GCI, LLC AND SUBSIDIARIES

Condensed Consolidated Financial Statements
as of and for the three months ended
March 31, 2025 and 2024

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

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

Overview

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

GCI, LLC is an indirect wholly-owned subsidiary of Liberty Broadband Corporation ("Liberty Broadband") as of March 31, 2025 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, Liberty Broadband (and Charter upon completion of the Combination) 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. Unfavorable economic conditions, such as a recession or economic slowdown in the United States ("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. 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 began decreasing interest rates in 2024 after several years at higher rates but has kept interest rates steady in 2025. Mounting inflationary cost pressures and recessionary fears have negatively impacted the U.S. and global economy. 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 and pay other obligations.

In addition, during 2024 and continuing in 2025, GCI Holdings has experienced 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

<u>Legal Challenges to the Constitutionality of the Federal Communications Commission ("FCC") Universal Service Support Programs.</u> 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 heard the case on March 26, 2025; the case is likely to be decided by summer 2025. In addition, it is possible 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, determining 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.

<u>Pause in Federal Financial Assistance.</u> 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 preliminary injunction 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.

Results of Operations - Consolidated

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

	Three months ended March 31, 2025	Three months ended March 31, 2024
	amounts in millions	
Revenue	$ 266	245
Operating costs and expenses:		
Operating expense (exclusive of depreciation and amortization shown separately below)	125	129
Selling, general and administrative expense, excluding stock-based compensation	30	26
Stock-based compensation	2	3
Depreciation and amortization	53	50
Operating income (loss)	56	37
Other income (expense):		
Interest expense (including amortization of deferred loan fees)	(10)	(10)
Other, net	1	1
	(9)	(9)
Earnings (loss) before income taxes	47	28
Income tax benefit (expense)	(13)	(8)
Net earnings (loss)	$ 34	20
Adjusted OIBDA	111	90

Revenue. Consolidated revenue increased $21 million for the three months ended March 31, 2025, as compared to the corresponding prior year period. The following table highlights selected key performance indicators used in evaluating GCI Holdings.

	March 31, 2025	March 31, 2024
Consumer		
Data:		
Cable modem subscribers[1]	155,800	159,800
Wireless:		
Wireless lines in service[2]	202,300	199,000

[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 March 31, 2025 include 1,000 subscribers that were reclassified from GCI Business to GCI Consumer subscribers in the first quarter of 2025 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 March 31, 2025 include 3,700 lines that were reclassified from GCI Business to GCI Consumer lines in the first quarter of 2025 and are not new additions.

The components of revenue are as follows:

	Three months ended March 31, 2025	2024
	amounts in millions	
Consumer		
Data	$ 61	60
Wireless	50	47
Other	10	10
Business		
Data	128	108
Wireless	10	12
Other	7	8
Total revenue	$ 266	245

Consumer data revenue increased $1 million for the three months ended March 31, 2025, as compared to the corresponding prior year period. The increase was primarily driven by the transfer of 1,000 cable modem subscribers from GCI Business to GCI Consumer during the first quarter of 2025. These subscribers have services with higher recurring monthly charges.

Consumer wireless revenue increased $3 million for the three months ended March 31, 2025, as compared to the corresponding prior year period. The increase was driven by an increase in wireless USF support for high cost areas.

Consumer other revenue was flat for the three months ended March 31, 2025, as compared to the corresponding prior year period. Consumer other revenue consists of consumer video and voice revenue. 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 $20 million for the three months ended March 31, 2025, as compared to the corresponding prior year period, primarily due to increased rates with health care and education customers due to service upgrades with existing customers. These increases were partially offset by the transfer of 1,000 cable modem subscribers from GCI Business to GCI Consumer during the first quarter of 2025.

Business wireless revenue decreased $2 million for the three months ended March 31, 2025, as compared to the corresponding prior year period, primarily due to a decrease in roaming revenue due to contractual changes.

Business other revenue decreased $1 million for the three months ended March 31, 2025, as compared to the corresponding prior year period. Business other revenue consists of business video and voice revenue. The decrease was primarily due to decreased local and long distance voice revenue due to a decrease in voice traffic. 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

	Three months ended March 31, 2025	2024
	amounts in millions	
Business direct costs	$ 26	31
Consumer direct costs	36	37
Technology expense	63	61
Total operating expenses	$ 125	129

Business direct costs consists of network distribution costs, largely to healthcare and education customers, as well as internal and outside labor costs for managing relationships with business customers. This expense decreased $5 million for the three months ended March 31, 2025, as compared to the same period in 2024, due to a decrease in distribution costs for health care and education customers, some of which related to temporary cost savings from a fiber break on a third party network in which GCI Holdings uses capacity.

Consumer direct costs consists of wireless handset inventory costs, video programming, wireless distribution costs, marketing and advertising expenses, bad debt expense, credit card and other transactional fees, and internal and external labor costs for managing relationships with consumer customers. This expense decreased $1 million for the three months ended March 31, 2025, as compared to the same period in 2024, due to a decrease in distribution costs, some of which related to temporary cost savings from a fiber break on a third party network in which GCI Holdings uses capacity.

Technology expense consists of field and technology operations costs incurred to manage the Company's network, including internal and external labor costs, software related costs, lease expenses, maintenance costs, as well as utility costs. Technology expenses increased $2 million for the three months ended March 31, 2025, as compared to the same period in 2024, due to an increase in software costs, maintenance, and internal labor costs, partially offset by a decrease in outside labor costs.

Selling, general and administrative expense consists of corporate overhead costs largely consisting of internal and external labor costs, software costs, insurance expense, property taxes and professional service fees. Selling, general and administrative expense increased $4 million for the three months ended March 31, 2025, as compared to the same period in 2024, due to an increase in internal and external labor costs.

Stock-based compensation was relatively flat for the three months ended March 31, 2025, as compared to the corresponding prior year period. As of March 31, 2025, the total unrecognized compensation cost related to unvested Awards (as defined in note 4 to the accompanying condensed consolidated financial statements) was approximately $7 million. Such amount will be recognized in the Company’s condensed consolidated statements of operations over a weighted average period of approximately 1.2 years.

Depreciation and amortization was relatively flat for the three months ended March 31, 2025, as compared to the corresponding prior year period.

Operating Income (Loss). Consolidated operating income increased $19 million for the three months ended March 31, 2025, as compared to the corresponding prior year period. 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:

	Three months ended March 31,	
	2025	2024
	amounts in millions	
Operating income (loss)	$ 56	37
Depreciation and amortization	53	50
Stock-based compensation	2	3
Adjusted OIBDA	$ 111	90

Consolidated Adjusted OIBDA increased $21 million for the three months ended March 31, 2025, as compared to the corresponding prior year period, due to the items discussed above.

Other Income and Expense

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

	Three months ended March 31,	
	2025	2024
	amounts in millions	
Other income (expense):		
Interest expense	$ (10)	(10)
Other, net	1	1
	$ (9)	(9)

Interest Expense. Consolidated interest expense was flat for the three months ended March 31, 2025, as compared to the corresponding prior year period. See Schedule I for a reconciliation of the net assets and net earnings of GCI, LLC excluding the Liberty Subsidiaries under and as defined in the Senior Credit Facility and Indenture for the 4.75% Senior Notes Due 2028.

Other, net. Other, net income was flat for the three months ended March 31, 2025, as compared to the corresponding prior year period.

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

		Three months ended March 31,	
		2025	2024
		amounts in millions	
Earnings (loss) before income taxes	$	47	28
Income tax (expense) benefit		(13)	(8)
Effective income tax rate		28%	29%

For both the three months ended March 31, 2025 and 2024, the income tax expense was in excess of the expected federal tax expense primarily due to state income taxes.

Net earnings (loss). The Company had net earnings of $34 million and $20 million for the three months ended March 31, 2025 and 2024, 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 March 31, 2025. Based on that evaluation, the Executives concluded that the Company's disclosure controls and procedures were effective as of March 31, 2025 to provide reasonable assurance that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

There has been no change in the Company's internal control over financial reporting that occurred during the three months ended March 31, 2025 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

GCI, LLC AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(unaudited)

	March 31, 2025	December 31, 2024
	amounts in millions	
Assets		
Current assets:		
Cash and cash equivalents	$ 148	74
Trade and other receivables, net of allowance for credit losses of $4 and $4, respectively	163	184
Prepaid and other current assets	54	60
Total current assets	365	318
Property and equipment, net	1,164	1,150
Intangible assets not subject to amortization		
Goodwill	746	746
Cable certificates	550	550
Other	41	41
Intangible assets subject to amortization, net (note 2)	401	411
Other assets, net	165	165
Total assets	$ 3,432	3,381

See accompanying notes to the condensed consolidated financial statements.

GCI, LLC AND SUBSIDIARIES

Condensed Consolidated Balance Sheets (Continued)

(unaudited)

	March 31, 2025	December 31, 2024
	amounts in millions	
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 97	108
Deferred revenue	21	21
Current portion of debt (note 3)	4	3
Other current liabilities	79	58
Total current liabilities	201	190
Long-term debt, net (note 3)	1,069	1,066
Obligations under tower obligations and finance leases, excluding current portion	71	72
Long-term deferred revenue	130	113
Deferred income tax liabilities	353	359
Other liabilities	143	151
Total liabilities	1,967	1,951
Equity		
Member's equity:		
Member's investment	1,778	1,777
Retained earnings (deficit)	(328)	(362)
Total member's equity	1,450	1,415
Non-controlling interests	15	15
Total equity	1,465	1,430
Commitments and contingencies (note 5)		
Total liabilities and equity	$ 3,432	3,381

See accompanying notes to the condensed consolidated financial statements.

GCI, LLC AND SUBSIDIARIES

Condensed Consolidated Statements of Operations

(unaudited)

	Three months ended March 31, 2025	Three months ended March 31, 2024
	amounts in millions	
Revenue	$ 266	245
Operating costs and expenses:		
Operating expense (exclusive of depreciation and amortization shown separately below)	125	129
Selling, general and administrative expense, including stock-based compensation	32	29
Depreciation and amortization	53	50
	210	208
Operating income (loss)	56	37
Other income (expense):		
Interest expense (including amortization of deferred loan fees)	(10)	(10)
Other, net	1	1
	(9)	(9)
Earnings (loss) before income taxes	47	28
Income tax benefit (expense)	(13)	(8)
Net earnings (loss)	34	20
Less net earnings (loss) attributable to the non-controlling interests	—	—
Net earnings (loss) attributable to member	$ 34	20

See accompanying notes to the condensed consolidated financial statements.

GCI, LLC AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

(unaudited)

	Three months ended March 31, 2025	Three months ended March 31, 2024
	amounts in millions	
Cash flows from operating activities:		
Net earnings (loss)	$ 34	20
Adjustments to reconcile net earnings (loss) to net cash from operating activities:		
Depreciation and amortization	53	50
Stock-based compensation	2	3
Deferred income tax expense (benefit)	(5)	7
Other, net	(1)	(1)
Change in operating assets and liabilities:		
Current and other assets	32	13
Payables and other liabilities	4	(5)
Net cash provided by (used in) operating activities	119	87
Cash flows from investing activities:		
Capital expenditures	(65)	(61)
Grant proceeds received for capital expenditures	16	15
Other investing activities, net	3	—
Net cash provided by (used in) investing activities	(46)	(46)
Cash flows from financing activities:		
Borrowings of debt	451	—
Repayment of debt, tower obligations and finance leases	(449)	(62)
Other financing activities, net	(1)	—
Net cash provided by (used in) financing activities	1	(62)
Net increase (decrease) in cash, cash equivalents and restricted cash	74	(21)
Cash, cash equivalents and restricted cash, beginning of period	75	97
Cash, cash equivalents and restricted cash, end of period	$ 149	76

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

	March 31, 2025	December 31, 2024
	amounts in millions	
Cash and cash equivalents	$ 148	74
Restricted cash included in other long-term assets	1	1
Total cash and cash equivalents and restricted cash at end of period	$ 149	75

See accompanying notes to the condensed consolidated financial statements.

GCI, LLC AND SUBSIDIARIES

Condensed Consolidated Statements of Equity

(unaudited)

	Member's investment	Retained earnings (loss)	Non-controlling interest in equity of subsidiaries	Total equity
	amounts in millions			
Balances at January 1, 2025	$ 1,777	(362)	15	1,430
Net earnings (loss)	—	34	—	34
Stock-based compensation	2	—	—	2
Other	(1)	—	—	(1)
Balances at March 31, 2025	$ 1,778	(328)	15	1,465

	Member's investment	Retained earnings (loss)	Non-controlling interest in equity of subsidiaries	Total equity
	amounts in millions			
Balances at January 1, 2024	$ 1,766	(285)	20	1,501
Net earnings (loss)	—	20	—	20
Stock-based compensation	3	—	—	3
Balances at March 31, 2024	$ 1,769	(265)	20	1,524

See accompanying notes to the condensed consolidated financial statements.

(1) Basis of Presentation

GCI, LLC is currently comprised of one operating entity, GCI Holdings, LLC (“GCI Holdings” or “GCI”), as well as other assets and liabilities.

GCI, LLC is an indirect wholly-owned subsidiary of Liberty Broadband Corporation (“Liberty Broadband”) as of March 31, 2025 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 condensed consolidated financial statements refer to the combination of GCI Holdings, an indirect wholly-owned subsidiary of GCI, LLC and certain other assets and liabilities as the "Company", "us", "we" and "our." All significant intercompany accounts and transactions have been eliminated in the condensed consolidated financial statements.

The Company, through its ownership of interests in subsidiaries and other companies, is primarily engaged in providing a full range of data, wireless, video, voice, and managed services to residential customers, businesses, governmental entities, and educational and medical institutions primarily in Alaska 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 prior to maturity on December 16, 2024.

Dividends Paid to Parent

During both the three months ended March 31, 2025 and 2024, GCI, LLC did not pay any dividends 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”). At the special meeting held on February 26, 2025, the requisite holders of Liberty Broadband’s Series A common stock, Series B common stock and Series A cumulative redeemable preferred stock approved the adoption of the Merger Agreement, pursuant to which, among other things, Liberty Broadband will combine with Charter and divest the business of GCI (the “GCI business”). The companies currently expect the Charter Combination to close on June 30, 2027 unless otherwise agreed, subject to the completion of the GCI Divestiture (as defined below) and other customary closing conditions.

As discussed above, as a condition to closing the Charter Combination, Liberty Broadband has agreed to divest 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, Liberty Broadband (and Charter upon completion of the Charter Combination) will be entitled under a tax receivables agreement to the portion of the tax benefits realized by GCI corresponding to such excess.

Subsequent Events

The Company has evaluated subsequent events through May 7, 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 condensed consolidated financial statements in the note in which the subsequent event is expected to have an impact.

(2) Intangible Assets

Intangible Assets Subject to Amortization, net

	March 31, 2025			December 31, 2024		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
	amounts in millions					
Customer relationships	$ 515	(184)	331	515	(173)	342
Other amortizable intangible assets	170	(100)	70	165	(96)	69
Total	$ 685	(284)	401	680	(269)	411

Amortization expense for intangible assets with finite useful lives was $14 million and $15 million for the three months ended March 31, 2025 and 2024, respectively. Amortization expense for amortizable intangible assets for each of the five succeeding fiscal years is estimated to be (amounts in millions):

Remainder of 2025	$ 42
2026	$ 53
2027	$ 51
2028	$ 49
2029	$ 43

(3) Debt

Debt is summarized as follows:

	Outstanding principal	Carrying value	
	March 31, 2025	March 31, 2025	December 31, 2024
	amounts in millions		
Senior notes	$ 600	618	619
Senior credit facility	454	454	447
Wells Fargo note payable	4	4	4
Deferred financing costs		(3)	(1)
Total debt	$ 1,058	1,073	1,069
Debt classified as current		(4)	(3)
Total long-term debt		$ 1,069	1,066

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 $18 million at March 31, 2025. Such premium is being amortized to interest expense in the accompanying condensed consolidated statements of operations.

Senior Credit Facility

On March 25, 2025, GCI, LLC entered into the Ninth Amended and Restated Credit Agreement (as amended, the "Senior Credit Facility"), which refinanced in full and replaced the Prior Senior Credit Facility (as defined below) 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 ("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 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 plus a margin that varies between 1.50% and 2.25% 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 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 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 Term Loan A equal to 0.25% of the original principal amount, which may step up to 1.25% of the original principal amount of the Term Loan A depending on GCI, LLC's secured leverage ratio. Each loan may be prepaid at any time and from time to time without penalty other than customary breakage costs. Any amounts prepaid on the revolving credit facility may be reborrowed. The Senior Credit Facility also 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 interest rate on the Senior Credit Facility was 6.2% at March 31, 2025.

Prior to the amendment in March 2025, GCI, LLC was party to the Eighth Amended and Restated Credit Agreement (as amended by Amendment No. 1 to the Eighth Amended and Restated Credit Agreement, the "Prior Senior Credit Facility") which included a $550 million revolving credit facility, with a $25 million sublimit for standby letters of credit and a $250 million Term Loan A (the "Prior Term Loan A"). The revolving credit facility borrowings under the Prior Senior Credit Facility that were alternate base rate loans bore interest at a per annum rate equal to the alternate base rate plus a margin that varies between 0.50% and 1.75% depending on GCI, LLC's total leverage ratio. The revolving credit facility borrowings under the Prior Senior Credit Facility that were SOFR loans bore interest at a per annum rate equal to the applicable SOFR plus a Credit Spread Adjustment (as defined in the Prior Senior Credit Facility) plus a margin that varies between 1.50% and 2.75% depending on GCI, LLC's total leverage ratio. Prior Term Loan A borrowings that were alternate base rate loans bore 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. Prior Term Loan A borrowings that were SOFR loans bore 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 were due quarterly on the Prior Term Loan A equal to 0.25% of the original principal amount, which could step up to 1.25% of the original principal amount of the Term Loan A depending on GCI, LLC's secured leverage ratio. The Prior Senior Credit Facility also had a commitment fee that accrued 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 rate on the Prior Senior Credit Facility was 7.3% at March 31, 2024.

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 March 31, 2025, there was $299 million outstanding under the Term Loan A, $155 million outstanding under the revolving portion of the Senior Credit Facility and $3 million in letters of credit under the Senior Credit Facility, leaving $292 million available for borrowing.

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"). Outstanding borrowings on the Wells Fargo Note Payable were $4 million as of both March 31, 2025 and December 31, 2024. The interest rate is variable at SOFR plus 1.75%. The interest rates on the Wells Fargo Notes Payable were 6.1% and 7.1% at March 31, 2025 and 2024, 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.

Fair Value of Debt

The fair value of the Senior Notes was $557 million at March 31, 2025 (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 March 31, 2025.

(4) Stock-Based Compensation

Prior to the Combination and pursuant to the GCI Liberty, Inc. 2018 Omnibus Incentive Plan, GCI Liberty granted to certain directors, employees and employees of its subsidiaries, restricted stock (“RSAs”), restricted stock units (“RSUs”) and options to purchase shares of GCI Liberty’s common stock (collectively, "Awards").

In connection with the Combination at the close of business on December 18, 2020, all outstanding GCI Liberty Awards were converted to Liberty Broadband Awards. The conversion of such Awards was considered a modification under ASC 805 – *Business Combinations*. A portion of the fair value of the converted award was attributed to the consideration paid in the acquisition. The remaining portion of the fair value will be recognized in the condensed consolidated financial statements over the remaining vesting period of each individual Award.

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

Included in Selling, general and administrative expenses in the accompanying condensed consolidated statements of operations are $2 million and $3 million of stock-based compensation during the three months ended March 31, 2025 and 2024, respectively.

Outstanding Awards

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

	Series C Liberty Broadband ("LBRDK")			
	Options (000's)	**WAEP**	**Weighted average remaining life**	**Aggregate intrinsic value (millions)**
Outstanding at January 1, 2025	599	$ 137.76		
Granted	—	$ —		
Exercised	—	$ —		
Forfeited/Cancelled	—	$ —		
Outstanding at March 31, 2025	599	$ 137.76	2.2 years	$ —
Exercisable at March 31, 2025	599	$ 137.76	2.2 years	$ —

During the three months ended March 31, 2025, the Company had 83 thousand Series B Liberty Broadband common stock (“LBRDB”) options with a WAEP of $93.13 that expired. As of March 31, 2025, the Company had 13 thousand LBRDB options outstanding and exercisable at a WAEP of $100.19, a weighted average remaining contractual life of 0.9 years and intrinsic value of zero. During the three months ended March 31, 2025, there were no grants or exercises of LBRDB options.

During the three months ended March 31, 2025, there were no grants of LBRDK RSUs to subsidiary employees. As of March 31, 2025, the total unrecognized compensation cost related to unvested Awards was approximately $7 million. Such amount will be recognized in the Company’s condensed consolidated statements of operations over a weighted average period of approximately 1.2 years.

As of March 31, 2025, Liberty Broadband reserved 612 thousand shares of LBRDK and LBRDB for issuance under exercise privileges of outstanding stock options.

(5) Commitments and Contingencies

General Litigation

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

Rural Health Care (“RHC”) Program

GCI Holdings receives support from various Universal Service Fund (“USF”) programs including the RHC Program. The USF programs are subject to change by regulatory actions taken by the Federal Communications Commission, interpretations of or compliance with USF program rules, or legislative actions. The USF programs have also been subject to legal challenge, which could disrupt or eliminate the support GCI Holdings receives. Changes to any of the USF programs that GCI Holdings participates in could result in a material decrease in revenue and accounts receivable, which could have an adverse effect on GCI Holdings' business and the Company's financial position, results of operations or liquidity.

Schedule I

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

March 31, 2025

(unaudited)

amounts in millions

GCI, LLC and its Subsidiaries net assets	$	1,465
Reconciling items:		
Liberty Subsidiaries net assets (a)		—
GCI, LLC net assets, excluding the Liberty Subsidiaries	$	1,465
GCI, LLC and its Subsidiaries net earnings (loss)	$	34
Reconciling items:		
Liberty Subsidiaries net (earnings) loss (a)		—
GCI, LLC net earnings (loss), excluding the Liberty Subsidiaries	$	34

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