payments using our incremental borrowing rate at the commencement date of the lease. If lease terms are modified, the ROU assets and operating lease liabilities are adjusted to reflect the updated future lease payments and changes in the incremental borrowing rate.

The Company has leases with remaining lease terms that range from less than one year up to 26 years. Certain of the Company’s leases may include an option to extend the term of the lease with such options to extend ranging from one year up to 34 years. The Company also has the option to terminate certain of its leases early with such options to terminate ranging from as early as 30 days up to 13 years from December 31, 2024.

The components of lease cost during the years ended December 31, 2024 and 2023 were as follows:

	Years ended December 31,	
	2024	2023
	amounts in millions	
Operating lease cost (1)	$ 61	62
Finance lease cost		
Depreciation of leased assets	$ 1	1
Total finance lease cost	$ 1	1

(1) Included within operating lease costs were short-term lease costs and variable lease costs, which were not material to the consolidated financial statements.

The remaining weighted-average lease term and the weighted average discount rate were as follows:

	December 31,	
	2024	2023
Weighted-average remaining lease term (years):		
Finance leases	1.6	2.5
Operating leases	3.7	4.1
Weighted-average discount rate:		
Finance leases	4.3 %	4.3 %
Operating leases	7.4 %	7.7 %

Supplemental balance sheet information related to leases was as follows:

	December 31, 2024	December 31, 2023
	amounts in millions	
Operating leases:		
Operating lease ROU assets, net (1)	$ 109	105
Current operating lease liabilities (2)	$ 48	45
Operating lease liabilities (3)	60	56
Total operating lease liabilities	$ 108	101
Finance Leases:		
Property and equipment, at cost	$ 8	8
Accumulated depreciation	(3)	(2)
Property and equipment, net	$ 5	6
Current obligations under finance leases (4)	$ 1	1
Obligations under finance leases	—	1
Total finance lease liabilities	$ 1	2

(1) Operating lease ROU assets, net are included within the Other assets, net line item in the accompanying consolidated balance sheets.
(2) Current operating lease liabilities are included within the Other current liabilities line item in the accompanying consolidated balance sheets.
(3) Operating lease liabilities are included within the Other liabilities line item in the accompanying consolidated balance sheets.
(4) Current obligations under finance leases are included within the Other current liabilities line item in the accompanying consolidated balance sheets.

Supplemental cash flow information related to leases was as follows:

	Years ended December 31, 2024	Years ended December 31, 2023
	amounts in millions	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows from operating leases	$ 56	59
Financing cash outflows from finance leases	$ 1	1
ROU assets obtained in exchange for lease obligations		
Operating leases	$ 61	41

Future lease payments under finance leases, operating leases and tower obligations with initial terms of one year or more at December 31, 2024 consisted of the following:

	Finance Leases	Operating Leases	Tower Obligations
		amounts in millions	
2025	$ 1	50	7
2026	—	36	7
2027	—	11	8
2028	—	8	8
2029	—	4	8
Thereafter	—	13	76
Total payments	1	122	114
Less: imputed interest	—	14	39
Total liabilities	$ 1	108	75

(7) Income Taxes

The Company is included in the federal consolidated income tax return of Liberty Broadband and its subsidiaries during the periods presented. The income tax provision included in these financial statements has been prepared on a stand-alone basis, as if GCI, LLC was not part of the consolidated Liberty Broadband tax group.

Income tax (expense) benefit consists of:

	Years ended December 31,	
	2024	2023
	amounts in millions	
Current:		
Federal	$ (13)	—
State and local	(6)	(1)
	(19)	(1)
Deferred:		
Federal	(3)	(18)
State and local	(4)	(6)
	(7)	(24)
Income tax (expense) benefit	$ (26)	(25)

Income tax benefit (expense) differs from the amounts computed by applying the applicable U.S. federal income tax rate of 21% as a result of the following:

	Years ended December 31,	
	2024	2023
	amounts in millions	
Computed expected tax benefit (expense)	$ (21)	(14)
State and local income taxes, net of federal income taxes	(7)	(6)
Executive compensation	(1)	(3)
Stock compensation	—	(1)
Non-deductible expenses	—	(4)
Federal income tax credits	4	1
Other, net	(1)	2
Income tax (expense) benefit	$ (26)	(25)

For the year ended December 31, 2024, the significant reconciling items, as noted in the table above, are primarily due to state income taxes, partially offset by federal tax credits.

For the year ended December 31, 2023, the significant reconciling items, as noted in the table above, are primarily due to state income taxes, certain non-deductible expenses and non-deductible executive compensation.

The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and deferred income tax liabilities are presented below:

	December 31,	
	2024	2023
	amounts in millions	
Deferred tax assets:		
Tax loss and credit carryforwards	$ 3	29
Deferred revenue	18	27
Accrued stock compensation	6	6
Debt	5	6
Operating lease liability	30	28
Other accrued liabilities	8	7
Other future deductible amounts	36	38
Deferred tax assets	106	141
Valuation allowance	(1)	(1)
Net deferred tax assets	105	140
Deferred tax liabilities		
Fixed assets	182	196
Intangible assets	252	266
Operating lease ROU assets	30	29
Deferred tax liabilities	464	491
Net deferred tax liabilities	$ 359	351

During the year ended December 31, 2024, there was no change in the valuation allowance.

At December 31, 2024, the Company had a deferred tax asset of $3 million for federal and state net operating loss ("NOL") carryforwards. Of the $3 million, $1 million are carryforwards with no expiration. The future use of the remaining carryforwards of $2 million are subject to limitation and expire at certain future dates. Based on current projections, $1 million of these carryforwards may expire unused and accordingly are subject to a valuation allowance. The carryforwards that are expected to be utilized will begin to expire in 2028.

As of December 31, 2024, the Company had not recorded tax reserves related to unrecognized tax benefits for uncertain tax positions.

The Company was part of the GCI Liberty consolidated federal tax group until the date of the Combination and is part of the Liberty Broadband consolidated federal tax group subsequent to the Combination. As of December 31, 2024, all of the Company's tax years prior to 2021 are closed. However, because the Company generated net operating losses ("NOLs") in tax years prior to 2020, utilization of the NOLs in future years are subject to adjustment. Liberty Broadband's 2023 and 2024 tax years are being examined currently as part of the IRS's Compliance Assurance Process program.

(8) 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, RSAs, RSUs and options to purchase shares of GCI Liberty's common stock.

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.

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. Awards generally vest over 1-5 years. Liberty Broadband issues new shares upon exercise or vesting of equity awards.

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	(1)	$ 98.21		
Forfeited/Cancelled	(78)	$ 96.41		
Outstanding at December 31, 2024	599	$ 137.76	2.4 years	$ —
Exercisable at December 31, 2024	599	$ 137.76	2.4 years	$ —

During the year ended December 31, 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 December 31, 2024, there were 96 thousand LBRDB options outstanding and exercisable at a WAEP of $94.05, a weighted average remaining contractual life of 0.3 years and intrinsic value of zero. During the year ended December 31, 2024, there were no grants or exercises of LBRDB options.

During the year ended December 31, 2024, the Company granted 96 thousand LBRDK RSUs with a weighted average GDFV of $57.07 per share to subsidiary employees. As of December 31, 2024, the total unrecognized compensation cost related to unvested Awards was approximately $9 million. Such amount will be recognized in the Company's consolidated statements of operations over a weighted average period of approximately one year.

As of December 31, 2024, Liberty Broadband reserved 695 thousand shares of LBRDK and LBRDB for issuance under exercise privileges of outstanding stock options.

Option Exercises

The aggregate intrinsic value of all options exercised during the years ended December 31, 2024 and 2023 was $2 thousand and $1 million, respectively.

Restricted Stock and Restricted Stock Units

As of December 31, 2024, Liberty Broadband had approximately 256 thousand unvested RSAs and RSUs of LBRDK held by certain officers and employees with a weighted average GDFV of $94.19 per share. As of December 31, 2024, there were no Liberty Broadband Series A Cumulative Redeemable Preferred Stock unvested RSAs or RSUs.

The aggregate fair value of all restricted shares of common stock that vested during the years ended December 31, 2024 and 2023 was $9 million and $10 million, respectively.

(9) Employee Benefit Plans

Subsidiaries of the Company sponsor 401(k) plans, which provide their employees an opportunity to make contributions to a trust for investment. The Company's subsidiaries make matching contributions to their plans based on a percentage of the amount contributed by employees. Employer cash contributions to all plans aggregated $14 million and $11 million for the years ended December 31, 2024 and 2023, respectively.

(10) Commitments and Contingencies

Guaranteed Service Levels

Certain customers have guaranteed levels of service with varying terms. In the event the Company is unable to provide the minimum service levels, it may incur penalties or issue credits to customers.

Litigation, Disputes, and Regulatory Matters

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 other than as discussed below.

RHC Program

GCI Holdings receives support from various 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 following paragraphs describe certain separate matters related to the RHC Program that impact or could impact the revenue earned and receivables recognized by the Company. As of December 31, 2024, the Company had net accounts receivable from the RHC Program in the amount of approximately $69 million, which is included within Trade and other receivables in the consolidated balance sheets.

The rates that GCI and other carriers can charge for service provided under the RHC Telecommunications Program are highly regulated by the FCC. FCC rules provide that a telecommunications carrier can only charge a rural rate that is the average of rates actually being charged to commercial customers, other than health care providers, for identical or similar services in the rural area where the health care provider is located. If that is not available, the rural rate must be the average of tariffed or other publicly available rates charged in that area over the same distance by other carriers.

If there is no rate available using rates actually being charged by GCI or other carriers, then, through the end of Funding Year 2025, which ends in June 2026, GCI may use a previously approved rural rate. If none of the preceding options are available, then the rate must be determined by a cost study submitted to the FCC or, for jurisdictionally intrastate services, to the state public utility commission. The RHC Telecommunications Program funds the difference between the rural rate and the urban rate, which is the amount that GCI must collect from the health care provider. The FCC has an ongoing rulemaking proceeding addressing the RHC rules, how subsidies are determined and related processes. GCI cannot predict which changes the FCC will adopt, and whether those changes will benefit or adversely affect GCI.

RHC Program Funding Cap. 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.

Enforcement Bureau and Related Inquiries. On March 23, 2018, GCI Holdings received a letter of inquiry and request for information from the Enforcement Bureau of the FCC relating to the period beginning January 1, 2015 and including all future periods. This included inquiry into the rates charged by GCI Holdings and other aspects related to the Enforcement Bureau's review of GCI Holdings' compliance with program rules, which are discussed separately below. The ongoing uncertainty in program funding, as well as the uncertainty associated with the rate review, could have an adverse effect on its business, financial position, results of operations or liquidity.

In the fourth quarter of 2019, GCI Holdings became aware of potential RHC Program compliance issues related to certain of GCI Holdings' currently active and expired contracts with certain of its RHC customers. The Company and its external experts performed significant and extensive procedures to determine whether GCI Holdings' currently active and expired contracts with its RHC customers would be deemed to be in compliance with the RHC Program rules. GCI Holdings notified the FCC of the potential compliance issues in the fourth quarter of 2019.

On May 28, 2020, GCI Holdings received a second letter of inquiry from the Enforcement Bureau in the same matter noted above. This second letter, which was in response to a voluntary disclosure made by GCI Holdings to the FCC, extended the scope of the original inquiry to also include various questions regarding compliance with the records retention requirements related to the (i) original inquiry and (ii) RHC Program.

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.

On April 21, 2021, representatives of the Department of Justice ("DOJ") informed GCI Holdings that a qui tam action had been filed in the Western District of Washington arising from the subject matter under review by the Enforcement Bureau. The DOJ was investigating whether GCI Holdings submitted false claims and/or statements in connection with GCI's participation in the FCC's RHC Program. On July 14, 2021, the DOJ issued a Civil Investigative Demand with regard to the qui tam action.

The FCC's Enforcement Bureau and GCI Holdings held discussions regarding GCI Holdings potential RHC Program compliance issues related to certain of its contracts with its RHC customers for which GCI Holdings had previously recognized an estimated liability for a probable loss of approximately $12 million in 2019 for contracts that were deemed probable of not complying with the RHC Program rules. During the year ended December 31, 2022, GCI Holdings recorded an additional estimated settlement expense of $15 million relating to a settlement offer made by GCI Holdings resulting in a total estimated liability of $27 million.

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. During the year ended December 31, 2022, GCI Holdings recorded a $14 million estimated settlement expense to reflect discussions and settlement offers that GCI Holdings made to the DOJ.

Separately, during the third quarter of 2022, GCI Holdings became aware of possible RHC Program compliance issues relating to potential conflicts of interest identified in the historical competitive bidding process with respect to certain of its contracts with its RHC customers. GCI Holdings notified the FCC's Enforcement Bureau of the potential compliance issues; however, the Company is unable to assess the ultimate outcome of the potential compliance issues and is unable to reasonably estimate any range of loss or possible loss.

On May 10, 2023, GCI entered into a final settlement agreement with both the FCC and the DOJ to resolve all Enforcement Bureau and Related Inquiries discussed above except for the matter that was separately identified during the third quarter of 2022, which continues to remain outstanding. The settlement with the FCC and the DOJ resulted in a total cash payment of $41 million of which $27 million was paid to the FCC and $14 million was paid to the DOJ in 2023, which had been previously recorded as liabilities.

Schedule I

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

December 31, 2024

(unaudited)

amounts in millions

GCI, LLC and its Subsidiaries net assets	$	1,430
Reconciling items:		
Liberty Subsidiaries net assets (a)		—
GCI, LLC net assets, excluding the Liberty Subsidiaries	$	1,430
GCI, LLC and its Subsidiaries net earnings (loss)	$	73
Reconciling items:		
Liberty Subsidiaries net (earnings) loss (a)		—
GCI, LLC net earnings (loss), excluding the Liberty Subsidiaries	$	73

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