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LIBERTY BROADBAND CORPORATION

12300 Liberty Boulevard
Englewood, Colorado 80112
(720) 875-5700

April 19, 2018

Dear Stockholder:

You are cordially invited to attend the 2018 annual meeting of stockholders of Liberty Broadband Corporation (**Liberty Broadband**) to be held at 8:00 a.m., local time, on May 24, 2018, at the corporate offices of Liberty Broadband, 12300 Liberty Boulevard, Englewood, Colorado 80112, telephone (720) 875-5700.

At the annual meeting, you will be asked to consider and vote on the proposals described in the accompanying notice of annual meeting and proxy statement, as well as on such other business as may properly come before the meeting.

Your vote is important, regardless of the number of shares you own. Whether or not you plan to attend the annual meeting, please read the enclosed proxy materials and then promptly vote via the Internet or telephone or by completing, signing and returning by mail the enclosed proxy card. Doing so will not prevent you from later revoking your proxy or changing your vote at the meeting.

Thank you for your cooperation and continued support and interest in Liberty Broadband.

Very truly yours,

A handwritten signature in black ink, appearing to read "G. Maffei".

Gregory B. Maffei
President and Chief Executive Officer

The proxy materials relating to the annual meeting are first being mailed on or about April 23, 2018.

LIBERTY BROADBAND CORPORATION

12300 Liberty Boulevard
Englewood, Colorado 80112
(720) 875-5700

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

to be Held on May 24, 2018

NOTICE IS HEREBY GIVEN of the annual meeting of stockholders of Liberty Broadband Corporation (**Liberty Broadband**) to be held at 8:00 a.m., local time, on May 24, 2018, at the corporate offices of Liberty Broadband, 12300 Liberty Boulevard, Englewood, Colorado 80112, telephone (720) 875-5700, to consider and vote on the following proposals:

1. A proposal (which we refer to as the **director election proposal**) to elect J. David Wargo to continue serving as a Class I member of our board until the 2021 annual meeting of stockholders or his earlier resignation or removal;
2. A proposal (which we refer to as the **auditors ratification proposal**) to ratify the selection of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2018; and
3. A proposal (which we refer to as the **say-on-pay proposal**) to approve, on an advisory basis, the compensation of our named executive officers as described in this proxy statement under the heading "Executive Compensation."

You may also be asked to consider and vote on such other business as may properly come before the annual meeting.

Holders of record of our Series A common stock, par value \$0.01 per share, and Series B common stock, par value \$0.01 per share, in each case, outstanding as of 5:00 p.m., New York City time, on April 2, 2018, the **record date** for the annual meeting, will be entitled to notice of the annual meeting and to vote at the annual meeting or any adjournment or postponement thereof. These holders will vote together as a single class on each proposal. A list of stockholders entitled to vote at the annual meeting will be available at our offices at 12300 Liberty Boulevard, Englewood, Colorado 80112 for review by our stockholders for any purpose germane to the annual meeting for at least ten days prior to the annual meeting. The holders of record of our Series C common stock, par value \$0.01 per share, are not entitled to any voting powers, except as required by Delaware law, and may not vote on the proposals to be presented at the annual meeting.

We describe the proposals in more detail in the accompanying proxy statement. We encourage you to read the proxy statement in its entirety before voting.

Our board of directors has unanimously approved each proposal and recommends that you vote "**FOR**" the election of the director nominee and "**FOR**" each of the auditors ratification proposal and the say-on-pay proposal.

Votes may be cast in person at the annual meeting or by proxy prior to the meeting by telephone, via the Internet, or by mail.

Important Notice Regarding the Availability of Proxy Materials For the Annual Meeting of Stockholders to be Held on May 24, 2018: our Notice of Annual Meeting of Stockholders, Proxy Statement, and 2017 Annual Report to Stockholders are available at www.envisionreports.com/LBC.

YOUR VOTE IS IMPORTANT. Voting promptly, regardless of the number of shares you own, will aid us in reducing the expense of any further proxy solicitation in connection with the annual meeting.

By order of the board of directors,

A handwritten signature in black ink, reading "Pamela L. Coe". The signature is fluid and cursive, with the first name "Pamela" being the most prominent part.

Pamela L. Coe

Senior Vice President, Deputy General Counsel and Secretary

Englewood, Colorado
April 19, 2018

WHETHER OR NOT YOU INTEND TO BE PRESENT AT THE ANNUAL MEETING, PLEASE VOTE PROMPTLY VIA TELEPHONE OR ELECTRONICALLY VIA THE INTERNET. ALTERNATIVELY, PLEASE COMPLETE, SIGN AND RETURN BY MAIL THE ENCLOSED PAPER PROXY CARD.

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PROXY STATEMENT SUMMARY

2018 ANNUAL MEETING OF STOCKHOLDERS

WHEN

8:00 a.m., local time, on May 24, 2018

WHERE

The Corporate Offices of Liberty
Broadband
12300 Liberty Boulevard
Englewood, Colorado 80112

RECORD DATE

5:00 p.m., New York City time, on
April 2, 2018

ITEMS OF BUSINESS

1. Director election proposal—To elect J. David Wargo to continue serving as a Class I member of our board until the 2021 annual meeting of stockholders or his earlier resignation or removal.
2. Auditors ratification proposal—To ratify the selection of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2018.
3. Say-on-pay proposal—To approve, on an advisory basis, the compensation of our named executive officers as described in this proxy statement under the heading “Executive Compensation”.

Such other business as may properly come before the annual meeting.

WHO MAY VOTE

Holders of shares of LBRDA and LBRDB

Holders of shares of LBRDK are NOT eligible to vote at the annual meeting

PROXY VOTING

Stockholders of record on the record date are entitled to vote by proxy in the following ways:



By calling 1 (800) 652-8683
(toll free) in the United States or
Canada



Online at
www.envisionreports.com/LBC



By returning a properly completed,
signed and dated proxy card

ANNUAL MEETING AGENDA AND VOTING RECOMMENDATIONS

Proposal	Voting Recommendation	Page Reference (for more detail)
Director election proposal	✓ FOR THE NOMINEE	9
Auditors ratification proposal	✓ FOR	13
Say-on-pay proposal	✓ FOR	15

LIBERTY BROADBAND CORPORATION

a Delaware corporation

12300 Liberty Boulevard
Englewood, Colorado 80112
(720) 875-5700

PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS

We are furnishing this proxy statement in connection with the board of directors' solicitation of proxies for use at our 2018 Annual Meeting of Stockholders to be held at 8:00 a.m., local time, at the corporate offices of Liberty Broadband, 12300 Liberty Boulevard, Englewood, Colorado 80112, on May 24, 2018 or at any adjournment or postponement of the annual meeting. At the annual meeting, we will ask you to consider and vote on the proposals described in the accompanying Notice of Annual Meeting of Stockholders. The proposals are described in more detail in this proxy statement. We are soliciting proxies from holders of our Series A common stock, par value \$0.01 per share (**LBRDA**), and Series B common stock, par value \$0.01 per share (**LBRDB**). The holders of our Series C common stock, par value \$0.01 per share (**LBRDK**), are not entitled to any voting powers, except as required by Delaware law, and may not vote on the proposals to be presented at the annual meeting. We refer to LBRDA, LBRDB and LBRDK together as our **common stock**.

THE ANNUAL MEETING

ELECTRONIC DELIVERY

Registered stockholders may elect to receive future notices and proxy materials by e-mail. To sign up for electronic delivery, go to www.computershare.com/investor. Stockholders who hold shares through a bank, brokerage firm or other nominee may sign up for electronic delivery when voting by Internet at www.proxyvote.com by following the prompts. Also, stockholders who hold shares through a bank, brokerage firm or other nominee may sign up for electronic delivery by contacting their nominee. Once you sign up, you will not receive a printed copy of the notices and proxy materials, unless you request them. If you are a registered stockholder, you may suspend electronic delivery of the notices and proxy materials at any time by contacting our transfer agent, Computershare, at 866-367-6355 (outside the United States 1-781-575-3400). Stockholders who hold shares through a bank, brokerage firm or other nominee should contact their nominee to suspend electronic delivery.

TIME, PLACE AND DATE

The annual meeting of stockholders is to be held at 8:00 a.m., local time, on May 24, 2018, at the corporate offices of Liberty Broadband, 12300 Liberty Boulevard, Englewood, Colorado 80112, telephone (720) 875-5700.

PURPOSE

At the annual meeting, you will be asked to consider and vote on each of the following:

- the director election proposal, to elect J. David Wargo to continue serving as a Class I member of our board until the 2021 annual meeting of stockholders or his earlier resignation or removal;
- the auditors ratification proposal, to ratify the selection of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2018; and
- the say-on-pay proposal, to approve, on an advisory basis, the compensation of our named executive officers as described in this proxy statement under the heading "Executive Compensation."

You may also be asked to consider and vote on such other business as may properly come before the annual meeting, although we are not aware at this time of any other business that might come before the annual meeting.

QUORUM

In order to conduct the business of the annual meeting, a quorum must be present. This means that the holders of at least a majority of the aggregate voting power represented by the shares of our common stock outstanding on the record date and entitled to vote at the annual meeting must be represented at the annual meeting either in person or by proxy. For purposes of determining a quorum, your shares will be included as represented at the meeting even if you indicate on your proxy that you abstain from voting. If a broker, who is a record holder of shares, indicates on a form of proxy that the broker does not have discretionary authority to vote those shares on a particular proposal or proposals, or if those shares are voted in circumstances in which proxy authority is defective or has been withheld, those shares (**broker non-votes**) will nevertheless be treated as present for purposes of determining the presence of a quorum. See “—Voting Procedures for Shares Held in Street Name—Effect of Broker Non-Votes” below.

WHO MAY VOTE

Holders of shares of LBRDA and LBRDB, as recorded in our stock register as of 5:00 p.m., New York City time, on April 2, 2018 (such date and time, the **record date** for the annual meeting), will be entitled to notice of the annual meeting and to vote at the annual meeting or any adjournment or postponement thereof.

VOTES REQUIRED

If the director nominee receives a plurality of the combined voting power of the outstanding shares of our common stock present in person or represented by proxy at the annual meeting and entitled to vote on the election of directors at the annual meeting, voting together as a single class, he will be elected to office.

Approval of each of the auditors ratification proposal and the say-on-pay proposal requires the affirmative vote of a majority of the combined voting power of the outstanding shares of our common stock that are present in person or by proxy, and entitled to vote at the annual meeting, voting together as a single class.

VOTES YOU HAVE

At the annual meeting, holders of shares of LBRDA will have one vote per share and holders of shares of LBRDB will have ten votes per share, in each case, that our records show are owned as of the record date.

RECOMMENDATION OF OUR BOARD OF DIRECTORS

Our board of directors has unanimously approved each of the proposals and recommends that you vote “**FOR**” the election of the director nominee and “**FOR**” each of the auditors ratification proposal and the say-on-pay proposal.

SHARES OUTSTANDING

As of the record date, an aggregate of approximately 26,306,000 shares of LBRDA and 2,455,000 shares of LBRDB were issued and outstanding and entitled to vote at the annual meeting.

NUMBER OF HOLDERS

There were, as of the record date, 830 and 61 record holders of LBRDA and LBRDB, respectively (which amounts do not include the number of stockholders whose shares are held of record by banks, brokers or other nominees, but include each such institution as one holder).

VOTING PROCEDURES FOR RECORD HOLDERS

Holders of record of LBRDA and LBRDB as of the record date may vote in person at the annual meeting, by telephone or through the Internet. Alternatively, they may give a proxy by completing, signing, dating and returning the proxy card by mail. Instructions for voting by using the telephone or the Internet are printed on the proxy card. In order to vote through the Internet, holders should have their proxy cards available so they can input the required information from the proxy card, and log onto the Internet website address shown on the proxy card. When holders log onto the Internet website address, they will receive instructions on how to vote their shares. The telephone and Internet voting procedures are designed to authenticate votes cast by use of a personal identification number,

which will be provided to each voting stockholder separately. Unless subsequently revoked, shares of our common stock represented by a proxy submitted as described herein and received at or before the annual meeting will be voted in accordance with the instructions on the proxy.

YOUR VOTE IS IMPORTANT. It is recommended that you vote by proxy even if you plan to attend the annual meeting. You may change your vote at the annual meeting.

If you submit a properly executed proxy without indicating any voting instructions as to a proposal enumerated in the Notice of Annual Meeting of Stockholders, the shares represented by the proxy will be voted **“FOR”** the election of the director nominee and **“FOR”** each of the auditors ratification proposal and the say-on-pay proposal.

If you submit a proxy indicating that you abstain from voting as to a proposal, it will have no effect on the director election proposal, and it will have the same effect as a vote **“AGAINST”** each of the other proposals.

If you do not submit a proxy or you do not vote in person at the annual meeting, your shares will not be counted as present and entitled to vote for purposes of determining a quorum, and your failure to vote will have no effect on determining whether any of the proposals are approved (if a quorum is present).

VOTING PROCEDURES FOR SHARES HELD IN STREET NAME

General

If you hold your shares in the name of a broker, bank or other nominee, you should follow the instructions provided by your broker, bank or other nominee when voting your shares or to grant or revoke a proxy. The rules and regulations of the New York Stock Exchange and The Nasdaq Stock Market LLC (**Nasdaq**) prohibit brokers, banks and other nominees from voting shares on behalf of their clients with respect to numerous matters, including, in our case, the director election proposal and the say-on-pay proposal described in this proxy statement. Accordingly, to ensure your shares held in street name are voted on these matters, we encourage you to provide promptly specific voting instructions to your broker, bank or other nominee.

Effect of Broker Non-Votes

Broker non-votes are counted as shares of our common stock present and entitled to vote for purposes of determining a quorum but will have no effect on any of the proposals. You should follow the directions your broker, bank or other nominee provides to you regarding how to vote your shares of LBRDA or LBRDB or how to change your vote or revoke your proxy.

REVOKING A PROXY

If you submitted a proxy prior to the start of the annual meeting, you may change your vote by voting in person at the annual meeting, or by delivering a signed proxy revocation or a new signed proxy with a later date to Liberty Broadband Corporation, c/o Computershare Investor Services, P.O. Box 505008, Louisville, Kentucky 40233-9814. Any signed proxy revocation or new signed proxy must be received before the start of the annual meeting. In addition, you may change your vote through the Internet or by telephone (if you originally voted by the corresponding method) not later than 2:00 a.m., New York City time, on May 24, 2018.

Your attendance at the annual meeting will not, by itself, revoke a prior vote or proxy from you.

If your shares are held in an account by a broker, bank or other nominee, you should contact your nominee to change your vote or revoke your proxy.

SOLICITATION OF PROXIES

We are soliciting proxies by means of our proxy statement and our annual report (together, the **proxy materials**) on behalf of our board of directors. In addition to this mailing, our employees may solicit proxies personally or by telephone. We pay the cost of soliciting these proxies. We also reimburse brokers and other nominees for their expenses in sending the proxy materials to you and getting your voting instructions.

If you have any further questions about voting or attending the annual meeting, please contact Liberty Broadband Investor Relations at (844) 826-8735.

OTHER MATTERS TO BE VOTED ON AT THE ANNUAL MEETING

Our board of directors is not currently aware of any business to be acted on at the annual meeting other than that which is described in the Notice of Annual Meeting of Stockholders and this proxy statement. If, however, other matters are properly brought to a vote at the annual meeting, the persons designated as proxies will have discretion to vote or to act on these matters according to their best judgment. In the event there is a proposal to adjourn or postpone the annual meeting, the persons designated as proxies will have discretion to vote on that proposal.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table sets forth information concerning shares of our common stock beneficially owned by each person or entity known by us to own more than five percent of the outstanding shares of LBRDA and LBRDB, which are our company's voting securities. Beneficial ownership of our common stock is set forth below only to the extent known by us or ascertainable from public filings.

The security ownership information is given as of February 28, 2018, and, in the case of percentage ownership information, is based upon (1) 26,306,435 shares of LBRDA, (2) 2,455,179 shares of LBRDB and (3) 152,581,220 shares of LBRDK, in each case, outstanding on that date. The percentage voting power is presented on an aggregate basis for all series of common stock. LBRDK shares are, however, non-voting and, therefore, in the case of percentage voting power, are not included.

Name and Address of Beneficial Owner	Title of Series	Amount and Nature of Beneficial Ownership	Percent of Series (%)	Voting Power (%)
John C. Malone c/o Liberty Broadband Corporation 12300 Liberty Boulevard Englewood, CO 80112	LBRDA	291,931 ⁽¹⁾	1.1	47.1
	LBRDB	2,363,834 ⁽¹⁾	96.3	
	LBRDK	4,512,581 ⁽¹⁾	3.0	
Clearbridge Investments, LLC 620 8th Avenue New York, NY 10018	LBRDA	2,040,100 ⁽²⁾	7.8	4.0
	LBRDB	—	—	
	LBRDK	3,098,835 ⁽³⁾	2.0	
BlackRock, Inc. 55 East 52nd Street New York, NY 10055	LBRDA	1,568,972 ⁽⁴⁾	6.0	3.1
	LBRDB	—	—	
	LBRDK	7,624,799 ⁽⁵⁾	5.0	
The Vanguard Group 100 Vanguard Boulevard Malvern, PA 19355	LBRDA	1,742,517 ⁽⁶⁾	6.6	3.4
	LBRDB	—	—	
	LBRDK	9,769,358 ⁽⁶⁾	6.4	
D. E. Shaw & Co., L.P. 1166 Avenue of the Americas, 9th Floor New York, NY 10036	LBRDA	1,637,448 ⁽⁷⁾	6.2	3.2
	LBRDB	—	—	
	LBRDK	2,226,377 ⁽⁸⁾	1.5	

* Less than 1%

- (1) Information with respect to shares of our common stock beneficially owned by Mr. Malone, our Chairman of the Board, is also set forth in "—Security Ownership of Management."
- (2) Based on Amendment No. 3 to Schedule 13G, filed February 14, 2018 by Clearbridge Investments, LLC (**Clearbridge**) with respect to LBRDA shares, which states that Clearbridge has sole voting power over 2,013,302 shares and sole dispositive power over 2,040,100 shares.
- (3) Based on Form 13F, filed February 14, 2018 by Clearbridge, which states that Clearbridge has shared investment discretion over 3,098,835 shares and sole voting power over 3,042,738 shares.
- (4) Based on Amendment No. 3 to Schedule 13G, filed January 25, 2018 by BlackRock, Inc. (**BlackRock**) with respect to shares of LBRDA, which states that BlackRock has sole voting power over 1,482,552 shares and sole dispositive power over 1,568,972 shares.
- (5) Based on Form 13F, filed February 9, 2018 by BlackRock, a parent holding company, which states that BlackRock has sole investment discretion over 7,624,799 shares and sole voting power over 6,954,147 shares. All shares covered by such filings are held by BlackRock and/or its subsidiaries.
- (6) Based on Amendment No. 3 to Schedule 13G, filed February 12, 2018 by The Vanguard Group (**Vanguard**), which states that with respect to shares of LBRDA, Vanguard has shared dispositive power over 12,498 shares, sole dispositive power over 1,730,019 shares and sole voting power over 12,498 shares, as well as on Amendment No. 2 to Schedule 13G, filed February 13, 2018 by Vanguard with respect to shares of LBRDK, which states that Vanguard has shared dispositive power over 109,527 shares, sole dispositive power over 9,659,831 shares, shared voting power over 18,965 shares and sole voting power over 96,556 shares.

- (7) Based on Amendment No. 1 to Schedule 13G, filed February 14, 2018 by D. E. Shaw & Co., L.P. (**Shaw LP**) and David E. Shaw, which states that Shaw LP and Mr. Shaw have shared dispositive power over 1,637,448 shares and shared voting power over 1,631,528 shares. Mr. Shaw disclaims beneficial ownership over such 1,637,448 shares.
- (8) Based on Form 13F, filed February 14, 2018 by D. E. Shaw & Co., Inc. (**D.E. Shaw Inc.**), with respect to itself and certain related institutional investment managers, including Shaw L.P., for which D.E. Shaw Inc. is the institutional investment manager and general partner, D. E. Shaw Investment Management, L.L.C. (**Shaw Investment**) and D. E. Shaw Heliant Adviser, L.L.C. (**Shaw Heliant**), which Form 13F reports sole voting power, shared voting power, sole investment discretion and shared investment discretion as follows:

	Title of Series	Sole Voting Power	Shared Voting Power	Sole Investment Discretion	Shared Investment Discretion
D.E. Shaw Inc. and Shaw L.P.	LBRDK	1,739,338	—	—	1,739,338
D.E. Shaw Inc., D. E. Shaw L.P., and Shaw Investment	LBRDK	114,459	—	—	127,924
D.E. Shaw Inc., D. E. Shaw L.P., and Shaw Heliant	LBRDK	359,115	—	—	359,115

SECURITY OWNERSHIP OF MANAGEMENT

The following table sets forth information with respect to the ownership by each of our directors and named executive officers (as defined herein) and by all of our directors and executive officers as a group of shares of LBRDA, LBRDB and LBRDK. The security ownership information with respect to our common stock is given as of February 28, 2018, and, in the case of percentage ownership information, is based upon (1) 26,306,435 shares of LBRDA, (2) 2,455,179 shares of LBRDB and (3) 152,581,220 shares of LBRDK, in each case, outstanding on that date. The percentage voting power is presented on an aggregate basis for all series of common stock. LBRDK shares are, however, non-voting and, therefore, in the case of percentage voting power, are not included.

Shares of common stock issuable upon exercise or conversion of options, warrants and convertible securities that were exercisable or convertible on or within 60 days after February 28, 2018 are deemed to be outstanding and to be beneficially owned by the person holding the options, warrants or convertible securities for the purpose of computing the percentage ownership of that person and for the aggregate percentage owned by the directors and named executive officers as a group, but are not treated as outstanding for the purpose of computing the percentage ownership of any other individual person. For purposes of the following presentation, beneficial ownership of shares of LBRDB, though convertible on a one-for-one basis into shares of LBRDA, are reported as beneficial ownership of LBRDB only, and not as beneficial ownership of LBRDA. So far as is known to us, the persons indicated below have sole voting and dispositive power with respect to the shares indicated as owned by them, except as otherwise stated in the notes to the table.

Name	Title of Series	Amount and Nature of Beneficial Ownership (In thousands)	Percent of Series (%)	Voting Power (%)
John C. Malone Chairman of the Board	LBRDA	292 ⁽¹⁾⁽²⁾⁽³⁾	1.1	47.1
	LBRDB	2,364 ⁽¹⁾⁽⁴⁾⁽⁵⁾	96.3	
	LBRDK	4,513 ⁽¹⁾⁽²⁾⁽³⁾⁽⁵⁾	3.0	
Gregory B. Maffei President, Chief Executive Officer and Director	LBRDA	750 ⁽⁶⁾⁽⁷⁾⁽⁸⁾	2.8	1.7
	LBRDB	9	*	
	LBRDK	1,834 ⁽⁶⁾⁽⁷⁾⁽⁸⁾	1.2	
Richard R. Green Director	LBRDA	** ⁽⁹⁾	*	*
	LBRDB	—	—	
	LBRDK	16 ⁽⁶⁾⁽⁹⁾	*	
J. David Wargo Director	LBRDA	93 ⁽¹⁰⁾⁽¹¹⁾	*	*
	LBRDB	—	—	
	LBRDK	297 ⁽⁶⁾⁽¹⁰⁾⁽¹¹⁾	*	
John E. Welsh III Director	LBRDA	5	*	*
	LBRDB	—	—	
	LBRDK	12 ⁽⁶⁾	*	
Richard N. Baer Chief Legal Officer	LBRDA	—	—	—
	LBRDB	—	—	
	LBRDK	—	—	
Mark D. Carleton Chief Financial Officer	LBRDA	18 ⁽⁶⁾	*	*
	LBRDB	—	—	
	LBRDK	73 ⁽⁶⁾	*	
Albert E. Rosenthaler Chief Corporate Development Officer	LBRDA	17	*	*
	LBRDB	—	—	
	LBRDK	35	*	

Name	Title of Series	Amount and Nature of Beneficial Ownership (In thousands)	Percent of Series (%)	Voting Power (%)
All directors and executive officers as a group (8 persons)	LBRDA	1,175 ⁽¹⁾⁽²⁾⁽³⁾⁽⁶⁾⁽⁷⁾⁽⁸⁾⁽⁹⁾⁽¹⁰⁾⁽¹¹⁾	4.4	48.7
	LBRDB	2,373 ⁽¹⁾⁽⁴⁾⁽⁵⁾	96.7	
	LBRDK	6,780 ⁽¹⁾⁽²⁾⁽³⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾⁽⁸⁾⁽⁹⁾⁽¹⁰⁾⁽¹¹⁾	4.4	

* Less than one percent

** Less than 1,000 shares

- (1) Includes 25,444 LBRDA shares, 57,641 LBRDB shares and 216,024 LBRDK shares held by Mr. Malone's wife, Mrs. Leslie Malone, as to which shares Mr. Malone has disclaimed beneficial ownership.
- (2) Includes 153,226 shares of LBRDA and 1,803,500 shares of LBRDK pledged to Fidelity Brokerage Services, LLC (**Fidelity**) in connection with a margin loan facility; 25,445 shares of LBRDA and 216,749 shares of LBRDK pledged to Merrill Lynch, Pierce, Fenner & Smith Incorporated (**Merrill Lynch**) in connection with certain margin loan facilities extended by Merrill Lynch; and 1,567,054 shares of LBRDK pledged to Bank of America (**BoA**) in connection with loan facilities extended by Fidelity, Merrill Lynch and BoA.
- (3) Includes 62,500 shares of LBRDA and 448,500 shares of LBRDK held by The Malone Family Land Preservation Foundation and 50,760 shares of LBRDA and 62,258 shares of LBRDK held by The Malone Family Foundation, as to which shares Mr. Malone has disclaimed beneficial ownership.
- (4) Includes 27,171 shares of LBRDB held by two trusts which are managed by an independent trustee, of which the beneficiaries are Mr. Malone's adult children and in which Mr. Malone has no pecuniary interest. Mr. Malone retains the right to substitute assets held by the trusts and has disclaimed beneficial ownership of the shares held by the trusts.
- (5) Includes 122,649 shares of LBRDB and 414,520 shares of LBRDK held by two trusts with respect to which Mr. Malone is the sole trustee and, with his wife, retains a unitrust interest in the trusts.
- (6) Includes beneficial ownership of shares that may be acquired upon exercise of, or which relate to, stock options exercisable within 60 days after February 28, 2018.

	LBRDA	LBRDK
Gregory B. Maffei	290,395	586,838
Mark D. Carleton	18,248	36,878
Richard R. Green	—	15,228
J. David Wargo	—	18,623
John E. Welsh, III	—	11,518
Total	308,643	669,085

- (7) Includes 86,248 shares of LBRDA and 173,024 shares of LBRDK held by the Maffei Foundation, as to which shares Mr. Maffei has disclaimed beneficial ownership.
- (8) Includes 234,750 shares of LBRDA and 614,252 shares of LBRDK held by a grantor retained annuity trust.
- (9) Includes 165 shares of LBRDA and 429 shares of LBRDK held by Mr. Green's wife, as to which Mr. Green disclaims beneficial ownership.
- (10) Includes 901 shares of LBRDA and 2,357 shares of LBRDK held by Mr. Wargo's spouse and 4,265 shares of LBRDA and 11,168 shares of LBRDK held by Mr. Wargo's brother as to which, in each case, Mr. Wargo has disclaimed beneficial ownership.
- (11) Includes (i) 83,364 shares of LBRDA and 254,434 shares of LBRDK pledged to Fidelity in connection with a margin loan facility extended by Fidelity to Mr. Wargo; and (ii) 1,200 shares of LBRDA and 1,200 shares of LBRDK held by Mr. Wargo's brother that are pledged to Fidelity in connection with a margin loan facility extended by Fidelity to Mr. Wargo's brother.

CHANGES IN CONTROL

We know of no arrangements, including any pledge by any person of our securities, the operation of which may at a subsequent date result in a change in control of our company.

PROPOSALS OF OUR BOARD

The following proposals will be presented at the annual meeting by our board of directors.

PROPOSAL 1—THE DIRECTOR ELECTION PROPOSAL

BOARD OF DIRECTORS

Our board of directors currently consists of five directors, divided among three classes. Our Class I director, whose term will expire at the annual meeting, is J. David Wargo. Mr. Wargo is nominated for election to our board to continue to serve as a Class I director, and we have been informed that Mr. Wargo is willing to continue to serve as a director of our company. The term of the Class I director who is elected at the annual meeting will expire at the annual meeting of our stockholders in the year 2021. Our Class II directors, whose term will expire at the annual meeting of our stockholders in the year 2019, are Richard R. Green and Gregory B. Maffei. Our Class III directors, whose term will expire at the annual meeting of our stockholders in the year 2020, are John C. Malone and John E. Welsh III.

If any nominee should decline election or should become unable to serve as a director of our company for any reason before election at the annual meeting, votes will be cast by the persons appointed as proxies for a substitute nominee, if any, designated by the board of directors.

The following lists the nominee for election as a director at the annual meeting and the four directors of our company whose term of office will continue after the annual meeting, and includes as to each person how long such person has been a director of our company, such person's professional background, other public company directorships and other factors considered in the determination that such person possesses the requisite qualifications and skills to serve as a member of our board of directors. The number of shares of our common stock beneficially owned by each director is set forth in this proxy statement under the caption "Security Ownership of Certain Beneficial Owners and Management."

Nominee for Election as Director

J. David Wargo

- *Age:* 64
- *A director of our company.*
- *Professional Background:* Mr. Wargo has served as a director of our company since March 2015. Mr. Wargo is the founder of Wargo & Company, Inc., a private company specializing in investing in the communications industry, and has served as its president since 1993. Mr. Wargo is a co-founder and was a member of New Mountain Capital, LLC from 2000 to 2008. Prior to starting Wargo & Company, he was a managing director and senior analyst of The Putnam Companies from 1989 to 1992, senior vice president and a partner in Marble Arch Partners from 1985 to 1989 and senior analyst, assistant director of research and a partner in State Street Research and Management Company from 1978 to 1985.
- *Other Public Company Directorships:* Mr. Wargo has served as a director of Liberty TripAdvisor Holdings, Inc. (**Liberty TripAdvisor**) since August 2014. Mr. Wargo has also served as a director of Liberty Global plc (**LGP**) since June 2013, having previously served as a director of Liberty Global, Inc. (**LGI**), LGP's predecessor, from June 2005 to June 2013 and as a director of LGI's predecessor, Liberty Media International, Inc. (**LMI**) from May 2004 to June 2005. He has served as a director of Discovery, Inc. (**Discovery**), which was formerly known as Discovery Communications, Inc. (**Discovery Communications**), since September 2008, having previously served as a director of Discovery Communications' predecessor, Discovery Holding Company (**DHC**), from May 2005 to September 2008, and as a director of Strayer Education, Inc. since March 2001.
- *Board Membership Qualifications:* Mr. Wargo's extensive background in investment analysis and management, experience as a public company board member and his particular expertise in finance and capital markets contribute to our board's consideration of our capital structure and evaluation of investment and financial opportunities and strategies and strengthen our board's collective qualifications, skills and attributes.

Directors Whose Term Expires in 2019

Gregory B. Maffei

- *Age:* 57
- Chief Executive Officer, President and a director of our company.
- *Professional Background:* Mr. Maffei has served as a director and the President and Chief Executive Officer of our company since June 2014. Mr. Maffei has also served as the President and Chief Executive Officer and a director of GCI Liberty, Inc. (**GCI Liberty**) since March 2018. He has served as President and Chief Executive Officer of Liberty Media Corporation (**Liberty Media**) (including its predecessor) since May 2007 and Liberty TripAdvisor since July 2013. He has served as the Chairman of the Board of Qurate Retail, Inc. (**Qurate**), which was previously named Liberty Interactive Corporation (**Liberty Interactive**) (including its predecessor), since March 2018, and as a director of Qurate (including its predecessor) since November 2005. Mr. Maffei also served as the President and Chief Executive Officer of Liberty Interactive (including its predecessor) from February 2006 to March 2018, having served as its CEO-Elect from November 2005 through February 2006. Prior thereto, Mr. Maffei served as President and Chief Financial Officer of Oracle Corporation (**Oracle**), Chairman of the Board, President and Chief Executive Officer of 360networks Corporation (**360networks**), and Chief Financial Officer of Microsoft Corporation (**Microsoft**).
- *Other Public Company Directorships:* Mr. Maffei has served as (i) a director of Liberty Media (including its predecessor) since May 2007, (ii) Chairman of the Board of Qurate since March 2018 and a director of Qurate (formerly Liberty Interactive and including its predecessor) since November 2005, (iii) Chairman of the Board of Liberty TripAdvisor since June 2015 and a director since July 2013, (iv) a director of GCI Liberty since March 2018, (v) the Chairman of the Board of TripAdvisor, Inc. since February 2013, (vi) the Chairman of the Board of Live Nation Entertainment, Inc. (**Live Nation**) since March 2013 and as a director since February 2011, (vii) the Chairman of the Board of Sirius XM Holdings Inc. (**Sirius XM**) since April 2013 and as a director since March 2009, (viii) a director of Zillow Group, Inc. since February 2015, having previously served as a director of its predecessor, Zillow, Inc., from May 2005 to February 2015, (ix) a director of Charter Communications, Inc. (**Charter**) since May 2013 and (x) the Chairman of the Board of Pandora Media, Inc. since September 2017. Mr. Maffei served as (i) Chairman of the Board of Starz from January 2013 until its acquisition by Lions Gate Entertainment Corp. in December 2016, (ii) a director of Barnes & Noble, Inc. from September 2011 to April 2014, (iii) a director of Electronic Arts, Inc. from June 2003 to July 2013 and (iv) a director of DIRECTV and its predecessors from February 2008 to June 2010.
- *Board Membership Qualifications:* Mr. Maffei brings to our board significant financial and operational experience based on his senior policy making positions at our company, Qurate (formerly Liberty Interactive and including its predecessor), GCI Liberty, Liberty Media, Liberty TripAdvisor, Oracle, 360networks and Microsoft, and his public company board experience. He provides our board with executive leadership perspective on the operations and management of large public companies and risk management principles.

Richard R. Green

- *Age:* 80
- A director of our company.
- *Professional Background:* Dr. Green has served as a director of our company since November 2014. For over 20 years, Dr. Green served as President and Chief Executive Officer of CableLabs® before retiring in December 2009. Prior to joining CableLabs®, he was a senior vice president at PBS from 1984 through 1988, and served as a director of CBS's Advanced Television Technology Laboratory from 1980 through 1983. Dr. Green is a Professor of Engineering and Director of the Center of Technology and Innovation at the University of Denver. He also serves as a director of Jones/NCTI, a Jones Knowledge Company, which is a workforce performance solutions company for individuals and broadband companies.
- *Other Public Company Directorships:* Dr. Green has served as a director of GCI Liberty since March 2018 and a director of LGP and its predecessors since December 2008. He has also served as a director of Shaw Communications, Inc., a telecommunications company based in Canada, since 2010.

- *Board Membership Qualifications:* Dr. Green brings to the board his extensive professional and executive background and his particular knowledge and experience in the complex and rapidly changing field of technology for broadband communications services, which contributes to our company's evaluation of technological initiatives and challenges and strengthens the board's collective qualifications, skills and attributes.

Directors Whose Term Expires in 2020

John C. Malone

- *Age:* 77
- Chairman of the Board of our company.
- *Professional Background:* Mr. Malone has served as the Chairman of the Board of our company since November 2014. He served as Chairman of the Board of Liberty Interactive, including its predecessor, from its inception in 1994 until March 2018 and served as Liberty Interactive's Chief Executive Officer from August 2005 to February 2006. Mr. Malone served as Chairman of the Board of Tele-Communications, Inc. (TCI) from November 1996 until March 1999, when it was acquired by AT&T Corp., and as Chief Executive Officer of TCI from January 1994 to March 1997.
- *Other Public Company Directorships:* Mr. Malone has served as (i) Chairman of the Board of GCI Liberty since March 2018, (ii) a director of Qurate (formerly Liberty Interactive and including its predecessor) since 1994 and served as Chairman of the Board of Liberty Interactive (including its predecessor) from 1994 to March 2018, (iii) Chairman of the Board of Liberty Media, including its predecessor, since August 2011 and as a director since December 2010, (iv) Chairman of the Board of Liberty Expedia Holdings, Inc. (**Liberty Expedia**) since November 2016, (v) the Chairman of the Board of LGP since June 2013, having previously served as Chairman of the Board of LGI, LGP's predecessor, from June 2005 to June 2013, Chairman of the Board of LGI's predecessor, LMI, from March 2004 to June 2005, and a director of UnitedGlobalCom, Inc., now a subsidiary of LGP, from January 2002 to June 2005, (vi) a director of Liberty Latin America Ltd. since December 2017, (vii) a director of Discovery since September 2008 and a director of Discovery Communications' predecessor DHC from May 2005 to September 2008 and as Chairman of the Board from March 2005 to September 2008, (viii) a director of Charter since May 2013, and (ix) a director of Lions Gate Entertainment Corp. since March 2015. Previously, he served as (i) a director of Expedia, Inc. from December 2012 to December 2017, having previously served as a director from August 2005 to November 2012, (ii) the Chairman of the Board of Liberty TripAdvisor from August 2014 to June 2015, (iii) a director of Sirius XM from April 2009 to May 2013, (iv) a director of Ascent Capital Group, Inc. from January 2010 to September 2012, (v) a director of Live Nation from January 2010 to February 2011, (vi) Chairman of the Board of DIRECTV and its predecessors from February 2008 to June 2010 and (vii) a director of IAC/InterActive Corp from May 2006 to June 2010.
- *Board Membership Qualifications:* Mr. Malone, as President of TCI, co-founded Liberty Interactive's former parent company and is considered one of the preeminent figures in the media and telecommunications industry. He is well known for his sophisticated problem solving and risk assessment skills.

John E. Welsh III

- *Age:* 67
- A director of our company.
- *Professional Background:* Mr. Welsh has served as a director of our company since November 2014. Mr. Welsh has served as the President of Avalon Capital Partners LLC, an investment firm, since 2002. He served as a director of CIP Management LLC from October 2000 to December 2002 and as Managing Director and Vice-Chairman of the Board of SkyTel Communications, Inc. from 1992 to 1999. Prior to 1992, Mr. Welsh was Managing Director of Investment Banking of Prudential Securities, Inc. and Co-Head of the Mergers and Acquisitions Department.
- *Other Public Company Directorships:* Mr. Welsh has served as a director of General Cable Corp. since 1997 and Chairman of the Board since August 2001. He previously served as a director of Spreckels Industries, Inc. and York International, Inc. from 1996 to 2000, and Integrated Electrical Services Corp. from 2006 to 2013.

- *Board Membership Qualifications:* Mr. Welsh brings to the board a strong financial background in investment banking and investment management and his experience as an audit committee member of Integrated Electrical Services Corp. In addition to possessing strong leadership and collaboration skills, Mr. Welsh has substantial experience involving the management and operation of technology companies. He is also an important resource with respect to the financial services firms that our company may engage from time to time.

VOTE AND RECOMMENDATION

A plurality of the combined voting power of the outstanding shares of our common stock present in person or represented by proxy at the annual meeting and entitled to vote on the election of directors at the annual meeting, voting together as a single class, is required to elect Mr. Wargo as the Class I member of our board of directors.



**Our board of directors unanimously recommends a vote
“FOR” the election of the nominee to our board of directors.**

PROPOSAL 2—THE AUDITORS RATIFICATION PROPOSAL

We are asking our stockholders to ratify the selection of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2018.

Even if the selection of KPMG LLP is ratified, the audit committee of our board of directors in its discretion may direct the appointment of a different independent accounting firm at any time during the year if our audit committee determines that such a change would be advisable. In the event our stockholders fail to ratify the selection of KPMG LLP, our audit committee will consider it as a direction to select other auditors for the year ending December 31, 2018.

A representative of KPMG LLP is expected to be available to answer appropriate questions at the annual meeting and will have the opportunity to make a statement if he or she so desires.

AUDIT FEES AND ALL OTHER FEES

The following table presents fees incurred for professional audit services rendered by KPMG LLP for the audit of our consolidated financial statements for 2017 and 2016 and fees billed for other services rendered by KPMG LLP.

	2017	2016
Audit fees	\$428,000	\$686,000
Audit related fees	—	—
Audit and audit related fees	428,000	686,000
Tax fees ⁽¹⁾	—	5,200
Total fees	\$428,000	\$691,200

(1) Tax fees consist of tax compliance and consultations regarding the tax implications of certain transactions.

Our audit committee has considered whether the provision of services by KPMG LLP to our company other than auditing is compatible with KPMG LLP maintaining its independence and believes that the provision of such other services is compatible with KPMG LLP maintaining its independence.

POLICY ON PRE-APPROVAL OF AUDIT AND PERMISSIBLE NON-AUDIT SERVICES OF INDEPENDENT AUDITOR

Our audit committee has adopted a policy regarding the pre-approval of all audit and permissible non-audit services provided by our independent auditor. Pursuant to this policy, our audit committee has approved the engagement of our independent auditor to provide the following services (all of which are collectively referred to as **pre-approved services**):

- audit services as specified in the policy, including (i) financial audits of our company and our subsidiaries, (ii) services associated with registration statements, periodic reports and other documents filed or issued in connection with securities offerings (including comfort letters and consents), (iii) attestations of management reports on our internal controls and (iv) consultations with management as to accounting or disclosure treatment of transactions;
- audit related services as specified in the policy, including (i) due diligence services, (ii) financial statement audits of employee benefit plans, (iii) consultations with management as to the accounting or disclosure treatment of transactions, (iv) attest services not required by statute or regulation, (v) certain audits incremental to the audit of our consolidated financial statements, (vi) closing balance sheet audits related to dispositions, and (vii) general assistance with implementation of the requirements of certain Securities and Exchange Commission (**SEC**) rules or listing standards; and
- tax services as specified in the policy, including federal, state, local and international tax planning, compliance and review services, and tax due diligence and advice regarding mergers and acquisitions.

Notwithstanding the foregoing general pre-approval, if, in the reasonable judgment of Liberty Broadband's Chief Financial Officer or Senior Vice President and Controller, an individual project involving the provision of pre-approved services is likely to result in fees in excess of \$50,000, or if individual projects under \$50,000 are likely to total \$250,000 during the period between the regularly scheduled meetings of the audit committee, then such projects will require the specific pre-approval of our audit committee. Our audit committee has delegated the

authority for the foregoing approvals to the chairman of the audit committee, subject to his subsequent disclosure to the entire audit committee of the granting of any such approval. John E. Welsh III currently serves as the chairman of our audit committee. In addition, the independent auditor is required to provide a report at each regularly scheduled audit committee meeting on all pre-approved services incurred during the preceding quarter. Any engagement of our independent auditors for services other than the pre-approved services requires the specific approval of our audit committee.

Our pre-approval policy prohibits the engagement of our independent auditor to provide any services that are subject to the prohibition imposed by Section 201 of the Sarbanes-Oxley Act.

All services provided by our independent auditor during 2017 were approved in accordance with the terms of the policy.

VOTE AND RECOMMENDATION

The affirmative vote of a majority of the combined voting power of the outstanding shares of our common stock that are present in person or by proxy, and entitled to vote at the annual meeting, voting together as a single class, is required to approve the auditors ratification proposal.



**Our board of directors unanimously recommends a vote
“FOR” the auditors ratification proposal.**

PROPOSAL 3—THE SAY-ON-PAY PROPOSAL

We are providing our stockholders the opportunity to vote to approve, on an advisory basis, the compensation of our named executive officers as described below in accordance with Section 14A of the Securities Exchange Act of 1934, as amended (the **Exchange Act**). This advisory vote is often referred to as the “say-on-pay” vote and allows our stockholders to express their views on the overall compensation paid to our named executive officers. Our company values the views of our stockholders and is committed to the efficiency and effectiveness of our company’s executive compensation program.

Our first (and most recent) advisory vote on the compensation of our named executive officers was held at our 2015 annual meeting of stockholders on June 2, 2015, at which stockholders representing a majority of our aggregate voting power present and entitled to vote on the say-on-pay proposal voted in favor of, on an advisory basis, our executive compensation as disclosed in our proxy statement for our 2015 annual meeting of stockholders. Also at this meeting, the frequency at which future advisory votes on executive compensation would be held of once every three years received the affirmative vote of a majority of the votes cast on the say-on-frequency proposal by our stockholders that were present, in person or by proxy, and entitled to vote at the 2015 annual meeting of stockholders, voting together as a single class, and our board of directors adopted this as the frequency at which future advisory votes on executive compensation would be held. We currently expect that our next advisory vote on executive compensation will be held in 2021.

We are seeking stockholder approval of the compensation of our named executive officers as disclosed in this proxy statement in accordance with applicable SEC rules, which include the disclosures under “Executive Compensation—Compensation Discussion and Analysis,” the compensation tables (including all related footnotes) and any additional narrative discussion of compensation included herein. Stockholders are encouraged to read the “Executive Compensation—Compensation Discussion and Analysis” section of this proxy statement, which provides an overview of our company’s executive compensation policies and procedures.

In accordance with Section 14A of the Exchange Act, and Rule 14a-21(a) promulgated thereunder, and as a matter of good corporate governance, our board of directors is asking stockholders to approve the following advisory resolution at the 2018 annual meeting of stockholders:

RESOLVED, that the stockholders of Liberty Broadband Corporation hereby approve, on an advisory basis, the compensation paid to our company’s named executive officers, as disclosed in this proxy statement pursuant to the rules of the SEC, including the Compensation Discussion and Analysis, compensation tables and any related narrative discussion.

ADVISORY VOTE

Although this vote is advisory and non-binding on our board and our company, our board and the compensation committee, which are responsible for designing and administering our company’s executive compensation program, value the opinions expressed by our stockholders in their vote on this proposal and will consider the outcome of the vote when making future compensation policies and decisions for named executive officers.

VOTE AND RECOMMENDATION

This advisory resolution, which we refer to as the say-on-pay proposal, will be considered approved if it receives the affirmative vote of a majority of the combined voting power of the outstanding shares of our common stock that are present in person or by proxy, and entitled to vote at the annual meeting, voting together as a single class.



**Our board of directors unanimously recommends a vote
“FOR” the approval of the say-on-pay proposal.**

MANAGEMENT AND GOVERNANCE MATTERS

EXECUTIVE OFFICERS

The following lists the executive officers of our company (other than Gregory B. Maffei, our President and Chief Executive Officer, who also serves as a director of our company and who is listed under “Proposals of Our Board—Proposal 1—The Director Election Proposal”), their ages and a description of their business experience, including positions held with our company.

Name	Positions
Richard N. Baer Age: 61	Mr. Baer has served as Chief Legal Officer of our company, Liberty Media, Qurate (formerly Liberty Interactive) and Liberty TripAdvisor since January 2016, Liberty Expedia since March 2016 and GCI Liberty since March 2018. He previously served as a Senior Vice President and General Counsel of our company from June 2014 to December 2015, Liberty Interactive and Liberty Media from January 2013 to December 2015 and Liberty TripAdvisor from July 2013 to December 2015. Previously, Mr. Baer served as Executive Vice President and Chief Legal Officer of UnitedHealth Group Incorporated from May 2011 to December 2012. He served as Executive Vice President and General Counsel of Qwest Communications International Inc. from December 2002 to April 2011 and Chief Administrative Officer from August 2008 to April 2011.
Albert E. Rosenthaler Age: 58	Mr. Rosenthaler has served as Chief Corporate Development Officer of our company, Qurate (formerly Liberty Interactive), Liberty Media, Liberty TripAdvisor and Liberty Expedia since October 2016 and GCI Liberty since March 2018. He previously served as Chief Tax Officer of our company, Liberty Interactive, Liberty Media and Liberty TripAdvisor from January 2016 to September 2016 and Liberty Expedia from March 2016 to September 2016. Prior to that, he served as a Senior Vice President of our company from June 2014 to December 2015, Liberty Media (including its predecessor) from May 2007 to December 2015, Liberty Interactive (including its predecessor) from April 2002 to December 2015, and Liberty TripAdvisor from July 2013 to December 2015.
Mark D. Carleton Age: 57	Mr. Carleton has served as Chief Financial Officer of our company, Qurate (formerly Liberty Interactive) and Liberty Media since October 2016. He has also served as Chief Financial Officer and Treasurer of GCI Liberty since March 2018. He previously served as Chief Development Officer of our company, Liberty Interactive, Liberty Media and Liberty TripAdvisor from January 2016 to September 2016. Prior to that time, he served as a Senior Vice President of our company from October 2014 to December 2015, Liberty Interactive from November 2014 to December 2015 and Liberty Media from January 2013 to December 2015, and as a Senior Vice President of predecessors of Liberty Media from December 2003 to January 2013. Prior to that time, Mr. Carleton served as a partner at KPMG LLP, where he had overall responsibility for the communications sector and served on KPMG’s board of directors.

Our executive officers will serve in such capacities until their respective successors have been duly elected and have been qualified, or until their earlier death, resignation, disqualification or removal from office. There is no family relationship between any of our executive officers or directors, by blood, marriage or adoption.

During the past ten years, none of our directors or executive officers has had any involvement in such legal proceedings as would be material to an evaluation of his ability or integrity.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our executive officers and directors, and persons who own more than ten percent of a registered class of our equity securities, to file reports of ownership and changes in ownership with the SEC. Officers, directors and greater than ten-percent stockholders are required by SEC regulation to furnish us with copies of all Section 16 forms they file.

Based solely on a review of the copies of the Forms 3, 4 and 5 and amendments to those forms furnished to us during our most recent fiscal year and written representations made to us by our executive officers and directors, we believe that, during the year ended December 31, 2017, all Section 16(a) filing requirements applicable to our officers, directors and greater than ten-percent beneficial owners were met.

CODE OF ETHICS

We have adopted a code of business conduct and ethics that applies to all of our employees, directors and officers, which constitutes our “code of ethics” within the meaning of Section 406 of the Sarbanes-Oxley Act. Our code of business conduct and ethics is available on our website at www.libertybroadband.com.

DIRECTOR INDEPENDENCE

It is our policy that a majority of the members of our board of directors be independent of our management. For a director to be deemed independent, our board of directors must affirmatively determine that the director has no direct or indirect material relationship with us. To assist our board of directors in determining which of our directors qualify as independent for purposes of Nasdaq rules as well as applicable rules and regulations adopted by the SEC, the nominating and corporate governance committee of our board of directors follows Nasdaq’s corporate governance rules on the criteria for director independence.

Our board of directors has determined that each of Richard R. Green, J. David Wargo and John E. Welsh III qualifies as an independent director of our company.

BOARD COMPOSITION

As described above under “Proposals of Our Board—Proposal 1—The Director Election Proposal,” our board is comprised of directors with a broad range of backgrounds and skill sets, including in media and telecommunications, science and technology, venture capital, investment banking, auditing and financial engineering. For more information on our policies with respect to board candidates, see “—Committees of the Board of Directors—Nominating and Corporate Governance Committee” below.

BOARD LEADERSHIP STRUCTURE

Our board has separated the positions of Chairman of the Board and Chief Executive Officer (principal executive officer). John C. Malone, one of our largest stockholders, holds the position of Chairman of the Board, leads our board and board meetings and provides strategic guidance to our Chief Executive Officer. Gregory B. Maffei, our President, holds the position of Chief Executive Officer, leads our management team and is responsible for driving the performance of our company. We believe this division of responsibility effectively assists our board in fulfilling its duties.

BOARD ROLE IN RISK OVERSIGHT

The board as a whole has responsibility for risk oversight, with reviews of certain areas being conducted by the relevant board committees. Our audit committee oversees management of financial risks and risks relating to potential conflicts of interest. Our compensation committee oversees the management of risks relating to our compensation arrangements with senior officers. Our nominating and corporate governance committee oversees risks associated with the independence of the board. These committees then provide reports periodically to the full board. The oversight responsibility of the board and its committees is enabled by management reporting processes that are designed to provide visibility to the board about the identification, assessment and management of critical risks. These areas of focus include strategic, operational, financial and reporting, succession and compensation, legal and compliance, and other risks. Our management reporting processes include regular reports from Mr. Maffei, which are prepared with input from our senior management team, and also include input from our Internal Audit group.

COMMITTEES OF THE BOARD OF DIRECTORS

Executive Committee

Our board of directors has established an executive committee, whose members are John C. Malone and Gregory B. Maffei. Except as specifically prohibited by the General Corporation Law of the State of Delaware, the executive committee may exercise all the powers and authority of our board of directors in the management of our business and affairs, including the power and authority to authorize the issuance of shares of our capital stock.

Compensation Committee

Our board of directors has established a compensation committee, whose chairman is J. David Wargo and whose other members are Richard R. Green and John E. Welsh III. See “—Director Independence” above.

In November 2014, the spin-off of our company (formerly a wholly-owned subsidiary of Liberty Media) from Liberty Media was completed (the **Broadband Spin-Off**). In connection with the Broadband Spin-Off, we entered into a Services Agreement, dated November 4, 2014, with Liberty Media (the **services agreement**), pursuant to which Liberty Media provides us with administrative, executive and management services. The compensation committee evaluates the services fee under the services agreement on at least an annual basis. In addition, the compensation committee may approve incentive awards or other forms of compensation to employees of Liberty Media who are providing services to our company, which employees include our executive officers. However, the compensation committee determined not to grant such compensation for 2017.

If we engage a chief executive officer, chief financial officer, chief legal officer, chief tax officer or chief corporate development officer to perform services for our company outside the services agreement, the compensation committee will review and approve corporate goals and objectives relevant to the compensation of any such person. The compensation committee also oversees the compensation of the chief executive officers of our non-public operating subsidiaries. For a description of our current processes and policies for consideration and determination of executive compensation, including the role of our Chief Executive Officer in determining or recommending amounts and/or forms of compensation, see “Executive Compensation—Compensation Discussion and Analysis.”

Our board of directors has adopted a written charter for the compensation committee, which is available on our website at www.libertybroadband.com.

Compensation Committee Report

The compensation committee has reviewed and discussed with our management the “Compensation Discussion and Analysis” included under “Executive Compensation” below. Based on such review and discussions, the compensation committee recommended to our board of directors that the “Compensation Discussion and Analysis” be included in this proxy statement.

Submitted by the Members of the Compensation Committee

J. David Wargo
Richard R. Green
John E. Welsh III

Compensation Committee Interlocks and Insider Participation

No member of our compensation committee during 2017 is or has been an officer or employee of our company, or has engaged in any related party transaction in which our company was a participant.

Nominating and Corporate Governance Committee

Our board of directors has established a nominating and corporate governance committee, whose chairman is Richard R. Green and whose other members are J. David Wargo and John E. Welsh III. See “—Director Independence” above.

The nominating and corporate governance committee identifies individuals qualified to become board members consistent with criteria established or approved by our board of directors from time to time, identifies director nominees for upcoming annual meetings, develops corporate governance guidelines applicable to our company and oversees the evaluation of our board and management.

The nominating and corporate governance committee will consider candidates for director recommended by any stockholder provided that such recommendations are properly submitted. Eligible stockholders wishing to recommend a candidate for nomination as a director should send the recommendation in writing to the Corporate Secretary, Liberty Broadband Corporation, 12300 Liberty Boulevard, Englewood, Colorado 80112. Stockholder recommendations must be made in accordance with our bylaws, as discussed under “Stockholder Proposals” below, and contain the following information:

- the name and address of the proposing stockholder and the beneficial owner, if any, on whose behalf the nomination is being made, and documentation indicating the number of shares of our common stock owned beneficially and of record by such person and the holder or holders of record of those shares, together with a statement that the proposing stockholder is recommending a candidate for nomination as a director;
- the candidate’s name, age, business and residence addresses, principal occupation or employment, business experience, educational background and any other information relevant in light of the factors considered by the nominating and corporate governance committee in making a determination of a candidate’s qualifications, as described below;
- a statement detailing any relationship, arrangement or understanding between the proposing stockholder and/or beneficial owner(s), if different, and any other person(s) (including their names) under which the proposing stockholder is making the nomination and any affiliates or associates (as defined in Rule 12b-2 of the Exchange Act) of such proposing stockholder(s) or beneficial owner (each a **Proposing Person**);
- a statement detailing any relationship, arrangement or understanding that might affect the independence of the candidate as a member of our board of directors;
- any other information that would be required under SEC rules in a proxy statement soliciting proxies for the election of such candidate as a director;
- a representation as to whether the Proposing Person intends (or is part of a group that intends) to deliver any proxy materials or otherwise solicit proxies in support of the director nominee;
- a representation by each Proposing Person who is a holder of record of our common stock as to whether the notice is being given on behalf of the holder of record and/or one or more beneficial owners, the number of shares held by any beneficial owner along with evidence of such beneficial ownership and that such holder of record is entitled to vote at the annual stockholders meeting and intends to appear in person or by proxy at the annual stockholders meeting at which the person named in such notice is to stand for election;
- a written consent of the candidate to be named in the proxy statement and to serve as a director, if nominated and elected;
- a representation as to whether the Proposing Person has received any financial assistance, funding or other consideration from any other person regarding the nomination (a **Stockholder Associated Person**) (including the details of such assistance, funding or consideration); and

- a representation as to whether and the extent to which any hedging, derivative or other transaction has been entered into with respect to our company within the last six months by, or is in effect with respect to, the Proposing Person, any person to be nominated by the proposing stockholder or any Stockholder Associated Person, the effect or intent of which transaction is to mitigate loss to or manage risk or benefit of share price changes for, or increase or decrease the voting power of, the Proposing Person, its nominee, or any such Stockholder Associated Person.

In connection with its evaluation, the nominating and corporate governance committee may request additional information from the proposing stockholder and the candidate. The nominating and corporate governance committee has sole discretion to decide which individuals to recommend for nomination as directors.

To be nominated to serve as a director, a nominee need not meet any specific minimum criteria. However, the nominating and corporate governance committee believes that nominees for director should possess the highest personal and professional ethics, integrity, values and judgment and should be committed to the long-term interests of our stockholders. When evaluating a potential director nominee, including one recommended by a stockholder, the nominating and corporate governance committee will take into account a number of factors, including, but not limited to, the following:

- independence from management;
- his or her unique background, including education, professional experience and relevant skill sets;
- judgment, skill, integrity and reputation;
- existing commitments to other businesses as a director, executive or owner;
- personal conflicts of interest, if any; and
- the size and composition of the existing board of directors, including whether the potential director nominee would positively impact the composition of the board by bringing a new perspective or viewpoint to the board of directors.

The nominating and corporate governance committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. The nominating and corporate governance committee does not have a formal policy with respect to diversity; however, our board and the nominating and corporate governance committee believe that it is important that our board members represent diverse viewpoints.

When seeking candidates for director, the nominating and corporate governance committee may solicit suggestions from incumbent directors, management, stockholders and others. After conducting an initial evaluation of a prospective nominee, the nominating and corporate governance committee will interview that candidate if it believes the candidate might be suitable to be a director. The nominating and corporate governance committee may also ask the candidate to meet with management. If the nominating and corporate governance committee believes a candidate would be a valuable addition to our board of directors, it may recommend to the full board that candidate's nomination and election.

Prior to nominating an incumbent director for re-election at an annual meeting of stockholders, the nominating and corporate governance committee will consider the director's past attendance at, and participation in, meetings of the board of directors and its committees and the director's formal and informal contributions to the various activities conducted by the board and the board committees of which such individual is a member.

The members of our nominating and corporate governance committee have determined that Mr. Wargo, who is nominated for election at the annual meeting, continues to be qualified to serve as a director of our company and such nomination was approved by the entire board of directors.

Our board of directors has adopted a written charter for the nominating and corporate governance committee. Our board of directors has also adopted corporate governance guidelines, which were developed by the nominating and corporate governance committee. The charter and the corporate governance guidelines are available on our website at www.libertybroadband.com.

Audit Committee

Our board of directors has established an audit committee, whose chairman is John E. Welsh III and whose other members are Richard R. Green and J. David Wargo. See "—Director Independence" above.

Our board of directors has determined that Mr. Welsh is our company's "audit committee financial expert" under applicable SEC rules and regulations. The audit committee reviews and monitors the corporate financial reporting and the internal and external audits of our company. The committee's functions include, among other things:

- appointing or replacing our independent auditors;
- reviewing and approving in advance the scope and the fees of our annual audit and reviewing the results of our audits with our independent auditors;
- reviewing and approving in advance the scope and the fees of non-audit services of our independent auditors;
- reviewing compliance with and the adequacy of our existing major accounting and financial reporting policies;
- reviewing our management's procedures and policies relating to the adequacy of our internal accounting controls and compliance with applicable laws relating to accounting practices;
- confirming compliance with applicable SEC and stock exchange rules; and
- preparing a report for our annual proxy statement.

Our board of directors has adopted a written charter for the audit committee, which is available on our website at www.libertybroadband.com.

Audit Committee Report

Each member of the audit committee is an independent director as determined by our board of directors, based on the listing standards of Nasdaq. Each member of the audit committee also satisfies the SEC's independence requirements for members of audit committees. Our board of directors has determined that Mr. Welsh is an "audit committee financial expert" under applicable SEC rules and regulations.

The audit committee reviews our financial reporting process on behalf of our board of directors. Management has primary responsibility for establishing and maintaining adequate internal controls, for preparing financial statements and for the public reporting process. Our independent auditor, KPMG LLP, is responsible for expressing opinions on the conformity of our audited consolidated financial statements with U.S. generally accepted accounting principles. Our independent auditor also expresses its opinion as to the effectiveness of our internal control over financial reporting.

Our audit committee has reviewed and discussed with management and KPMG LLP our most recent audited consolidated financial statements, as well as management's assessment of the effectiveness of our internal control over financial reporting and KPMG LLP's evaluation of the effectiveness of our internal control over financial reporting. Our audit committee has also discussed with KPMG LLP the matters required to be discussed by the Public Company Accounting Oversight Board Auditing Standard No. 1301, Communications with Audit Committees, including that firm's judgment about the quality of our accounting principles, as applied in its financial reporting.

KPMG LLP has provided our audit committee with the written disclosures and the letter required by the applicable requirements of the Public Company Accounting Oversight Board regarding KPMG LLP's communications with the audit committee concerning independence, and the audit committee has discussed with KPMG LLP that firm's independence from the company and its subsidiaries.

Based on the reviews, discussions and other considerations referred to above, our audit committee recommended to our board of directors that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2017 (the **2017 Form 10-K**), which was filed on February 9, 2018 with the SEC.

Submitted by the Members of the Audit Committee

John E. Welsh III
Richard R. Green
J. David Wargo

Other

Our board of directors, by resolution, may from time to time establish other committees of our board of directors, consisting of one or more of our directors. Any committee so established will have the powers delegated to it by resolution of our board of directors, subject to applicable law.

BOARD MEETINGS

During 2017, there were four meetings of our full board of directors, no meetings of our executive committee, three meetings of our compensation committee, one meeting of our nominating and corporate governance committee and five meetings of our audit committee.

DIRECTOR ATTENDANCE AT ANNUAL MEETINGS

Our board of directors encourages all members of the board to attend the 2018 annual meeting of our stockholders and to attend future annual meetings of our stockholders. All of our five directors attended our 2017 annual meeting of stockholders.

STOCKHOLDER COMMUNICATION WITH DIRECTORS

Our stockholders may send communications to our board of directors or to individual directors by mail addressed to the Board of Directors or to an individual director c/o Liberty Broadband Corporation, 12300 Liberty Boulevard, Englewood, Colorado 80112. All such communications from stockholders will be forwarded to our directors on a timely basis.

EXECUTIVE SESSIONS

In 2017, the independent directors of our company, then serving, met at three executive sessions without management participation.

Any interested party who has a concern regarding any matter that it wishes to have addressed by our independent directors, as a group, at an upcoming executive session may send its concern in writing addressed to Independent Directors of Liberty Broadband Corporation, c/o Liberty Broadband Corporation, 12300 Liberty Boulevard, Englewood, Colorado 80112. The current independent directors of our company are Richard R. Green, J. David Wargo and John E. Welsh III.

EXECUTIVE COMPENSATION

This section sets forth information relating to, and an analysis and discussion of, compensation paid by our company to the following persons (who we collectively refer to as our **named executive officers**):

- Gregory B. Maffei, our Chief Executive Officer and President; and
- Mark D. Carleton, our Chief Financial Officer.

Pursuant to the services agreement (as described below), employees of Liberty Media perform management services for our company for a monthly fee, which is reviewed quarterly by the audit committees of our company and Liberty Media. As described above, our executive officers are comprised of Messrs. Maffei, Baer, Carleton and Rosenthaler, each of whom is an employee of Liberty Media and provides executive services to our company under the services agreement. Our executive officers are not separately compensated by our company other than with respect to any equity awards relating to our common stock that our compensation committee may determine to grant. Our named executive officers did not receive any equity awards relating to our common stock in 2017. Because we did not pay any cash compensation or grant any equity awards to Messrs. Baer and Rosenthaler with respect to 2017, Messrs. Baer and Rosenthaler are not considered “named executive officers” of our company for purposes of the Exchange Act and the rules adopted by the SEC.

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Overview

Services Agreement

In connection with the Broadband Spin-Off, we entered into the services agreement with Liberty Media in November 2014, pursuant to which Liberty Media provides to our company certain administrative and management services, and we pay Liberty Media a monthly management fee, the amount of which is subject to semi-annual review (and at least an annual review by our compensation committee). As a result, employees, including our named executive officers, who provide services to our company pursuant to the services agreement, are not separately compensated by our company other than with respect to equity awards with respect to our common stock. For the year ended December 31, 2017, we accrued management fees payable to Liberty Media under the services agreement of \$3.26 million.

Role of Chief Executive Officer in Compensation Decisions; Setting Executive Compensation

Mr. Maffei did not have any role in making compensation decisions for the year ended December 31, 2017.

Prospectively, Mr. Maffei may make recommendations with respect to any equity compensation to be awarded to our executive officers. As a result of the management fee paid to Liberty Media, the compensation committee does not expect to provide any cash compensation to the executive officers, rather it may determine to separately compensate the executive officers with equity incentive compensation. It is expected that our Chief Executive Officer, in making any related recommendations to our compensation committee, will evaluate the performance and contributions of each of our executive officers, given his respective area of responsibility, and, in doing so, will consider various qualitative factors such as:

- the executive officer’s experience and overall effectiveness;
- the executive officer’s performance;
- the responsibilities of the executive officer, including any changes to those responsibilities over the year; and
- the executive officer’s demonstrated leadership and management ability.

At the 2015 annual stockholder meeting, stockholders representing a majority of the aggregate voting power of Liberty Broadband present and entitled to vote on its say-on-pay proposal voted in favor of, on an advisory basis, Liberty Broadband’s executive compensation, as disclosed in our proxy statement for the 2015 annual meeting of stockholders. No material changes were implemented to our executive compensation program as a result of this vote. In addition, at the 2015 annual meeting of stockholders, stockholders elected to hold a say-on-pay vote every three years.

Equity Incentive Compensation

None of our executive officers, including our named executive officers, received any equity incentive compensation from our company during 2017. The equity awards held by our named executive officers and reported below in “—Outstanding Equity Awards at Fiscal Year-End” (other than the stock options granted to Mr. Maffei in 2014 after the Broadband Spin-Off and the restricted stock awards granted to our named executive officers after the completion of our rights offering in January 2015) were issued as a result of the anti-dilution adjustments applied to their outstanding equity awards relating to Liberty Media common stock at the time of the completion of the Broadband Spin-Off, including their outstanding multi-year grants described below.

Consistent with our compensation philosophy, our compensation committee believes in aligning the interests of the named executive officers with those of our stockholders and may grant awards of stock-based incentive compensation in the future to further align their interests. This will ensure that our executives have a continuing stake in our long-term success.

The Liberty Broadband Corporation 2014 Omnibus Incentive Plan (Amended and Restated as of March 11, 2015), as amended (the **incentive plan**), provides for the grant of a variety of incentive awards, including stock options, restricted shares, restricted stock units, stock appreciation rights and performance awards. Our compensation committee has a preference for grants of stock options and awards of restricted stock or restricted stock units (as compared with other types of available awards under the incentive plan) based on the belief that they better promote retention of key employees through the continuing, long-term nature of an equity investment. It is the policy of our compensation committee that stock options be awarded with an exercise price equal to fair market value on the date of grant, typically measured by reference to the closing price on the grant date.

Prior to the Broadband Spin-Off, the Liberty Media compensation committee (and, prior to September 2011 when Liberty Media’s former parent company was split-off from its former parent company, Liberty Interactive, the Liberty Interactive compensation committee) determined to make larger grants (equaling approximately four to five years’ value of the annual grants made in years prior to 2009) that vest between four and five years after grant, rather than making annual grants over the same period. These multi-year stock option grants provide for back-end weighted vesting and generally expire seven to ten years after grant to encourage executives to remain with the company over the long-term and to better align their interests with those of the stockholders. In that regard, multi-year awards were granted to our executive officers prior to 2014, including to our named executive officers, and, accordingly, the multi-year awards were adjusted in connection with the Broadband Spin-Off pursuant to the anti-dilution provisions of the incentive plans under which they were granted.

Policy on Restatements

In those instances where we grant equity-based incentive compensation, we expect to include in the related agreement with the executive a right, in favor of our company, to require the executive to repay or return to the company any cash, stock or other incentive compensation (including proceeds from the disposition of shares received upon exercise of options or stock appreciation rights). That right will arise if (1) a material restatement of any of our financial statements is required and (2) in the reasonable judgment of our compensation committee, (A) such restatement is due to material noncompliance with any financial reporting requirement under applicable securities laws and (B) such noncompliance is a result of misconduct on the part of the executive. In determining the amount of such repayment or return, our compensation committee may take into account, among other factors it deems relevant, the extent to which the market value of the applicable series of our common stock was affected by the errors giving rise to the restatement. The cash, stock or other compensation that we may require the executive to repay or return must have been received by the executive during the 12-month period beginning on the date of the first public issuance or the filing with the SEC, whichever occurs earlier, of the financial statement requiring restatement. The compensation required to be repaid or returned will include (1) cash or company stock received by the executive (A) upon the exercise during that 12-month period of any stock appreciation right held by the executive or (B) upon the payment during that 12-month period of any incentive compensation, the value of which is determined by reference to the value of company stock, and (2) any proceeds received by the executive from the disposition during that 12-month period of company stock received by the executive upon the exercise, vesting or payment during that 12-month period of any award of equity-based incentive compensation.

SUMMARY COMPENSATION TABLE

Name and Principal Position (as of 12/31/17)	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) ⁽¹⁾	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Gregory B. Maffei President and Chief Executive Officer	2017	—	—	—	—	—	—	—	—
	2016	—	—	—	—	—	—	—	—
	2015	—	—	2,310,814	—	—	—	—	2,310,814
Mark D. Carleton⁽²⁾ Chief Financial Officer	2017	—	—	—	—	—	—	—	—
	2016	—	—	—	—	—	—	—	—
	2015	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

- (1) Reflects the grant date fair value of restricted stock awarded to Mr. Maffei in 2015, which has been computed in accordance with FASB ASC Topic 718, but (pursuant to SEC regulations) without reduction for estimated forfeitures. For a description of the assumptions applied in these calculations, see Note 9 to our consolidated financial statements for the year ended December 31, 2017 (which are included in our 2017 Form 10-K).
- (2) Mr. Carleton was a named executive officer of our company for the first time with respect to 2016 and his compensation for 2015 has been omitted in reliance upon the SEC's interpretive guidance.

EXECUTIVE COMPENSATION ARRANGEMENTS

Gregory B. Maffei

Option Grant

On December 17, 2014, Mr. Maffei received a one-time grant of 1,500,000 options to purchase shares of LBRDK at an exercise price of \$48.10 per share (the **2014 Options**). One-half of the 2014 Options will vest on the fourth anniversary of the grant date with the remaining 2014 Options vesting on the fifth anniversary of the grant date, in each case, subject to Mr. Maffei being employed on the applicable vesting date. The 2014 Options have a term of ten years. Pursuant to the services agreement, as an employee of Liberty Media, Mr. Maffei provides services to our company and is not separately compensated by our company other than with respect to equity awards with respect to our common stock.

Upon a "change in control" (as defined in the award agreement relating to the 2014 Options) prior to Mr. Maffei's termination or in the event of Mr. Maffei's termination for death or disability, all of his unvested 2014 Options will become exercisable. If Mr. Maffei is terminated by our company for "cause" (as such term is defined in the award agreement relating to the 2014 Options), all of his unvested 2014 Options will terminate. If Mr. Maffei is terminated by our company without "cause" or if he terminates his employment for "good reason" (as such term is defined in the award agreement relating to the 2014 Options), then each unvested tranche of 2014 Options will vest pro rata based on the number of days in the vesting period for such tranche elapsed since the grant date plus 548 calendar days; however, in the event (i) all members of the "Malone Group" (as such term is defined in the award agreement relating to the 2014 Options) cease to beneficially own our company's securities representing at least 20% of our voting power, (ii) within 90 to 210 days of clause (i) Mr. Maffei's employment is terminated by our company without cause or by Mr. Maffei for good reason and (iii) at the time of clause (i) Mr. Maffei does not beneficially own our company's securities representing at least 20% of our voting power, then all unvested 2014 Options will vest in full as of the date of Mr. Maffei's termination. In no event will the vesting of the 2014 Options accelerate upon Mr. Maffei's voluntary termination of his employment with our company without good reason. In addition, in no event will the vesting of the 2014 Options accelerate upon termination of Mr. Maffei's employment for any reason with Liberty Media. In the event of a change in control prior to Mr. Maffei's termination, all of the 2014 Options will remain exercisable until the end of the term. If Mr. Maffei is terminated for cause prior to December 31, 2019 (without a prior change in control occurring), then all vested 2014 Options will expire on the 90th day following such termination. In all other events of termination or if Mr. Maffei has not been terminated prior to December 31, 2019, all vested 2014 Options will expire at the end of the term.

Equity Incentive Plans

The incentive plan is designed to provide additional remuneration to officers, employees, nonemployee directors and independent contractors for service to our company and to encourage those persons' investment in our company. Non-qualified stock options, SARs, restricted shares, restricted stock units, cash awards, performance

awards or any combination of the foregoing may be granted under the incentive plan (collectively, **awards**). The maximum number of shares of our common stock with respect to which awards may be granted is 8,400,000, subject to anti-dilution and other adjustment provisions of the incentive plan. With limited exceptions, under the incentive plan, no person may be granted in any calendar year awards covering more than 2,000,000 shares of our common stock, subject to anti-dilution and other adjustment provisions of the incentive plan. In addition, no person may receive payment for cash awards during any calendar year in excess of \$10 million and no nonemployee director may be granted during any calendar year awards having a value (as determined on the grant date of such award) in excess of \$3 million. Shares of our common stock issuable pursuant to awards will be made available from either authorized but unissued shares or shares that have been issued but reacquired by our company. The incentive plan is administered by the compensation committee with regard to all awards granted under the incentive plan (other than awards granted to the nonemployee directors), and the compensation committee has full power and authority to determine the terms and conditions of such awards. The incentive plan is administered by the full board of directors with regard to all awards granted under the incentive plan to nonemployee directors, and the full board of directors has full power and authority to determine the terms and conditions of such awards.

In connection with the Broadband Spin-Off, new equity incentive awards with respect to our common stock (**new Broadband awards**) were issued in connection with adjustments made to outstanding equity incentive awards with respect to shares of Liberty Media common stock which had been granted to various directors, officers and employees and consultants of Liberty Media and certain of its subsidiaries pursuant to the various stock incentive plans administered by the Liberty Media board of directors or the compensation committee thereof. These new Broadband awards were issued pursuant to the Liberty Broadband Corporation Transitional Stock Adjustment Plan (the **transitional plan**), which governs the terms and conditions of the new Broadband awards but cannot be used to make any additional grants following the Broadband Spin-Off.

Pay Ratio Information

We are providing the following information about the relationship of the median annual total compensation of our employees and the total compensation of Mr. Maffei, our chief executive officer on December 31, 2017, pursuant to the SEC's pay ratio disclosure rules set forth in Item 402(u) of Regulation S-K. We believe our pay ratio is a reasonable estimate calculated in a manner consistent with the SEC's pay ratio disclosure rules. However, because these rules provide flexibility in determining the methodology, assumptions and estimates used to determine pay ratios and the fact that workforce composition issues differ significantly between companies, our pay ratio may not be comparable to the pay ratios reported by other companies.

To identify our median employee, we first determined our employee population as of December 31, 2017, which consisted of employees located in the U.S. representing all full-time, part-time, seasonal and temporary employees employed by our company and our consolidated subsidiary, Skyhook Inc. on that date. Using information from our payroll records and Form W-2s, we then measured each employee's gross wages for calendar year 2017, consisting of base salary, commissions, actual bonus payments, long-term incentive cash payments, if any, realized equity award value and taxable fringe benefits. We did not annualize the compensation of employees who were new hires or took a leave of absence in 2017. Also, we did not annualize the compensation of our temporary or seasonal employees. In addition, we did not make any cost-of-living adjustments to the gross wages information.

Once we identified our median employee, we then determined that employee's total compensation, including any perquisites and other benefits, in the same manner that we determined the total compensation of our named executive officers for purposes of the Summary Compensation Table above. The ratio of our chief executive officer's total annual compensation to that of the median employee was as follows:

Chief Executive Officer Total Annual Compensation	\$ 0
Median Employee Total Annual Compensation	\$168,720
Ratio of Chief Executive Officer to Median Employee Total Annual Compensation	0:1

GRANTS OF PLAN-BASED AWARDS

No plan-based incentive awards were granted during the year ended December 31, 2017 to the named executive officers.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table contains information regarding unexercised options which were outstanding as of December 31, 2017 and held by the named executive officers. Our named executive officers did not have any unvested stock awards as of December 31, 2017.

Name	Option awards			
	Number of securities underlying unexercised options (#) Exercisable	Number of securities underlying unexercised options (#) Unexercisable	Option exercise price (\$)	Option expiration date
Gregory B. Maffei				
<i>Option Awards</i>				
LBRDA	290,395	—	33.12	12/17/2019
LBRDK	586,838	—	33.11	12/17/2019
LBRDK	—	1,500,000 ⁽¹⁾	48.10	12/17/2024
Mark D. Carleton				
<i>Option Awards</i>				
LBRDA	18,248	—	33.12	03/19/2020
LBRDK	36,878	—	33.11	03/19/2020

(1) Vests 50% on December 17, 2018 and 50% on December 17, 2019.

OPTION EXERCISES AND STOCK VESTED

Our named executive officers did not exercise any options to purchase shares of our common stock during 2017. In addition, none of our named executive officers held stock awards relating to our common stock that vested during 2017.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE-IN-CONTROL

The following table sets forth the potential payments to our named executive officers if their employment with our company had terminated or a change in control had occurred, in each case, as of December 29, 2017, which was the last business day of our last completed fiscal year. In the event of such a termination or change in control, the actual amounts may be different due to various factors. In addition, we may enter into new arrangements or modify these arrangements from time to time.

The amounts provided in the tables are based on the closing market prices on December 29, 2017 for our Series A common stock and Series C common stock, which were \$85.05 and \$85.16, respectively. The value of the options shown in the table is based on the spread between the exercise price of the award and the applicable closing market price.

The circumstances giving rise to these potential payments and a brief summary of the provisions governing their payout are described below and in the footnotes to the table (other than those described under “—Executive Compensation Arrangements,” which are incorporated by reference herein):

Voluntary Termination

Each of the named executive officers holds equity awards that were issued under the transitional plan and Mr. Maffei holds the 2014 Options which were issued under the incentive plan. Under these plans and the related award agreements, in the event of a voluntary termination of his employment with our company for any reason, each named executive officer would only have a right to the equity grants that vested prior to his termination date. Our named executive officers are not entitled to any severance payments or other benefits upon a voluntary termination of his employment for any reason. The foregoing discussion assumes that the named executive officers voluntarily terminated his respective employment without good reason. See “—Termination Without Cause or for Good Reason” below for a discussion of potential payments and benefits upon a named executive officer’s voluntary termination of his employment for good reason.

Termination for Cause

All outstanding equity grants constituting options, whether unvested or vested but not yet exercised, under the existing incentive plans would be forfeited by any named executive officer (other than Mr. Maffei in the case of equity grants constituting vested options or similar rights) who is terminated for “cause.” Unless there is a different definition in the applicable award agreement, both the transitional plan (which governs the awards other than the 2014 Options) and the incentive plan define “cause” as insubordination, dishonesty, incompetence, moral turpitude, other misconduct of any kind and the refusal to perform his duties and responsibilities for any reason other than illness or incapacity; *provided that*, if such termination is within 12 months after a change in control (as described below), “cause” means a felony conviction for fraud, misappropriation or embezzlement. With respect to Mr. Maffei’s equity grants, including the 2014 Options, “cause,” as defined in the award agreement, means (i) Mr. Maffei’s willful failure to follow the lawful instructions of the board of directors of our company; (ii) the commission by Mr. Maffei of any fraud, misappropriation or misconduct that causes demonstrable material injury to our company or its subsidiaries; (iii) Mr. Maffei’s conviction of, or plea of guilty or nolo contendere to, a felony; or (iv) Mr. Maffei’s failure to comply in any material respect with any written agreement between him and our company or any of our subsidiaries if such failure causes demonstrable material injury to our company or any of our subsidiaries, except that Mr. Maffei is entitled to certain procedural and cure rights relating to a termination for cause, except in the case of a termination for cause based on a felony conviction. Mr. Maffei has certain continuing rights under his award agreements, including for his 2014 Options, to exercise vested options following a termination for “cause.” See “—Executive Compensation Arrangements.”

Termination Without Cause or for Good Reason

Pursuant to the award agreement for the 2014 Options, Mr. Maffei’s 2014 Options are subject to acceleration upon a termination of his employment without cause or for good reason. See “—Executive Compensation Arrangements—Gregory B. Maffei” above for additional entitlements. Mr. Maffei is not entitled to any severance pay or other benefits upon a termination without cause or for good reason.

Mr. Carleton did not have any unvested equity awards at December 29, 2017, and he is not entitled to any severance pay or other benefits upon a termination without cause.

Death

In the event of death of any of the named executive officers, the incentive plans and applicable award agreements provide for vesting in full of any outstanding options. See “—Executive Compensation Arrangements” above. None of the named executive officers is entitled to any severance pay or other benefits upon a termination due to death.

Disability

If the employment of any of the named executive officers is terminated due to disability, which is defined in the incentive plans or applicable award agreements, such plans or agreements provide for vesting in full of any outstanding options. See “—Executive Compensation Arrangements” above. None of the named executive officers is entitled to any severance pay or other benefits upon a termination due to disability.

Change in Control

In case of a change in control, the incentive plans provide for vesting in full of any outstanding options held by the named executive officers. A change in control is generally defined as:

- The acquisition by a non-exempt person (as defined in the incentive plans) of beneficial ownership of at least 20% of the combined voting power of the then outstanding shares of our company ordinarily having the right to vote in the election of directors, other than pursuant to a transaction approved by our board of directors.
- The individuals constituting our board of directors over any two consecutive years cease to constitute at least a majority of the board, subject to certain exceptions that permit the board to approve new members by approval of at least two-thirds of the remaining directors.
- Any merger, consolidation or binding share exchange that causes the persons who were common stockholders of our company immediately prior thereto to lose their proportionate interest in the common stock or voting power of the successor or to have less than a majority of the combined voting power of the then outstanding shares ordinarily having the right to vote in the election of directors, the sale of substantially all of the assets of the company or the dissolution of the company.

In the case of a change in control described in the last bullet point, our compensation committee may determine not to accelerate the existing equity awards of the named executive officers if equivalent awards will be substituted for the existing awards, except that Mr. Maffei’s awards may also be subject to acceleration upon a change in control, including of the type described in the last bullet point, pursuant to the terms of the award agreement for his 2014 Options. See “—Executive Compensation Arrangements—Gregory B. Maffei” above. For purposes of the tabular presentation below, we have assumed no such determination was made.

Benefits Payable Upon Termination or Change in Control

Name	Voluntary Termination Without Good Reason (\$)	Termination for Cause (\$)	Termination Without Cause or for Good Reason (\$)	Death (\$)	Disability (\$)	After a Change in Control (\$)
Gregory B. Maffei						
Options	45,625,130 ⁽¹⁾	45,625,130 ⁽¹⁾	98,627,425 ⁽²⁾	101,215,130 ⁽³⁾	101,215,130 ⁽³⁾	101,215,130 ⁽³⁾
Total	<u>45,625,130</u>	<u>45,625,130</u>	<u>98,627,425</u>	<u>101,215,130</u>	<u>101,215,130</u>	<u>101,215,130</u>
Mark D. Carleton						
Options	2,867,119 ⁽¹⁾	—	2,867,119 ⁽¹⁾	2,867,119 ⁽¹⁾	2,867,119 ⁽¹⁾	2,867,119 ⁽¹⁾
Total	<u>2,867,119</u>	<u>—</u>	<u>2,867,119</u>	<u>2,867,119</u>	<u>2,867,119</u>	<u>2,867,119</u>

(1) Based on the number of vested options held by each named executive officer as of December 29, 2017. For more information, see the “Outstanding Equity Awards at Fiscal Year-End” table above.

(2) Based on (i) the number of vested options held by Mr. Maffei at December 29, 2017 and (ii) the number of unvested options held by Mr. Maffei at December 29, 2017 that would vest pursuant to the forward-vesting provisions of his award agreements if he were terminated without cause or for good reason as of December 29, 2017. See “—Executive Compensation Arrangements—Gregory B. Maffei” above and the “Outstanding Equity Awards at Fiscal Year-End” table above.

(3) Based on (i) the number of vested options held by Mr. Maffei and (ii) the number of unvested options held by Mr. Maffei, in each case at December 29, 2017. For more information, see the “Outstanding Equity Awards at Fiscal Year-End” table above.

DIRECTOR COMPENSATION

NONEMPLOYEE DIRECTORS

Director Fees

Each of our directors who is not an employee of, or service provider to, our company is paid an annual fee of \$153,000 (which we refer to as the **director fee**) for 2018 (\$150,000 for 2017), of which fee each director was permitted to elect to receive 50%, 75% or 100% of such director fee in RSUs or options to purchase LBRDK, which will vest one year from the date of grant, with the remainder payable in cash. The awards issued to our directors with respect to their service on our board in 2017 were issued in December 2016. See “—Director Option Grants” below for information on the equity awards granted in 2017 to the nonemployee directors with respect to service on our board in 2018. Fees for service on our audit committee, compensation committee and nominating and corporate governance committee are the same for 2017 and 2018, with each member thereof receiving an additional annual fee of \$15,000, \$10,000 and \$10,000, respectively, for his participation on each such committee, except that the chairman of each such committee instead receives an additional annual fee of \$25,000, \$15,000 and \$15,000, respectively, for his participation on that committee. The cash portion of the director fees and the fees for participation on committees are payable quarterly in arrears.

Management of our company requested Mercer to conduct a market study of nonemployee director compensation in December 2017. In preparing the study, Mercer reviewed the nonemployee director compensation paid at companies that compete in the same markets as our company’s operating assets. Also, because of our company’s structure, Mercer reviewed director compensation paid at private equity companies. Mercer reviewed the structure and amounts paid at these companies and made comments regarding the ratio of cash compensation to equity compensation, as well as the total compensation that should be paid. After reviewing the report, the board determined to maintain the current pay structure.

Equity Incentive Plans

As discussed above, awards granted to our nonemployee directors under the incentive plan are currently administered by our full board of directors. Our board of directors has full power and authority to grant eligible persons the awards described below and to determine the terms and conditions under which any awards are made. The incentive plan is designed to provide additional remuneration to our nonemployee directors and independent contractors, among others, and to encourage their investment in our capital stock, thereby increasing their proprietary interest in our business. Our board of directors may grant non-qualified stock options, SARs, restricted shares, restricted stock units, cash awards, performance awards or any combination of the foregoing under the incentive plan.

As described above, in connection with the Broadband Spin-Off, our company’s board of directors adopted the transitional plan, which governs the terms and conditions of awards issued in the Broadband Spin-Off in connection with adjustments made to awards previously granted by Liberty Media with respect to its common stock.

Director Option Grants

Pursuant to our director compensation policy described above and the incentive plan, on December 13, 2017, Messrs. Green and Wargo were each granted options to purchase 6,479 LBRDK shares, and Mr. Welsh was granted options to purchase 3,239 LBRDK shares, at an exercise price equal to \$85.34, which was the closing price of such stock on the grant date. The options will become exercisable on the first anniversary of the grant date, or on such earlier date that the grantee ceases to be a director because of death or disability, and, unless our board determines otherwise, will be terminated without becoming exercisable if the grantee resigns or is removed from the board before the vesting date. Once vested, the options will remain exercisable until the seventh anniversary of the grant date, or, if earlier, until the first business day following the first anniversary of the date the grantee ceases to be a director.

Stock Ownership Guidelines

In March 2016, our board of directors adopted stock ownership guidelines that require each nonemployee director (other than Mr. Malone) to own shares of our company's stock equal to at least 1.5 times the value of the nonemployee director fee. Nonemployee directors will have five years from the later of (i) the effective date of the guidelines and (ii) the nonemployee director's initial appointment to our board to comply with these guidelines.

DIRECTOR COMPENSATION TABLE

Name ⁽¹⁾	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) ⁽²⁾	Option Awards (\$) ⁽²⁾⁽³⁾	All Other Compensation (\$)	Total (\$)
John C. Malone	—	—	—	—	—
Richard R. Green	115,000	—	146,966	150	262,116
J. David Wargo	40,000	—	146,966	—	186,966
John E. Welsh III	120,000	—	73,472	18,727 ⁽⁴⁾	212,199

(1) John C. Malone, the Chairman of the Board of our company, received no compensation for serving as a director of our company during 2017. Gregory B. Maffei, who served as a director of our company in 2017 and is currently a named executive officer, received no compensation for serving as a director of our company during 2017.

(2) As of December 31, 2017, our directors (other than Mr. Maffei, whose equity awards are listed in "Outstanding Equity Awards at Fiscal Year-End" above) held the following equity awards:

	John C. Malone	Richard R. Green	J. David Wargo	John E. Welsh III
Options (#)				
LBRDA	—	—	—	—
LBRDK	—	21,707	25,102	14,757
RSUs (#)				
LBRDA	—	—	—	—
LBRDK	—	—	—	—

(3) The aggregate grant date fair value of the stock option awards has been computed in accordance with FASB ASC Topic 718, but (pursuant to SEC regulations) without reduction for estimated forfeitures. For a description of the assumptions applied in these calculations, see Note 9 to our consolidated financial statements for the year ended December 31, 2017 (which are included in our 2017 Form 10-K).

(4) Includes health insurance premiums of \$18,577 paid by our company for the benefit of John E. Welsh III.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information as of December 31, 2017 with respect to shares of our common stock authorized for issuance under our equity compensation plans.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
<i>Equity compensation plans approved by security holders:</i>			
Liberty Broadband Corporation 2014 Omnibus Incentive Plan (Amended and Restated as of March 11, 2015), as amended			6,744,172 ⁽¹⁾
LBRDA	—	—	
LBRDB	—	—	
LBRDK	1,561,566	\$48.79	
<i>Equity compensation plans not approved by security holders:</i>			
Liberty Broadband Corporation Transitional Stock Adjustment Plan⁽²⁾			— ⁽²⁾
LBRDA	404,500	\$33.16	
LBRDB	—	—	
LBRDK	826,413	\$33.09	
Total			
LBRDA	404,500		
LBRDB	—		
LBRDK	2,387,979		
			<u>6,744,172</u>

(1) Liberty Broadband Corporation 2014 Omnibus Incentive Plan (Amended and Restated as of March 11, 2015), as amended, permits grants of, or with respect to, shares of any series of our common stock, subject to a single aggregate limit.

(2) The transitional plan was previously approved by our board of directors and our former parent company, Liberty Media, as sole stockholder, in connection with the Broadband Spin-Off. The transitional plan governs the terms and conditions of awards with respect to our company's common stock that were granted in connection with adjustments made to awards granted by Liberty Media with respect to its common stock. As a result, no further grants are permitted under this plan.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Under our Code of Business Conduct and Ethics and Corporate Governance Guidelines, if a director or executive officer has an actual or potential conflict of interest (which includes being a party to a proposed “related party transaction” (as defined by Item 404 of Regulation S-K)), the director or executive officer should promptly inform the person designated by our board to address such actual or potential conflicts. No related party transaction may be effected by our company without the approval of the audit committee of our board or another independent body of our board designated to address such actual or potential conflicts.

STOCKHOLDER PROPOSALS

This proxy statement relates to our annual meeting of stockholders for the calendar year 2018 which will take place on May 24, 2018. Based solely on the date of our 2018 annual meeting and the date of this proxy statement, (i) a stockholder proposal must be submitted in writing to our Corporate Secretary and received at our executive offices at 12300 Liberty Boulevard, Englewood, Colorado 80112, by the close of business on December 24, 2018 in order to be eligible for inclusion in our proxy materials for the annual meeting of stockholders for the calendar year 2019 (the **2019 annual meeting**), and (ii) a stockholder proposal, or any nomination by stockholders of a person or persons for election to the board of directors, must be received at our executive offices at the foregoing address not earlier than February 22, 2019 and not later than March 25, 2019 to be considered for presentation at the 2019 annual meeting. We currently anticipate that the 2019 annual meeting will be held during the second quarter of 2019. If the 2019 annual meeting takes place more than 30 days before or 30 days after May 24, 2019 (the anniversary of the 2018 annual meeting), a stockholder proposal, or any nomination by stockholders of a person or persons for election to the board of directors, will instead be required to be received at our executive offices at the foregoing address not later than the close of business on the tenth day following the first day on which notice of the date of the 2019 annual meeting is communicated to stockholders or public disclosure of the date of the 2019 annual meeting is made, whichever occurs first, in order to be considered for presentation at the 2019 annual meeting.

All stockholder proposals for inclusion in our proxy materials will be subject to the requirements of the proxy rules adopted under the Exchange Act, our charter and bylaws and Delaware law.

ADDITIONAL INFORMATION

We file periodic reports, proxy materials and other information with the SEC. You may read and copy any document that we file at the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at (800) SEC-0330. You may also inspect such filings on the Internet website maintained by the SEC at www.sec.gov. Additional information can also be found on our website at www.libertybroadband.com. (Information contained on any website referenced in this proxy statement is not incorporated by reference in this proxy statement.) **If you would like to receive a copy of our 2017 Form 10-K, or any of the exhibits listed therein, please call or submit a request in writing to Investor Relations, Liberty Broadband Corporation, 12300 Liberty Boulevard, Englewood, Colorado 80112, Tel. No. (844) 826-8735, and we will provide you with the 2017 Form 10-K without charge, or any of the exhibits listed therein upon the payment of a nominal fee (which fee will be limited to the expenses we incur in providing you with the requested exhibits).**

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FORWARD LOOKING STATEMENTS

Certain statements in this Annual Report constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our business, product and marketing strategies; new service and product offerings; the recoverability of our goodwill and other long-lived assets; the performance of our equity affiliate; our projected sources and uses of cash; and the anticipated non-material impact of certain contingent liabilities related to legal and tax proceedings and other matters arising in the ordinary course of business. In particular, statements under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Quantitative and Qualitative Disclosures About Market Risk” contain forward-looking statements. Forward-looking statements inherently involve many risks and uncertainties that could cause actual results to differ materially from those projected in these statements. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but such statements necessarily involve risks and uncertainties and there can be no assurance that the expectation or belief will result or be achieved or accomplished. The following include some but not all of the factors that could cause actual results or events to differ materially from those anticipated:

- The ability of Charter Communications, Inc. (“Charter”) to efficiently and effectively integrate acquired operations;
- Charter’s ability to sustain and grow revenue and cash flow from operations by offering video, Internet, voice, mobile, advertising and other services to residential and commercial customers, to adequately meet the customer experience demands in its markets and to maintain and grow its customer base, particularly in the face of increasingly aggressive competition, the need for innovation and the related capital expenditures;
- the impact of competition from other market participants, including but not limited to incumbent telephone companies, direct broadcast satellite operators, wireless broadband and telephone providers, digital subscriber line (“DSL”) providers, fiber to the home providers, video provided over the Internet by (i) market participants that have not historically competed in the multichannel video business, (ii) traditional multichannel video distributors and (iii) content providers that have historically licensed cable networks to multichannel video distributors, and providers of advertising over the Internet;
- general business conditions, economic uncertainty or downturn, unemployment levels and the level of activity in the housing sector;
- Charter’s ability to obtain programming at reasonable prices or to raise prices to offset, in whole or in part, the effects of higher programming costs (including retransmission consents);
- Charter’s ability to develop and deploy new products and technologies, including mobile products, cloud-based user interface, Spectrum Guide®, downloadable security for set top boxes, and any other cloud-based consumer services and service platforms;
- failure to protect the security of personal information about the customers of our operating subsidiary and equity affiliate, subjecting us to costly government enforcement actions or private litigation and reputational damage;
- changes in, or failure or inability to comply with, government regulations, including, without limitation, regulations of the Federal Communications Commission, and adverse outcomes from regulatory proceedings;
- the effects of governmental regulation on the business of our equity affiliate and our operating subsidiary, including costs, disruptions and possible limitations on Charter’s operating flexibility related to, and its ability to comply with, regulatory conditions applicable to Charter as a result of the Time Warner Cable merger and the Bright House transactions (the “Transactions”);
- any events that disrupt Charter’s or Skyhook’s networks, information systems or properties and impair their operating activities or negatively impact either company’s reputation;
- the ability of suppliers and vendors to deliver products, equipment, software and services;
- the outcome of any pending or threatened litigation;
- the ability to retain and hire key personnel;
- changes in the nature of key strategic relationships with partners, vendors and joint venturers;

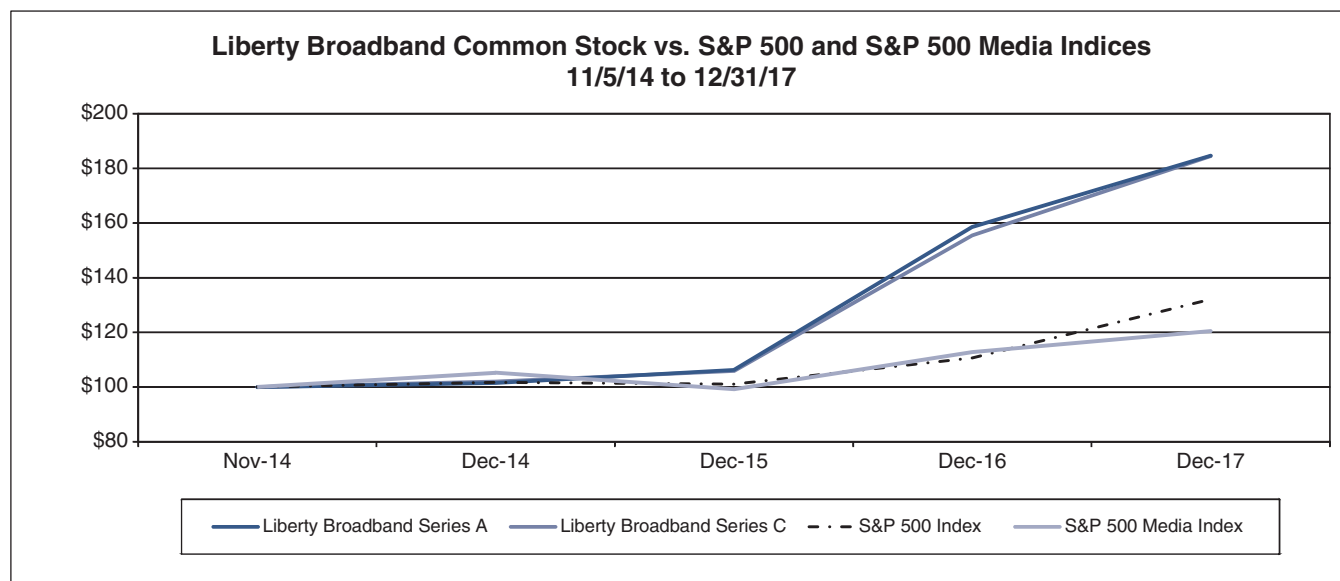
- the availability and access, in general, of funds to meet debt obligations prior to or when they become due and to fund operations and necessary capital expenditures, either through (i) cash on hand, (ii) free cash flow, or (iii) access to the capital or credit markets;
- the ability of Charter and our company to comply with all covenants in their and our respective debt instruments, any violation of which, if not cured in a timely manner, could trigger a default of other obligations under cross-default provisions; and
- our ability to successfully monetize certain of our assets.

These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Annual Report, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based. When considering such forward-looking statements, you should keep in mind any risk factors identified and other cautionary statements contained in this Annual Report and in our publicly filed documents, including our most recent Forms 10-K and 10-Q. Such risk factors and statements describe circumstances which could cause actual results to differ materially from those contained in any forward-looking statement.

This Annual Report includes information concerning Charter, a public company that files reports and other information with the SEC in accordance with the Securities Exchange Act of 1934, as amended. Information contained in this Annual Report concerning Charter has been derived from the reports and other information filed by it with the SEC. If you would like further information about Charter, the reports and other information it files with the SEC can be accessed on the Internet website maintained by the SEC at www.sec.gov. Those reports and other information are not incorporated by reference in this Annual Report.

STOCK PERFORMANCE

The following graph compares the percentage change in the cumulative total stockholder return on an investment in Liberty Broadband Series A and Series C common stock from November 5, 2014 (the day Liberty Broadband began trading “regular-way” following its spin-off from Liberty Media Corporation) through December 31, 2017, in comparison to the S&P 500 Index and S&P 500 Media Index. Liberty Broadband performance includes the impact of the rights offering completed in January 2015.



	11/5/2014	12/31/2014	12/31/2015	12/31/2016	12/31/2017
Liberty Broadband Series A	\$100.00	\$102.03	\$105.89	\$155.45	\$184.51
Liberty Broadband Series C	\$100.00	\$101.48	\$106.28	\$158.58	\$184.69
S&P 500 Index	\$100.00	\$101.75	\$101.01	\$110.64	\$132.12
S&P 500 Media Index	\$100.00	\$105.26	\$ 99.23	\$112.80	\$120.50

FINANCIAL INFORMATION

Market for Registrant's Common Equity and Related Stockholder Matters of Equity Securities.

Market Information

Our Series A and Series C common stock trade on the Nasdaq Global Select Market under the symbols “LBRDA” and “LBRDK,” respectively. Our Series B common stock is eligible for quotation on the OTC Markets under the symbol “LBRDB”, but it is not actively traded. The following table sets forth the quarterly range of high and low sales prices of shares of each series of our common stock for the years ended December 31, 2017 and 2016. With respect to our Series B common stock, this information represents inter-dealer prices without dealer mark-ups, mark-downs or commissions, and may not be indicative of the value of the common stock or the existence of an active market.

	Liberty Broadband Corporation					
	Series A (LBRDA)		Series B (LBRDB)		Series C (LBRDK)	
	High	Low	High	Low	High	Low
<u>2016</u>						
First quarter	\$ 58.82	42.03	52.81	41.00	58.50	41.30
Second quarter	\$ 60.27	54.53	52.81	52.81	60.46	54.45
Third quarter	\$ 71.77	58.96	67.97	61.11	72.94	59.59
Fourth quarter	\$ 73.90	61.69	76.25	63.97	75.67	63.64
<u>2017</u>						
First quarter	\$ 87.47	70.45	83.96	75.75	88.12	72.00
Second quarter	\$ 91.16	80.46	91.71	82.43	92.40	81.77
Third quarter	\$ 104.35	82.24	104.19	86.14	104.66	84.29
Fourth quarter	\$ 97.45	80.39	96.64	83.90	98.51	80.41

Holders

As of January 31, 2018, there were 826, 62 and 1,077 holders of our Series A, Series B and Series C common stock, respectively. The foregoing numbers of record holders do not include the number of stockholders whose shares are held nominally by banks, brokerage houses or other institutions, but include each such institution as one shareholder.

Dividends

We have not paid any cash dividends on our common stock, and we have no present intention of so doing. Payment of cash dividends, if any, in the future will be determined by our board of directors in light of our earnings, financial condition and other relevant considerations.

Securities Authorized for Issuance Under Equity Compensation Plans

Information required by this item is incorporated by reference to our definitive proxy statement for our 2018 Annual Meeting of stockholders.

Purchases of Equity Securities by the Issuer

There were no repurchases of Liberty Broadband Series A, B or C common stock during the period. However, the Company elected physical settlement of 527,156 shares of Liberty Broadband Series C common stock at a price of \$90.54 per share to settle a zero-strike call option contract in December 2017. During the three months ended December 31, 2017, no shares of Liberty Broadband common stock were surrendered by certain of our officers and employees to pay withholding taxes and other deductions in connection with the vesting of their restricted stock.

Selected Financial Data.

The following tables present selected historical information relating to our financial condition and results of operations for the past five years. The following data should be read in conjunction with our consolidated financial statements.

	December 31,				
	2017	2016	2015	2014	2013
<i>Summary Balance Sheet Data:</i>					
	amounts in thousands				
Cash and cash equivalents	\$ 81,257	205,728	655,079	44,809	9,251
Investments in available for sale securities (1) . . .	\$ —	—	439,560	360,762	326,700
Investment in affiliates, accounted for using the equity method (1)	\$ 11,835,613	9,315,253	2,372,699	2,498,804	2,402,024
Net deferred income tax assets	\$ —	—	55,368	30,822	—
Total assets	\$ 11,931,789	9,590,960	3,565,741	3,003,471	2,891,781
Long-term debt	\$ 497,370	198,512	399,703	371,539	—
Net deferred income tax liabilities (2)	\$ 932,593	504,644	—	—	6,740
Total equity (3)	\$ 10,486,901	8,473,092	3,148,219	2,494,769	2,779,194
<i>Summary Statement of Operations Data:</i>					
	Years Ended December 31,				
	2017	2016	2015	2014	2013
	amounts in thousands, except per share amounts				
Revenue	\$ 13,092	30,586	91,182	69,045	77,363
Operating income (loss)	\$ (25,478)	(21,160)	58,955	(42,974)	(88)
Share of earnings (losses) of affiliate (1)(4)	\$ 2,508,991	641,544	(120,962)	(127,573)	(76,090)
Gain (loss) on dilution of investment in affiliate (1)	\$ (17,872)	770,766	(7,198)	(87,158)	(92,933)
Realized and unrealized gains (losses) on financial instruments	\$ 3,098	94,122	2,619	51,189	97,860
Net earnings (loss) attributable to Liberty Broadband shareholders	\$ 2,033,667	917,303	(50,187)	(134,605)	(41,728)
Basic earnings (loss) per common share (5)	\$ 11.19	6.03	(0.49)	(1.52)	(0.47)
Diluted earnings (loss) per common share (5) . . .	\$ 11.10	6.00	(0.49)	(1.52)	(0.47)

- (1) As discussed in note 5 to the accompanying consolidated financial statements, on May 18, 2016 Time Warner Cable merged with Charter, causing a significant increase in Share of earnings (losses) of affiliate and gain on dilution of investment in affiliate in 2016. As a result of the merger transaction, Time Warner Cable is no longer accounted for as an available for sale security as of December 31, 2016.
- (2) The increase in deferred tax liabilities is due to recognition of deferred tax liabilities at the closing of the transactions, further increased in 2016 and 2017 by share of earnings in the equity investment in Charter.
- (3) As discussed in note 8 to the accompanying consolidated financial statements, in connection with the Time Warner Cable Merger, in May 2016, Liberty Broadband funded its purchase of Charter Class A common stock using proceeds of \$4.4 billion related to subscriptions for approximately 78.3 million newly issued shares of Liberty Broadband Series C common stock.
- (4) Share of earnings (losses) of affiliate increased in 2016 due primarily to Charter releasing approximately \$3.3 billion of its preexisting valuation allowance, which was recognized directly to income tax benefit for the year ended December 31, 2016. Additionally, Charter recognized \$9.1 billion of income tax benefit, as a result of the enactment of the Tax Cuts and Jobs Act (the "Tax Act") in 2017. See further discussion in Management's Discussion and Analysis of Financial Condition and Results of Operations regarding the tax reform implications.
- (5) We issued 85,761,332 common shares, which is the aggregate number of shares of Series A, Series B and Series C common stock outstanding upon the completion of the Broadband Spin-Off on November 4, 2014. Additionally, Liberty Broadband distributed subscription rights, which were priced at a discount to the market value, to all holders of Liberty Broadband common stock as of the rights record date. Because of the discount, the rights offering is considered a stock dividend which requires retroactive treatment for prior periods for the weighted average shares outstanding based on a factor determined by

the fair value per share immediately prior to the rights exercise and the theoretical fair value after the rights exercise. The number of shares issued upon completion of the Broadband Spin-Off, adjusted for the rights factor, was used to determine both basic and diluted earnings (loss) per share ("EPS") for the years ended December 31, 2013 and 2012 and for the period from January 1, 2014 through the date of the Broadband Spin-Off, as no Company equity awards were outstanding prior to the Broadband Spin-Off. Basic EPS subsequent to the Broadband Spin-Off was computed using the weighted average number of shares outstanding ("WASO"), adjusted for the rights factor, from the date of the completion of the Broadband Spin-Off through January 9, 2015, the date on which the rights offering was fully subscribed. Diluted EPS subsequent to the Broadband Spin-Off was computed using the WASO from the date of the completion of the Broadband Spin-Off through January 9, 2015, adjusted for the rights factor and potentially dilutive equity awards outstanding during the same period. Subsequent to January 9, 2015, basic EPS was computed using the WASO during the period, and diluted EPS was computed using the WASO adjusted for potentially dilutive equity awards outstanding during the period.

Management's Discussion and Analysis of Financial Condition 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. Additionally, see note 3 in the accompanying consolidated financial statements for an overview of new accounting standards that we have adopted or that we plan to adopt that have had or may have an impact on our financial statements.

Overview

During May 2014, the board of directors of Liberty Media Corporation and its subsidiaries (“Liberty”) authorized management to pursue a plan to spin-off to its stockholders common stock of a wholly-owned subsidiary, Liberty Broadband Corporation (“Liberty Broadband”), and to distribute subscription rights to acquire shares of Liberty Broadband’s common stock (the “Broadband Spin-Off”). At the time of the Broadband Spin-Off, Liberty Broadband was comprised of, (i) Liberty’s former interest in Charter Communications, Inc. (“Legacy Charter”), (ii) Liberty’s former wholly-owned subsidiary TruePosition, Inc. (“TruePosition”), (iii) Liberty’s former minority equity investment in Time Warner Cable, Inc. (“Time Warner Cable”, “TWC”, “Legacy Time Warner Cable” or “Legacy TWC”), (iv) certain deferred tax liabilities, as well as liabilities related to the Time Warner Cable written call options and (v) initial indebtedness, pursuant to margin loans entered into prior to the completion of the Broadband Spin-Off. The Broadband Spin-Off was accounted for at historical cost due to the pro rata nature of the distribution to holders of Liberty common stock.

In the Broadband Spin-Off, record holders of Liberty Series A, Series B and Series C common stock received one-fourth of a share of the corresponding series of Liberty Broadband common stock for each share of Liberty common stock held by them, with cash paid in lieu of fractional shares. In addition, following the completion of the Broadband Spin-Off, on December 10, 2014, stockholders received a subscription right to acquire one share of Series C Liberty Broadband common stock for every five shares of Liberty Broadband common stock they held at a per share subscription price of \$40.36, which was a 20% discount to the 20-trading day volume weighted average trading price of the Series C Liberty Broadband common stock following the completion of the Broadband Spin-Off. The rights offering was fully subscribed on January 9, 2015, with 17,277,224 shares of Series C common stock issued to those rightsholders exercising basic and, as applicable, oversubscription privileges. The subscription rights were issued to raise capital for general corporate purposes of Liberty Broadband. The Broadband Spin-Off and rights offering were intended to be tax-free to stockholders of Liberty. During September 2015, Liberty entered into a closing agreement with the IRS which provided that the Broadband Spin-Off qualified for tax-free treatment.

On May 18, 2016, Time Warner Cable merged with Legacy Charter (the “Time Warner Cable Merger”). In connection with the Time Warner Cable Merger, Legacy Charter underwent a corporate reorganization, resulting in CCH I, LLC, a former subsidiary of Legacy Charter (“Charter”), becoming the new publicly traded parent company. Also on May 18, 2016, the previously announced acquisition of Bright House Networks, LLC (“Bright House” or “Legacy Bright House”) from Advance/Newhouse Partnership (“A/N”) by Charter (the “Bright House Transaction”) was completed. In connection with the Time Warner Cable Merger and Bright House Transaction, Liberty Broadband entered into certain agreements with Legacy Charter, Charter, Liberty Interactive Corporation (“Liberty Interactive”) and Time Warner Cable. In connection with the Time Warner Cable Merger and Bright House Transaction (collectively, the “Transactions”), Liberty Broadband exchanged its shares of Time Warner Cable for shares of Charter and purchased additional shares of Charter. As a result, and pursuant to proxy agreements entered into with Liberty Interactive and A/N, Liberty Broadband controls 25.01% of the aggregate voting power of Charter. In addition, in connection with the Time Warner Cable Merger, Liberty Broadband funded its purchase of shares of Charter Class A common stock using proceeds of \$4.4 billion related to subscriptions for approximately 78.3 million newly issued shares of Liberty Broadband Series C common stock.

The financial information represents a combination of the historical financial information of Skyhook, Liberty Broadband’s interest in Charter, Liberty’s former minority equity investment in Time Warner Cable and certain deferred tax liabilities. This financial information refers to the combination of the aforementioned subsidiary, investments, and financial instruments, as “Liberty Broadband,” “the Company,” “us,” “we” and “our” here and in the notes to the consolidated financial statements, except as the context otherwise requires.

Strategies and Challenges

Executive Summary

Skyhook Holding, Inc. (formerly known as “TruePosition”) markets and sells two primary products: (1) a location determination service called the Precision Location Solution; and (2) a location intelligence and data insights service called Geospatial Insights. Skyhook’s revenue is derived from the sale and integration of its Precision Location Solution (including the licensing of software and data components that make up that solution) and the licensing of Geospatial Insights data. In addition, Skyhook earns revenue through entering into licensing agreements with companies to utilize its underlying intellectual property (including patents).

Charter is the second largest cable operator in the United States and a leading broadband communications services company providing video, Internet and voice services to approximately 27.2 million residential and business customers at December 31, 2017. In addition, Charter sells video and online advertising inventory to local, regional and national advertising customers and fiber-delivered communications and managed information technology (“IT”) solutions to large enterprise customers. Charter also owns and operates regional sports networks and local sports, news and community channels and sells security and home management services in the residential marketplace. Liberty acquired its interest in Charter on May 1, 2013. At December 31, 2017, Liberty Broadband owned approximately 54.1 million shares of Charter Class A common stock, representing an approximate 22.7% economic ownership interest in the issued and outstanding shares. Upon the closing of the Time Warner Cable Merger, the Second Amended and Restated Stockholders Agreement, dated as of May 23, 2015, by and among Legacy Charter, Charter, Liberty Broadband and A/N, as amended (the “Stockholders Agreement”), became fully effective. Under the Stockholders Agreement, we have the right to designate three directors to the Charter board of directors, subject to certain exclusions and requirements. Charter has agreed to cause the appointment of at least one of our designees to serve on the nominating and corporate governance, finance, audit and compensation and benefits committees of the board, provided they meet the independence and other qualifications for membership on those committees.

Key Drivers of Revenue

Skyhook earns revenue from the sale and integration of its Precision Location Solution (including the licensing of software and data components that make up that solution) and the licensing of Geospatial Insights data. In addition, Skyhook earns revenue from licensing its intellectual property (including patents) to other enterprises. Prior to 2016, Skyhook also earned significant revenue from the sale of hardware and the licensing of its U-TDOA Service, and from professional and support services related thereto.

Charter’s revenue is principally derived from the monthly fees customers pay for the residential and commercial video, Internet and voice services provided. Charter also earns revenue from one-time installation fees and advertising sales. Charter’s marketing organization creates and executes marketing programs intended to grow customer relationships, increase the number of services they sell per relationship, retain existing customers and cross-sell additional products to current customers.

Current Trends Affecting Our Business

Skyhook’s location determination services compete against (1) other satellite and terrestrial based location technology offerings, such as GPS; (2) other providers of Wi-Fi and cell-based positioning, such as Google, Inc. (“Google”) and HERE, a former subsidiary of Nokia; and (3) other in-house developed location solutions. In the smartphone location provider market, because Apple and Google control a large percentage of the market share for smartphone operating systems and both offer location provider services free as part of the iOS and Android markets, Skyhook is constrained in the distribution and monetization of the Precision Location Solution in that market. There are also a number of new location technologies in development which may further increase competition to be a location solution for new devices (including Internet of Things devices and wearable) and which may require Skyhook to meet more stringent accuracy standards. In addition, Skyhook’s context services compete against other geofencing and location data offerings from other niche location companies.

Charter faces intense competition for residential customers, both from existing competitors and, as a result of the rapid development of new technologies, services and products, from new entrants. With respect to its residential business, Charter competes with other providers of video, high-speed Internet access, telephone services, and other sources of home entertainment. Specifically, newer categories of competitors include virtual multichannel video programming distributors such as DirecTV

NOW, Sling TV, Playstation Vue, YouTube TV and Hulu Live. In the broadband communications industry, Charter's principal competitors for video services are DBS service providers and telephone companies that offer video services. Charter's principal competitors for high-speed Internet services are the broadband services provided by telephone companies, including both traditional DSL, fiber-to-the-node, and fiber-to-the-home offerings. A growing number of commercial areas, such as retail malls, restaurants and airports, offer Wi-Fi Internet service. Numerous local governments are also considering or actively pursuing publicly subsidized Wi-Fi Internet access networks. These options offer alternatives to cable-based Internet access. Charter's principal competitors for telephone services are established telephone companies, other telephone service providers, and other carriers, including VoIP providers. The increase in the number of different technologies capable of carrying voice services and the number of alternative communication options available to customers as well as the replacement of wireline services by wireless have intensified the competitive environment in which Charter operates its residential voice service.

Skyhook and Charter must stay abreast of rapidly evolving technological developments and offerings to remain competitive and increase the utility of their products and services. These companies must be able to incorporate new technologies into their products and services in order to address the needs of their customers.

Results of Operations—Consolidated

Consolidated operating results:

	Years ended December 31,		
	2017	2016	2015
	amounts in thousands		
Revenue	\$ 13,092	30,586	91,182
Operating expenses, excluding stock-based compensation			
Operating expense	2,584	2,798	6,089
Research and development	7,973	10,082	16,637
Selling, general and administrative	18,951	29,148	36,814
Stock-based compensation	5,292	5,713	6,380
Depreciation and amortization	3,770	4,005	6,088
Net gain on legal settlement	—	—	(60,450)
Impairment of intangible assets	—	—	20,669
Operating income (loss)	<u>\$ (25,478)</u>	<u>(21,160)</u>	<u>58,955</u>
Less impact of stock-based compensation, net gain on legal settlement, depreciation and amortization, and impairment of intangible assets	9,062	9,718	(27,313)
Adjusted OIBDA	<u>\$ (16,416)</u>	<u>(11,442)</u>	<u>31,642</u>

Revenue

Revenue decreased \$17.5 million and \$60.6 million for the years ended December 31, 2017 and 2016, respectively, as compared to the corresponding prior year periods. The decrease in revenue in 2017 was attributable to the fact that Skyhook entered into a patent license in 2016 pursuant to which Skyhook agreed to grant to the licensee a perpetual, non-exclusive, non-transferable, worldwide license to patents and patent applications for a one-time payment of \$17.5 million, and no comparable license was entered in 2017.

The decrease in revenue in 2016 was due to the loss of Skyhook's largest legacy U-TDOA Service customer whose contract expired on December 31, 2015. This customer accounted for approximately 85% of Skyhook's revenue during 2015. The decrease in revenue in 2016 resulting from the lost customer was partially offset by the new license agreement entered into during 2016 discussed above. Apart from the one-time revenue received from the license agreement in 2016, and excluding the recognition of \$35.5 million of deferred revenue in 2015 upon the expiration of the aforementioned contract with Skyhook's largest legacy U-TDOA Service customer on December 31, 2015, revenue from Skyhook's operations decreased by approximately \$42.6 million during 2016.

Operating, research and development, and selling, general and administrative expenses

Operating, research and development, and selling, general and administrative expenses, decreased collectively by \$12.5 million and \$17.5 million for December 31, 2017 and 2016, respectively, as compared to the corresponding prior year periods. The decrease in 2017 was due to headcount reductions and other cost containment measures taken by Skyhook upon combining the operations of its businesses, coupled with reduced legal expenses at both Skyhook and corporate. The decrease in 2016 was due to headcount reductions and other cost containment measures taken by Skyhook in 2016 and 2015, upon combining the operations of its businesses, coupled with lower legal expenses, and lower corporate selling general and administrative expenses during the year. Legal expenses decreased \$3.2 million and \$3.8 million in the years ended December 31, 2017 and 2016, respectively, as compared to the corresponding prior years. The decrease in legal expenses during 2017 is due to a decrease in activity associated with license sales, as well as a significant decrease in legal expenses related to the Time Warner Cable Merger in 2016. The decrease in legal expenses during 2016 is a result of the settlement of Skyhook's patent infringement lawsuit during the first quarter of 2015, lower costs to maintain the patent portfolio and the resolution of various other legal matters, offset by legal costs associated with the license agreement entered into by Skyhook and corporate legal expenses related to the Time Warner Cable Merger. Additionally, lobbying costs of \$431 thousand related to indoor accuracy regulations were incurred during the year ended December 31, 2015. Lobbying costs decreased significantly after the first quarter of 2015 based upon rulemaking timelines, and no lobbying costs were incurred during 2016 or 2017.

Stock-based compensation

Stock-based compensation expense decreased \$421 thousand and \$667 thousand for the years ended December 31, 2017 and 2016, respectively, as compared to the same periods in the prior year. The decrease in 2017 is due to a decrease in the fair value of outstanding awards under Skyhook's long-term incentive plans as of December 31, 2017 as compared to December 31, 2016, coupled with adjustments made to certain outstanding awards in 2016 that increased their fair value, partially offset by additional grants of awards and the ongoing vesting of outstanding grants. The decrease in 2016 is due to a decrease in the number of vested outstanding awards as a result of headcount reductions coupled with a reduction in the fair value of the awards. This decrease was partially offset by an increase in stock-based compensation due to the vesting of options to purchase shares of Liberty Broadband Series C common stock granted during 2014, 2015 and 2016.

Depreciation and amortization

Depreciation and amortization decreased \$235 thousand and \$2.1 million for the years ended December 31, 2017 and 2016, respectively, as compared to the corresponding prior year periods. The decrease in depreciation and amortization expense during 2017 and 2016 is due to a decrease in the general depreciable asset base as assets have become fully depreciated coupled with the write-off of fixed assets during the first quarter of 2015.

Net gain on legal settlement

On September 10, 2010, Skyhook filed a patent infringement lawsuit in the U.S. District Court for the District of Massachusetts against Google. In March 2013, Skyhook amended its lawsuit to add additional claims. The case had been scheduled to be tried before a jury commencing March 9, 2015, with Skyhook alleging at that time that Google infringed on eight Skyhook patents involving location technology and seeking an injunction and/or award of damages in an amount to be determined at trial. However, on March 5, 2015, the parties advised the District Court that the case had been settled and thereby dismissed the action without costs and without prejudice to the right, upon good cause shown within 45 days, to reopen the action if settlement was not consummated. On March 27, 2015, the parties consummated a final settlement agreement and on April 24, 2015, Google paid Skyhook settlement consideration of \$90 million. In return for payment of the settlement consideration, Google received dismissal of the action with prejudice, a license to the existing Skyhook patents and patent applications (and their continuations, divisionals, continuations-in-part), a three-year covenant not to sue (subject to limited exceptions) and a mutual release of claims. As a result of the settlement, Skyhook realized a net gain, after legal fees, of approximately \$60.5 million during the first quarter of 2015.

Impairment of intangible assets

During September 2015, Skyhook's largest customer (AT&T) gave notice that it did not intend to renew its contract related to Skyhook's legacy U-TDOA Service, which expired on December 31, 2015. The Company believed that the receipt of

the notification represented a significant change in circumstances since we last performed our annual goodwill impairment test. Accordingly, we performed a goodwill impairment test upon receipt of the notification. At that time, the estimated fair value of the reporting unit was primarily determined based on the cash and cash equivalents held by the reporting unit, and when compared to its carrying value, it was concluded that a goodwill impairment did not exist. The carrying value of Skyhook included a \$35.5 million deferred revenue liability related to the contract with AT&T. Upon expiration of the contract on December 31, 2015, the deferred revenue was recognized, as all contractual obligations were satisfied at that time. The recognition of this deferred revenue liability increased the reporting unit carrying value. As a result, the Company determined the fair value of Skyhook. As the reporting unit's carrying value now exceeded the fair value, we performed a Step 2 impairment test and recorded a \$20.7 million impairment loss related to Skyhook's goodwill during December 2015.

Operating Income (Loss)

Operating income (loss) declined \$4.3 million and \$80.1 million for the years ended December 31, 2017 and 2016, respectively, as compared to the corresponding prior year periods, due to the items discussed above.

Adjusted OIBDA

We define Adjusted OIBDA as revenue less operating expenses and selling, general and administrative expenses (excluding stock compensation). Our 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. We believe this is an important indicator of the operational strength and performance of our businesses, including each business's ability to service debt and fund capital expenditures. In addition, this measure allows us to view operating results, perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. This measure of performance excludes such costs as depreciation and amortization, stock-based compensation, separately reported litigation settlements and restructuring and impairment charges that are included in the measurement of operating income pursuant to Generally Accepted Accounting Principles in the United States ("GAAP"). 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 GAAP. See note 12 to the accompanying consolidated financial statements for a reconciliation of Adjusted OIBDA to Operating income and Earnings (loss) from continuing operations before income taxes.

Adjusted OIBDA declined \$5.0 million and \$43.1 million in the years ended December 31, 2017 and 2016, respectively, as compared to the corresponding prior year periods. Adjusted OIBDA for the years ended December 31, 2017, 2016 and 2015 included \$6.9 million, \$8.7 million, and \$11.9 million of corporate selling, general and administrative expenses, respectively. The decrease in Adjusted OIBDA for the year ended December 31, 2017 is due to the \$17.5 million decrease in revenue, discussed above, partially offset by a \$3.2 million decline in legal expenses and a \$9.3 million improvement in operating, research and development, and selling, general and administrative expenses during the year (discussed above). The decrease in Adjusted OIBDA for the year ended December 31, 2016 is due to the \$60.6 million decrease in revenue, discussed above, partially offset by a \$3.8 million decline in legal expenses during the year (discussed above) and a \$13.7 million improvement in operating, research and development, and selling, general and administrative expenses during the year (discussed above).

Other Income and Expense:

Components of Other Income (Expense) are presented in the table below.

	Years ended December 31,		
	2017	2016	2015
	amounts in thousands		
Other income (expense):			
Interest expense.....	\$ (19,570)	(14,956)	(7,424)
Dividend and interest income	1,449	5,020	3,797
Share of earnings (losses) of affiliate	2,508,991	641,544	(120,962)
Gain (loss) on dilution of investment in affiliate	(17,872)	770,766	(7,198)
Realized and unrealized gains (losses) on financial instruments, net	3,098	94,122	2,619
Other, net.....	(18)	336	158
	<u>\$ 2,476,078</u>	<u>1,496,832</u>	<u>(129,010)</u>

Interest expense

Interest expense increased \$4.6 million and \$7.5 million during the years ended December 31, 2017 and 2016, respectively. The increase in 2017 was primarily due to an increase in LIBOR during 2017 as compared to the prior year. The increase in 2016 is attributable to additional amounts outstanding on the two margin loan agreements entered into by our wholly owned subsidiary (the “2016 Margin Loan Agreements”) during 2016 as compared to the prior year. See note 6 in the accompanying consolidated financial statements for additional information on our margin loan agreements.

Dividend and interest income

Dividend and interest income decreased \$3.6 million and increased \$1.2 million for each of the years ended December 31, 2017 and 2016, respectively, as compared to the corresponding prior year periods. The decrease in 2017 was the result of a loss of dividend income previously received from Time Warner Cable, following the Time Warner Cable Merger during May 2016. The increase in 2016 was the result of increased interest income due to a higher cash and short-term marketable securities balance during the first and second quarters of 2016, with an increase in interest rates during the entire year in 2016, partially offset by a loss of dividend income due to the Time Warner Cable Merger during May 2016.

Share of earnings (losses) of affiliates

Share of earnings (losses) from affiliates improved \$1,867.4 million and \$762.5 million during the years ended December 31, 2017 and 2016, respectively, as compared to the corresponding prior year periods. Share of earnings (losses) from affiliates is attributable to the Company’s ownership interest in Charter. In May 2013, the Company acquired its initial investment in Legacy Charter. Upon acquisition, the Company allocated the excess basis, between the book basis of Legacy Charter and fair value of the shares acquired, and ascribed remaining useful lives of 7 years and 13 years to property and equipment and customer relationships, respectively, and indefinite lives to franchise fees, trademarks and goodwill. Outstanding debt is amortized over the contractual period using the effective interest rate method. Amortization related to debt and intangible assets with identifiable useful lives is included in the Company’s share of earnings (losses) from affiliates line item in the accompanying consolidated statements of operations and aggregated \$277 million, \$42 million, and \$52 million, net of related taxes, for the years ended December 31, 2017, 2016 and 2015, respectively.

On May 18, 2016, the Time Warner Cable Merger and Bright House Transaction were completed. The Time Warner Cable Merger resulted in Legacy Charter and Time Warner Cable becoming wholly owned subsidiaries of Charter, which was a wholly owned subsidiary of Legacy Charter at the time. As a result of the Time Warner Cable Merger and Bright House Transaction, Liberty Broadband exchanged its shares of Time Warner Cable for shares of Charter and purchased additional shares of Charter. As a result, and pursuant to proxy agreements entered into with Liberty Interactive and A/N, Liberty Broadband controls 25.01% of the aggregate voting power of Charter following the completion of the Transactions. The increase in share of earnings from affiliates during 2016 is attributable to the earnings of Charter subsequent to the Time Warner Cable Merger and Bright House Transaction. See note 5 in the accompanying notes to the consolidated financial statements for additional discussion of the Company’s investment in Charter.

The following is a discussion of Charter's stand alone results of operations. In order to provide a better understanding of Charter's operations, we have included a summarized presentation of Charter's results from operations. Charter is a separate publicly traded company and additional information about Charter can be obtained through its website and public filings, which are not incorporated by reference. The amounts included in the table below, derived from Charter's public filings, represent Charter's results for each of the years ended December 31, 2017, 2016 and 2015, as well as a year over year comparison on a pro forma basis as if the Transactions were completed on January 1, 2015.

	Years ended December 31,			Pro forma (2)	
	2017	2016	2015	2016	2015
	amounts in millions				
Revenue	\$ 41,581	29,003	9,754	40,023	37,394
Operating expenses, excluding stock-based compensation	(26,626)	(19,396)	(6,437)		
Adjusted OIBDA	14,955	9,607	3,317	13,736	12,917
Depreciation and amortization	(10,588)	(6,907)	(2,125)		
Stock-based compensation	(261)	(244)	(78)		
Operating income (1)	4,106	2,456	1,114	3,886	3,323
Other expenses, net	(3,078)	(1,636)	(1,445)		
Net income (loss) before income taxes ..	1,028	820	(331)		
Income tax benefit (expense)	9,087	2,925	60		
Net income (loss)	<u>\$ 10,115</u>	<u>3,745</u>	<u>(271)</u>		

- (1) Income from operations for the year ended December 31, 2016 has been reduced from what was previously reported by \$899 million to reflect the adoption of pension accounting guidance, and on a pro forma basis, income from operations for the years ended December 31, 2016 and 2015 have been reduced from what was previously reported by \$915 million and \$73 million, respectively.
- (2) Pro forma information was determined assuming the transactions occurred as of January 1, 2015.

Charter's revenue increased \$12.6 billion and \$19.2 billion during the years ended December 31, 2017 and 2016, respectively, as compared to the corresponding prior years. Revenue growth primarily reflects the Transactions and increases in the number of residential Internet and commercial business customers, price adjustments as well as growth in expanded basic video penetration offset by a decrease in limited basic video customers. The Transactions increased revenue for the years ended December 31, 2017 and 2016 as compared to the corresponding prior years by approximately \$11.4 billion and \$18.6 billion, respectively. Actual revenue increased \$1.6 billion for the year ended December 31, 2017 as compared to the pro forma revenue for the year ended December 31, 2016, and pro forma revenue increased \$2.6 billion for the year ended December 31, 2016 as compared to 2015.

The increase in revenue during 2017 and 2016 was partially offset by the net impact of an increase in operating expenses, excluding stock-based compensation, of \$7.2 billion and \$13.0 billion respectively. The increase in operating expenses in 2017 and 2016 was primarily due to the Transactions. Operating costs also increased due to an increase in programming costs as a result of contractual rate adjustments, including renewals and increases in amounts paid for retransmission consents, higher expanded basic video package customers and higher pay-per-view events, offset by synergies as a result of the Transactions. Charter expects programming expenses to continue to increase in future periods due to a variety of factors, including annual increases imposed by programmers with additional selling power as a result of media consolidation, increased demands by owners of broadcast stations for payment for retransmission consent or linking carriage of other services to retransmission consent, and additional programming, particularly new services. Charter has been unable to fully pass these increases on to its customers nor do they expect to be able to do so in the future without a potential loss of customers.

Charter's Adjusted OIBDA in 2017 and 2016 increased as a result of the above discussion. Actual December 31, 2017 Adjusted OIBDA increased by \$1.2 billion as compared to the pro forma Adjusted OIBDA for the year ended December 31, 2016. Pro forma Adjusted OIBDA increased by \$819 million for the year ended December 31, 2016 as compared to 2015. Increases in both of these periods primarily were the result of an increase in residential and commercial revenue offset by increases in programming costs and other expenses.

Depreciation and amortization expense increased \$3.7 billion and \$4.8 billion during the years ended December 31, 2017 and 2016, respectively. The increase in depreciation and amortization expense in 2017 and 2016 is the result of additional depreciation and amortization related to the Transactions, inclusive of the incremental amounts as a result of the higher fair values recorded in acquisition accounting and, in 2017, higher capital expenditures.

Stock compensation expense increased \$17 million and \$166 million in the years ended December 31, 2017 and 2016, respectively. Stock compensation expense increased less significantly in 2017 as a result of lower headcount as a result of integration synergies. Stock compensation expense increased in 2016 due to increases in headcount and the value of equity issued.

Other expenses increased \$1.4 billion and \$191 million in the years ended December 31, 2017 and 2016, respectively, compared to the same periods in the prior year. In 2017, net interest expense increased by \$591 million, as compared to 2016, due to an increase in weighted average debt outstanding of \$11.7 billion, primarily as the result of the issuance of notes in 2017 for general corporate purposes including stock buybacks. Interest expense associated with debt assumed from Legacy TWC also increased interest expense during the year ended December 31, 2017. In 2016, net interest expense increased by \$1.2 billion, as compared to 2015, primarily due to an increase of \$463 million of interest expense associated with the debt incurred to fund the Transactions and \$604 million associated with debt assumed from Legacy TWC. Additionally, other pension benefits decreased by \$898 million in the year ended December 31, 2017 compared to 2016 and increased \$899 million during 2016 compared to 2015, primarily due to the pension curtailment gain of \$675 million and remeasurement gain of \$195 million recognized in 2016 as opposed to remeasurement losses of \$55 million recognized in 2017.

Income tax benefit (expense) increased \$6.2 billion and \$2.9 billion during the years ended December 31, 2017 and 2016, respectively, compared to the same periods in the prior year. The income tax benefit for the year ended December 31, 2017 of \$9.1 billion was primarily due to the impact of the 2017 tax reform, which was enacted on December 22, 2017.

Income tax benefit for the year ended December 31, 2016 was the result of a reduction of substantially all of Legacy Charter's preexisting valuation allowance associated with its deferred tax assets of approximately \$3.3 billion as certain of the deferred tax liabilities that were assumed in connection with the closing of the Time Warner Cable Merger will reverse and provide a source of future taxable income.

Gain (loss) on dilution of investment in equity affiliate

The loss during 2017 is primarily due to the Company's increased basis in Charter as a result of the Transactions during 2016, along with the issuance of Charter common stock from the exercise of stock options and warrants held by employees and other third parties, at prices below Liberty Broadband's book basis per share. As Liberty Broadband's ownership in Charter changes due to exercises of Charter warrants and stock options, a loss is recorded with the effective sale of common stock, because the exercise price of Charter warrants or stock options is typically lower than the book value of the Charter shares held by Liberty Broadband.

The gain during 2016 is primarily due to the Time Warner Cable Merger. Even after considering the exchange of Time Warner Cable shares held by Liberty Broadband to shares of Charter, Liberty Broadband's interest in Charter was diluted as a result of the conversion of outstanding Time Warner Cable shares held by third parties into shares of Charter. However, Liberty Broadband recognized a gain during the period as Liberty Broadband's investment basis in Legacy Charter was at a price per share below the new equity issued in the Time Warner Cable Merger. This gain was slightly offset by losses due to the issuance of Charter common stock from the exercise of warrants and stock options, held by outside investors (employees and other third parties), at prices below Liberty Broadband's book basis per share during the year.

Realized and unrealized gains (losses) on financial instruments, net

Realized and unrealized gains on financial instruments, net decreased \$91.0 million and increased \$91.5 million for each of the years ended December 31, 2017 and 2016, respectively, as compared to the corresponding prior year periods. The realized gains during the year ended December 31, 2017 were related to zero-strike call options (see note 4 in the accompanying consolidated financial statements for additional discussion). Realized and unrealized gains on financial instruments, net during the year ended December 31, 2016 were attributable to changes in the fair value of our former investment in Time Warner Cable and corresponding outstanding written call options and collar agreement. Historically, the change in fair value of our investment in Time Warner Cable was directly correlated to changes in the underlying Time Warner Cable stock price. The change in fair

value of our derivative instruments related to our former investment in Time Warner Cable was typically inversely correlated to changes in the underlying Time Warner Cable stock price. The net realized gain of \$94.1 million during the year ended December 31, 2016, was attributable to gains in the fair value of our investment in Time Warner Cable prior to the Time Warner Cable Merger, due to increases in the Time Warner Cable stock price during the period.

Other, net

Other income (expense), net decreased \$354 thousand and increased \$178 thousand for each of the years ended December 31, 2017 and 2016, respectively, as compared to the corresponding prior year periods. Other, net during the year ended December 31, 2017 is primarily attributable to a gain on the sale of certain fixed assets at Skyhook during the year, partially offset by tax penalties. Other, net during the year ended December 31, 2016 was attributable to a gain on the sale of a certain Skyhook cost investment.

Income taxes

Our effective tax rate for the years ended December 31, 2017, 2016 and 2015 was 17%, 38% and 28%, respectively. During 2017, our effective tax rate was lower than the federal tax rate of 35% primarily due to the effect of changes in the U.S. federal corporate tax rate from 35% to 21% on deferred taxes partially offset by the effect of state income taxes. During 2016, our effective tax rate was higher than the federal tax rate of 35% primarily due to the effect of state income taxes. During 2015, our effective tax rate was lower than the federal tax rate of 35% primarily due to the non-deductible impairment of goodwill related to Skyhook's legacy U-TDOA Service.

In connection with our initial analysis of the impact of the Tax Cuts and Jobs Act (the "Tax Act"), as discussed in note 7 in the accompanying consolidated financial statements, the Company has recorded a discrete net tax benefit in the period ending December 31, 2017. This net benefit primarily consists of a net benefit for the corporate rate reduction.

Net earnings (losses)

We had net earnings of \$2,033.7 million and \$917.3 million, and net losses of \$50.2 million for the years ended December 31, 2017, 2016 and 2015, respectively. The change in net earnings (losses) was the result of the above-described fluctuations in our revenue, expenses and other gains and losses.

Liquidity and Capital Resources

As of December 31, 2017, substantially all of our cash and cash equivalents are invested in U.S. Treasury securities, other government securities or government guaranteed funds, AAA rated money market funds and other highly rated financial and corporate debt instruments.

The following are potential sources of liquidity: available cash balances, cash generated by the operating activities of our privately-owned subsidiaries (to the extent such cash exceeds the working capital needs of the subsidiaries and is not otherwise restricted), proceeds from asset sales, monetization of our other investments, outstanding debt facilities including \$500 million available to be drawn under our 2017 Margin Loan Agreement until August 31, 2018, debt and equity issuances, and dividend and interest receipts.

As of December 31, 2017, Liberty Broadband had a cash balance of \$81.3 million.

	Years ended December 31,		
	2017	2016	2015
	amounts in thousands		
Cash flow information			
Net cash provided (used) by operating activities . . .	\$ (30,031)	(11,898)	35,289
Net cash provided (used) by investing activities . . .	\$ (56)	(4,990,800)	(2,479)
Net cash provided (used) by financing activities . . .	\$ (94,384)	4,553,347	577,460

The increase in cash used by operating activities in 2017 was primarily driven by the increase in operating loss and interest payments, as well as the timing of differences in cash receipts and payments.

The most significant factor contributing to the cash generated from operations during 2015 was the receipt by Skyhook of legal settlement proceeds, partially offset by the payment of legal fees. The most significant factor contributing to the cash used by operations during 2016 was a decline in revenue related to the loss of Skyhook's largest legacy U-TDOA Service customer at the end of 2015. Due to the loss of this customer, we expect declines in cash flows from operations to continue in future periods.

During the year ended December 31, 2017, net cash flows from financing activities were primarily related to the net debt repayments of \$103 million and settlement of zero-strike call options.

As discussed in note 5 of the accompanying consolidated financial statements, in support of the Time Warner Cable Merger, the Company issued \$4.4 billion in additional shares of Liberty Broadband Series C common stock in order to purchase \$4.3 billion in shares of Charter Class A common stock. Furthermore, as also discussed in note 5 of the accompanying consolidated financial statements, Liberty Broadband used cash on hand and proceeds from a new margin loan to purchase an additional \$700 million of Charter Class A common stock in connection with Charter's acquisition of Bright House from A/N. Additionally, the Company had incremental borrowings of \$200 million during the year ended December 31, 2016.

The projected use of our cash will be primarily to fund any operational needs of our subsidiary, to service debt, to fund potential investment opportunities, and refinance Liberty Broadband's margin loan, under its 2017 Margin Loan Agreement, that come due in 2019. We expect corporate cash to cover these expenses for the foreseeable future.

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

Information about the amount and timing of required payments, both accrued and off-balance sheet, under our contractual obligations, without uncertain tax positions as it is indeterminable when payments will be made, is summarized below.

	Payments due by period				
	Total	Less than 1 year	2 - 3 years	4 - 5 years	After 5 years
amounts in thousands					
<i>Consolidated contractual obligations</i>					
Long-term debt	\$ 500,000	—	500,000	—	—
Interest payments (1)	\$ 35,872	23,458	12,414	—	—
Other	\$ 2,042	987	1,044	11	—
Total	<u>\$ 537,914</u>	<u>24,445</u>	<u>513,458</u>	<u>11</u>	<u>—</u>

(1) Amounts (i) are based on our understanding of debt at December 31, 2017, (ii) assume the interest rates on our variable debt remain constant at the December 31, 2017 rates and (iii) assume that our existing debt is repaid at maturity.

Critical Accounting Estimates and Policies

The preparation of our financial statements in conformity with GAAP requires us 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. Listed below are the accounting estimates and accounting policies that we believe are critical to our financial statements due to the degree of uncertainty regarding the estimates or assumptions involved and the magnitude of the asset, liability, revenue or expense being reported. All of these accounting estimates and assumptions, as well as the resulting impact to our financial statements, have been discussed with our audit committee.

Application of the Equity Method of Accounting for Investments in Affiliates. For those investments in affiliates in which the Company has the ability to exercise significant influence, the equity method of accounting is used. Under this method, the investment, originally recorded at cost, is adjusted to recognize the Company's share of net earnings or losses of the affiliate as they occur rather than as dividends or other distributions are received. Losses are limited to the extent of the Company's investment in, advances to and commitments for the investee. The Company determines the difference between the purchase

price of the investee and the underlying equity which results in an excess basis in the investment. This excess basis is allocated to the underlying assets and liabilities of the Company's investee through a purchase accounting exercise and is allocated within memo accounts used for equity accounting purposes. Depending on the applicable underlying assets, these amounts are either amortized over the applicable useful lives or determined to be indefinite lived.

Changes in the Company's proportionate share of the underlying equity of an equity method investee, which result from the issuance of additional equity securities by such equity investee, to investors other than the Company, are recognized in the statement of operations through the gain (loss) on dilution of investment in affiliate line item. We periodically evaluate our equity method investment to determine if decreases in fair value below our cost basis are other than temporary. If a decline in fair value is determined to be other than temporary, we are required to reflect such decline in our consolidated statement of operations. Other than temporary declines in fair value of our equity method investment would be included in share of earnings (losses) of affiliates in our consolidated statement of operations.

The primary factors we consider in our determination of whether declines in fair value are other than temporary are the length of time that the fair value of the investment is below our carrying value; the severity of the decline; and the financial condition, operating performance and near term prospects of the investee. In addition, we consider the reason for the decline in fair value, be it general market conditions, industry specific or investee specific; analysts' ratings and estimates of 12 month share price targets for the investee; changes in stock price or valuation subsequent to the balance sheet date; and our intent and ability to hold the investment for a period of time sufficient to allow for a recovery in fair value. Fair value of our publicly traded cost and equity investments is based on the market prices of the investments at the balance sheet date. Impairments are calculated as the difference between our carrying value and our estimate of fair value. As our assessment of the fair value of our investments and any resulting impairment losses and the timing of when to recognize such charges requires a high degree of judgment and includes significant estimates and assumptions, actual results could differ materially from our estimates and assumptions.

Our evaluation of the fair value of our investments and any resulting impairment charges are made as of the most recent balance sheet date. Changes in fair value subsequent to the balance sheet date due to the factors described above are possible. Subsequent decreases in fair value will be recognized in our consolidated statement of operations in the period in which they occur to the extent such decreases are deemed to be other than temporary. Subsequent increases in fair value will be recognized in our consolidated statement of operations only upon our ultimate disposition of the investment.

Income Taxes. We are required to estimate the amount of tax payable or refundable for the current year and the deferred income tax liabilities and assets for the future tax consequences of events that have been reflected in our financial statements or tax returns for each taxing jurisdiction in which we operate. This process requires our management to make judgments regarding the timing and probability of the ultimate tax impact of the various agreements and transactions that we enter into. Based on these judgments we may record tax reserves or adjustments to valuation allowances on deferred tax assets to reflect the expected realizability of future tax benefits. Actual income taxes could vary from these estimates due to future changes in income tax law, significant changes in the jurisdictions in which we operate, our inability to generate sufficient future taxable income or unpredicted results from the final determination of each year's liability by taxing authorities. These changes could have a significant impact on our financial position.

Quantitative and Qualitative Disclosures about Market Risk.

We are exposed to market risk in the normal course of business due to our ongoing investing and financial activities. Market risk refers to the risk of loss arising from adverse changes in stock prices and interest rates. The risk of loss can be assessed from the perspective of adverse changes in fair values, cash flows and future earnings. We have established policies, procedures and internal processes governing our management of market risks and the use of financial instruments to manage our exposure to such risks.

We are exposed to changes in interest rates primarily as a result of our borrowing and investment activities, which could include investments in fixed and floating rate debt instruments and borrowings used to maintain liquidity and to fund business operations. The nature and amount of our long-term and short-term debt are expected to vary as a result of future requirements, market conditions and other factors. We manage our exposure to interest rates by maintaining what we believe is an appropriate mix of fixed and variable rate debt. We believe this best protects us from interest rate risk. In the future, we could achieve this mix by (i) issuing fixed rate debt that we believe has a low stated interest rate and significant term to maturity, (ii) issuing variable

rate debt with appropriate maturities and interest rates and (iii) entering into interest rate swap arrangements when we deem appropriate. As of December 31, 2017, our debt is comprised of the following amounts:

Variable rate debt		Fixed rate debt	
Principal amount	Weighted avg interest rate	Principal amount	Weighted avg interest rate
dollar amounts in millions			
\$ 500	3.2%	\$ —	NA

Our stock in Charter (our equity method affiliate) is publicly traded and not reflected at fair value in our balance sheet. Our investment in Charter is also subject to market risk that is not directly reflected in our financial statements.

Financial Statements and Supplementary Data.

The consolidated financial statements of Liberty Broadband Corporation are included herein, beginning on Page F-19.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Controls and Procedures.

In accordance with Exchange Act Rules 13a-15 and 15d-15, the Company carried out an evaluation, under the supervision and with the participation of management, including its chief executive officer and its principal accounting and financial officer (the "Executives"), of the effectiveness of its disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Executives concluded that the Company's disclosure controls and procedures were effective as of December 31, 2017 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.

See page F-16 for *Management's Report on Internal Control Over Financial Reporting*.

See page F-17 for *Report of Independent Registered Public Accounting Firm* for their attestation regarding our internal control over financial reporting.

There has been no change in the Company's internal control over financial reporting that occurred during the three months ended December 31, 2017 that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

Other Information.

None.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Liberty Broadband Corporation's (the "Company") management is responsible for establishing and maintaining adequate internal control over the Company's financial reporting, as such term is defined in Rule 13a-15(f) of the Securities Exchange Act of 1934, as amended. 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 accounting principles generally accepted in the United States of America. 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, 2017, using the criteria in *Internal Control-Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation the Company's management believes that, as of December 31, 2017, its internal control over financial reporting is effective.

The Company's independent registered public accounting firm that audited the consolidated financial statements and related disclosures in the Annual Report has issued an audit report on the effectiveness of the Company's internal control over financial reporting. This report appears on page F-17 of this Annual Report.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Liberty Broadband Corporation:

Opinion on Internal Control Over Financial Reporting

We have audited Liberty Broadband Corporation and subsidiaries' (the "Company") internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive earnings (loss), cash flows, and equity for each of the years in the three-year period ended December 31, 2017, and the related notes (collectively, the consolidated financial statements), and our report dated February 9, 2018 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its 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 or procedures may deteriorate.

/s/ KPMG LLP

Denver, Colorado
February 9, 2018

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Liberty Broadband Corporation:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Liberty Broadband Corporation and subsidiaries (the “Company”) as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive earnings (loss), cash flows, and equity for each of the years in the three-year period ended December 31, 2017, and the related notes (collectively, the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 9, 2018 expressed an unqualified opinion on the effectiveness of the Company’s internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

We have served as the Company’s auditor since 2014.

Denver, Colorado
February 9, 2018

LIBERTY BROADBAND CORPORATION

Consolidated Balance Sheets

December 31, 2017 and 2016

	2017	2016
	amounts in thousands	
<i>Assets</i>		
Current assets:		
Cash and cash equivalents	\$ 81,257	205,728
Derivative instruments	—	49,019
Other current assets	2,797	3,672
Total current assets	84,054	258,419
Investment in Charter, accounted for using the equity method (note 5)	11,835,613	9,315,253
Other tangible and intangible assets, net	12,073	15,803
Other assets	49	1,485
Total assets	<u>\$ 11,931,789</u>	<u>9,590,960</u>
<i>Liabilities and Equity</i>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 5,381	7,931
Current portion of debt (note 6)	—	400,000
Deferred revenue and other current liabilities	5,168	4,185
Total current liabilities	10,549	412,116
Debt (note 6)	497,370	198,512
Deferred income tax liabilities (note 7)	932,593	504,644
Other liabilities	4,376	2,596
Total liabilities	1,444,888	1,117,868
<i>Equity</i>		
Preferred stock, \$.01 par value. Authorized 50,000,000 shares; no shares issued	—	—
Series A common stock, \$.01 par value. Authorized 500,000,000 shares; issued and outstanding 26,301,755 and 26,251,533 at December 31, 2017 and 2016, respectively	262	262
Series B common stock, \$.01 par value. Authorized 18,750,000 shares; issued and outstanding 2,455,179 and 2,467,509 at December 31, 2017 and 2016, respectively	25	25
Series C common stock, \$.01 par value. Authorized 500,000,000 shares; issued and outstanding 152,563,229 and 153,019,547 at December 31, 2017 and 2016, respectively	1,526	1,530
Additional paid-in capital	7,907,900	7,945,883
Accumulated other comprehensive earnings, net of taxes	8,424	7,656
Retained earnings (accumulated deficit)	2,568,764	517,736
Total equity	10,486,901	8,473,092
Commitments and contingencies (note 11)		
Total liabilities and equity	<u>\$ 11,931,789</u>	<u>9,590,960</u>

See accompanying notes to consolidated financial statements.

LIBERTY BROADBAND CORPORATION
Consolidated Statements of Operations
Years Ended December 31, 2017, 2016 and 2015

	<u>2017</u>	<u>2016</u>	<u>2015</u>
	amounts in thousands, except per share amounts		
Revenue:			
Software sales	\$ 12,320	28,597	10,364
Service	772	1,858	76,139
Other	<u>—</u>	<u>131</u>	<u>4,679</u>
Total revenue	13,092	30,586	91,182
Operating costs and expenses			
Operating, including stock-based compensation (note 9)	2,582	2,798	6,096
Selling, general and administrative, including stock-based compensation (note 9)	24,065	34,703	42,792
Research and development, including stock-based compensation (note 9)	8,153	10,240	17,032
Gain on legal settlement	—	—	(60,450)
Impairment of intangible assets	—	—	20,669
Depreciation and amortization	<u>3,770</u>	<u>4,005</u>	<u>6,088</u>
	<u>38,570</u>	<u>51,746</u>	<u>32,227</u>
Operating income (loss)	(25,478)	(21,160)	58,955
Other income (expense):			
Interest expense	(19,570)	(14,956)	(7,424)
Dividend and interest income	1,449	5,020	3,797
Share of earnings (losses) of affiliate (note 5)	2,508,991	641,544	(120,962)
Gain (loss) on dilution of investment in affiliate (note 5)	(17,872)	770,766	(7,198)
Realized and unrealized gains (losses) on financial instruments, net (note 4)	3,098	94,122	2,619
Other, net	<u>(18)</u>	<u>336</u>	<u>158</u>
Earnings (loss) from continuing operations before income taxes	<u>2,450,600</u>	<u>1,475,672</u>	<u>(70,055)</u>
Income tax benefit (expense)	<u>(416,933)</u>	<u>(558,369)</u>	<u>19,868</u>
Net earnings (loss) attributable to Liberty Broadband shareholders	<u>\$ 2,033,667</u>	<u>917,303</u>	<u>(50,187)</u>
Basic earnings (loss) from continuing operations attributable to Series A, Series B and Series C Liberty Broadband shareholders per common share (note 3)	\$ 11.19	6.03	(0.49)
Diluted net earnings (loss) attributable to Series A, Series B and Series C Liberty Broadband shareholders per common share (note 3)	\$ 11.10	6.00	(0.49)

See accompanying notes to consolidated financial statements.

LIBERTY BROADBAND CORPORATION
Consolidated Statements of Comprehensive Earnings (Loss)
Years ended December 31, 2017, 2016 and 2015

	<u>2017</u>	<u>2016</u>	<u>2015</u>
	amounts in thousands		
Net earnings (loss)	\$ 2,033,667	917,303	(50,187)
Other comprehensive earnings (loss), net of taxes:			
Unrealized holding gains (losses) arising during the period	—	(221)	(287)
Share of other comprehensive earnings (loss) of equity affiliate	768	811	1,274
Other	<u>—</u>	<u>(1,839)</u>	<u>—</u>
Other comprehensive earnings (loss), net of taxes	<u>768</u>	<u>(1,249)</u>	<u>987</u>
Comprehensive earnings (loss) attributable to Liberty Broadband shareholders . .	<u>\$ 2,034,435</u>	<u>916,054</u>	<u>(49,200)</u>

See accompanying notes to consolidated financial statements.

LIBERTY BROADBAND CORPORATION

Consolidated Statements of Cash Flows

Years ended December 31, 2017, 2016 and 2015

	2017	2016	2015
	amounts in thousands		
Cash flows from operating activities:			
Net earnings (loss)	\$ 2,033,667	917,303	(50,187)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:			
Depreciation and amortization	3,770	4,005	6,088
Stock-based compensation	5,292	5,713	6,380
Impairment of intangible assets	—	—	20,669
Cash payments for stock-based compensation	(525)	(591)	(1,268)
Share of (earnings) losses of affiliate, net	(2,508,991)	(641,544)	120,962
(Gain) loss on dilution of investment in affiliate.	17,872	(770,766)	7,198
Realized and unrealized (gains) losses on financial instruments, net	(3,098)	(94,122)	(2,619)
Deferred income tax expense (benefit)	416,838	560,778	(24,964)
Other, net	2,030	1,033	(1,440)
Changes in operating assets and liabilities:			
Current and other assets.	2,310	9,161	(1,238)
Payables and other liabilities.	804	(2,868)	(44,292)
Net cash provided by operating activities	(30,031)	(11,898)	35,289
Cash flows from investing activities:			
Capital expended for property and equipment.	(70)	(267)	(731)
Investments in equity investees.	—	(5,000,000)	—
Purchases of short term investments and other marketable securities	—	(155,444)	(18,032)
Sales of short term investments and other marketable securities	—	164,458	18,019
Other investing activities, net	14	453	(1,735)
Net cash used in investing activities	(56)	(4,990,800)	(2,479)
Cash flows from financing activities:			
Cash received from rights offering.	—	—	697,309
Borrowings of debt	500,000	200,000	67,995
Repayments of debt	(600,000)	—	(40,000)
Cash received from issuance of Series C Liberty Broadband common stock	—	4,400,000	—
Proceeds (payments) from issuances of financial instruments	(149,368)	(47,888)	30,158
Proceeds (payments) from settlements of financial instruments	155,683	—	(182,192)
Other financing activities, net	(699)	1,235	4,190
Net cash provided by (used in) financing activities	(94,384)	4,553,347	577,460
Net increase (decrease) in cash.	(124,471)	(449,351)	610,270
Cash and cash equivalents, beginning of year.	205,728	655,079	44,809
Cash and cash equivalents, end of year	\$ 81,257	205,728	655,079

Supplemental disclosure to the consolidated statements of cash flows:

	Years ended December 31,		
	2017	2016	2015
	amounts in thousands		
Cash paid for interest	\$ 17,496	13,783	7,251
Cash paid (received) for taxes	\$ (1,787)	(9,410)	5,485

See accompanying notes to consolidated financial statements.

LIBERTY BROADBAND CORPORATION

Consolidated Statement of Equity

Years ended December 31, 2017, 2016 and 2015

	Preferred Stock	Common stock			Additional paid-in capital	Accumulated other comprehensive earnings	Retained earnings (accumulated deficit)	Total equity
		Series A	Series B	Series C				
	\$	261	25	572	2,835,373	7,918	(349,380)	2,494,769
Balance at January 1, 2015		—	—	—	—	—	(50,187)	(50,187)
Net earnings (loss)	—	—	—	—	—	987	—	987
Other comprehensive earnings (loss)	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	5,200	—	—	5,200
Issuance of common stock upon exercise of stock options	—	1	—	1	138	—	—	140
Excess tax benefits from stock-based compensation	—	—	—	—	1,217	—	—	1,217
Common stock issued pursuant to the rights offering	—	—	—	173	697,136	—	—	697,309
Other	—	—	—	—	(1,216)	—	—	(1,216)
Balance at December 31, 2015	—	262	25	746	3,537,848	8,905	(399,567)	3,148,219
Net earnings (loss)	—	—	—	—	—	—	917,303	917,303
Other comprehensive earnings (loss)	—	—	—	—	—	(1,249)	—	(1,249)
Stock-based compensation	—	—	—	—	5,362	—	—	5,362
Issuance of common stock upon exercise of stock options	—	—	—	1	3,529	—	—	3,530
Issuance of common stock	—	—	—	783	4,399,217	—	—	4,400,000
Other	—	—	—	—	(73)	—	—	(73)
Balance at December 31, 2016	—	262	25	1,530	7,945,883	7,656	517,736	8,473,092
Net earnings (loss)	—	—	—	—	—	—	2,033,667	2,033,667
Other comprehensive earnings (loss)	—	—	—	—	—	768	—	768
Stock-based compensation	—	—	—	—	5,358	—	—	5,358
Issuance of common stock upon exercise of stock options	—	—	—	1	2,456	—	—	2,457
Cumulative effect of accounting change at Charter	—	—	—	—	—	—	17,361	17,361
Non-cash settlement of financial instrument	—	—	—	(5)	(45,797)	—	—	(45,802)
Balance at December 31, 2017	\$	262	25	1,526	7,907,900	8,424	2,568,764	10,486,901

See accompanying notes to consolidated financial statements.

LIBERTY BROADBAND CORPORATION

Notes to Consolidated Financial Statements

December 31, 2017, 2016 and 2015

(1) Basis of Presentation

During May 2014, the board of directors of Liberty Media Corporation and its subsidiaries (“Liberty”) authorized management to pursue a plan to spin-off to its stockholders common stock of a wholly-owned subsidiary, Liberty Broadband Corporation (“Liberty Broadband” or the “Company”), and to distribute subscription rights to acquire shares of Liberty Broadband’s common stock (the “Broadband Spin-Off”). At the time of the Broadband Spin-off, Liberty Broadband was comprised of (i) Liberty’s former interest in Charter Communications, Inc. (“Legacy Charter”), (ii) Liberty’s former wholly-owned subsidiary TruePosition, Inc. (“TruePosition”), (iii) Liberty’s former minority equity investment in Time Warner Cable, Inc. (“Time Warner Cable”), (iv) certain deferred tax liabilities, as well as liabilities related to the Time Warner Cable written call options and (v) initial indebtedness, pursuant to margin loans entered into prior to the completion of the Broadband Spin-Off. These financial statements refer to the combination of the aforementioned subsidiary, investments, and financial instruments, as “Liberty Broadband,” “the Company,” “us,” “we” and “our” in the notes to the consolidated financial statements. The Broadband Spin-Off was accounted for at historical cost due to the pro rata nature of the distribution to holders of Liberty common stock.

In the Broadband Spin-Off, record holders of Liberty Series A, Series B and Series C common stock received one-fourth of a share of the corresponding series of Liberty Broadband common stock for each share of Liberty common stock held by them, with cash paid in lieu of fractional shares. In addition, following the completion of the Broadband Spin-Off, on December 10, 2014, Liberty Broadband stockholders received a subscription right to acquire one share of Series C Liberty Broadband common stock for every five shares of Liberty Broadband common stock. See note 8 for additional information related to the rights offering.

Following the Broadband Spin-Off, Liberty and Liberty Broadband operate as separate, publicly traded companies, and neither has any stock ownership, beneficial or otherwise, in the other. In connection with the Broadband Spin-Off, Liberty (for accounting purposes a related party of the Company) and Liberty Broadband entered into certain agreements in order to govern certain of the ongoing relationships between the two companies after the Broadband Spin-Off and to provide for an orderly transition. These agreements include a reorganization agreement, a services agreement, a facilities sharing agreement and a tax sharing agreement.

The reorganization agreement provides for, among other things, the principal corporate transactions (including the internal restructuring) required to effect the Broadband Spin-Off, certain conditions to the Broadband Spin-Off and provisions governing the relationship between Liberty Broadband and Liberty with respect to and resulting from the Broadband Spin-Off. The tax sharing agreement provides for the allocation and indemnification of tax liabilities and benefits between Liberty and Liberty Broadband and other agreements related to tax matters. Pursuant to the tax sharing agreement, Liberty Broadband has agreed to indemnify Liberty, subject to certain limited exceptions, for losses and taxes resulting from the Broadband Spin-Off to the extent such losses or taxes result primarily from, individually or in the aggregate, the breach of certain restrictive covenants made by Liberty Broadband (applicable to actions or failures to act by Liberty Broadband and its subsidiaries following the completion of the Broadband Spin-Off). Pursuant to the services agreement, Liberty provides Liberty Broadband with general and administrative services including legal, tax, accounting, treasury and investor relations support. Under the facilities sharing agreement, Liberty Broadband shares office space with Liberty and related amenities at Liberty’s corporate headquarters. Liberty Broadband will reimburse Liberty for direct, out-of-pocket expenses incurred by Liberty in providing these services which will be negotiated semi-annually. Under these various agreements, approximately \$3.2 million and \$3.4 million were reimbursed to Liberty for the years ended December 31, 2017 and 2016, respectively.

On May 18, 2016, Time Warner Cable merged with Charter (the “Time Warner Cable Merger”). In connection with the Time Warner Cable Merger, Legacy Charter underwent a corporate reorganization, resulting in CCH I, LLC (“Charter”), a former subsidiary of Charter, becoming the new publicly traded parent company. Also on May 18, 2016, the previously announced acquisition of Bright House Networks, LLC (“Bright House”) from Advance/Newhouse Partnership (“A/N”) by Charter (the “Bright House Transaction”) was completed. In connection with the Time Warner Cable Merger and Bright House Transaction,

LIBERTY BROADBAND CORPORATION

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

Liberty Broadband entered into certain agreements with Legacy Charter, Charter (for accounting purposes a related party of the Company), Liberty Interactive Corporation (“Liberty Interactive,” for accounting purposes a related party of the Company) and Time Warner Cable. As a result of the Time Warner Cable Merger and Bright House Transaction (collectively, the “Transactions”), Liberty Broadband exchanged its shares of Time Warner Cable for shares of Charter and purchased additional shares of Charter. As a result, and pursuant to proxy agreements entered into with Liberty Interactive and A/N, Liberty Broadband controls 25.01% of the aggregate voting power of Charter. See note 5 for additional detail regarding these transactions and corresponding agreements.

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) and represent a combination of the historical financial information of Skyhook, the Company’s interest in Charter, the Company’s former minority equity investment in Time Warner Cable and certain deferred tax liabilities. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

(2) Description of Business

Skyhook Holding, Inc. (formerly known as TruePosition) was originally incorporated on November 24, 1992 to provide technology for locating wireless phones and other mobile devices. TruePosition offered a passive network-based location system based on its patented U-TDOA technology (“U-TDOA Service”) to provide E-9-1-1 services domestically and to enhance services in support of commercial applications and national security law enforcement worldwide. In February 2014, TruePosition acquired 100% of the outstanding common shares of Skyhook Wireless, Inc., for approximately \$57.5 million in cash. Skyhook Wireless, Inc. was an alternative location services provider that offered a positioning system that used device-based measurements, as opposed to TruePosition’s network-based technology.

In 2015, as a result of the loss of one of its major customers – a wireless carrier that accounted for 80% - 90% of TruePosition’s revenue – as well as changes in the regulatory environment, TruePosition ceased making further investment in its U-TDOA Service. Thereafter, in May 2016, TruePosition and Skyhook Wireless, Inc. combined operations in order to focus on the development and sale of Skyhook’s device-based location technology, and TruePosition subsequently changed its name to Skyhook Holding, Inc. Skyhook Holding, Inc. and Skyhook Wireless, Inc. are referred to collectively herein as “Skyhook.”

Today, Skyhook markets and sells two primary products: (1) a location determination service called the Precision Location Solution; and (2) a location intelligence and data insights service called Geospatial Insights.

Skyhook’s Precision Location Solution works by collecting nearby radio signals (such as information from Wi-Fi access points, cell towers, IP addresses and other radio beacons) that are observed by a mobile device. Skyhook’s Geospatial Insights product uses anonymized location data to analyze foot traffic patterns and better understand the real-world behavior of consumers. Skyhook’s revenue is derived from the sale and integration of its Precision Location Solution (including the licensing of software and data components that make up that solution) and the licensing of Geospatial Insights data. In addition, Skyhook earns revenue through entering into licensing agreements with companies to utilize its underlying intellectual property (including patents).

Charter is the second largest cable operator in the United States and a leading broadband communications services company providing video, Internet and voice services to approximately 27.2 million residential and business customers at December 31, 2017. In addition, Charter sells video and online advertising inventory to local, regional and national advertising customers and fiber-delivered communications and managed information technology (“IT”) solutions to large enterprise customers. Charter also owns and operates regional sports networks and local sports, news and community channels and sells security and home management services in the residential marketplace. Charter’s core strategy is to deliver high quality products at highly competitive prices, combined with outstanding service.

Also included in Liberty Broadband is a former investment in outstanding shares of Time Warner Cable, which was classified as available-for-sale and carried at fair value based on quoted market prices until the second quarter of 2016 when Time Warner Cable merged with Charter. Additionally, the Company historically had written call options and a cashless collar

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Notes to Consolidated Financial Statements (Continued)

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agreement on Time Warner Cable shares. See note 4 for information regarding the Time Warner Cable written call options and cashless collar agreement.

(3) Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash consists of cash deposits held in global financial institutions. Cash equivalents 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.

Derivative Instruments and Hedging Activities

All of the Company's derivatives, whether designated in hedging relationships or not, are recorded on the balance sheet at fair value. None of the Company's derivatives are currently designated as hedges, as a result, changes in the fair value of the derivative are recognized in earnings.

The fair value of certain of the Company's derivative instruments are estimated using the Black Scholes Merton option-pricing model ("Black-Scholes model"). The Black-Scholes model incorporates a number of variables in determining such fair values, including expected volatility of the underlying security and an appropriate discount rate. The Company obtained volatility rates from pricing services based on the expected volatility of the underlying security over the remaining term of the derivative instrument. A discount rate was obtained at the inception of the derivative instrument and updated each reporting period, based on the Company's estimate of the discount rate at which it could currently settle the derivative instrument. The Company considered its own credit risk as well as the credit risk of its counterparties in estimating the discount rate. Management judgment was required in estimating the Black-Scholes variables. See note 4 for further discussion of fair value of the Company's derivative instruments. The Company had an outstanding derivative instrument classified as an asset at December 31, 2016. See note 4 for further information.

Investment in Equity Method Affiliate

For those investments in affiliates in which the Company has the ability to exercise significant influence, the equity method of accounting is used. Under this method, the investment, originally recorded at cost, is adjusted to recognize the Company's share of net earnings or losses of the affiliate as they occur rather than as dividends or other distributions are received. Losses are limited to the extent of the Company's investment in, advances to and commitments for the investee. The Company determines the difference between the purchase price of the investee and the underlying equity which results in an excess basis in the investment. This excess basis is allocated to the underlying assets and liabilities of the Company's investee through a purchase accounting exercise and is allocated within memo accounts used for equity accounting purposes. Depending on the applicable underlying assets, these amounts are either amortized over the applicable useful lives or determined to be indefinite lived. Changes in the Company's proportionate share of the underlying equity of an equity method investee, which result from the issuance of additional equity securities by such equity investee, are recognized in the statement of operations through the gain (loss) on dilution of investment in affiliate line item. We periodically evaluate our equity method investment to determine if decreases in fair value below our cost basis are other than temporary. If a decline in fair value is determined to be other than temporary, we are required to reflect such decline in our consolidated statement of operations. Other than temporary declines in fair value of our equity method investment would be included in share of earnings (losses) of affiliate in our consolidated statement of operations.

The primary factors we consider in our determination of whether declines in fair value are other than temporary are the length of time that the fair value of the investment is below our carrying value; the severity of the decline; and the financial condition, operating performance and near term prospects of the investee. In addition, we consider the reason for the decline in fair value, be it general market conditions, industry specific or investee specific; analysts' ratings and estimates of 12 month share price targets for the investee; changes in stock price or valuation subsequent to the balance sheet date; and our intent and ability

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to hold the investment for a period of time sufficient to allow for a recovery in fair value. Fair value of our publicly traded cost and equity investments is based on the market prices of the investments at the balance sheet date. Impairments are calculated as the difference between our carrying value and our estimate of fair value. As our assessment of the fair value of our investments and any resulting impairment losses and the timing of when to recognize such charges requires a high degree of judgment and includes significant estimates and assumptions, actual results could differ materially from our estimates and assumptions.

As Liberty Broadband does not control the decision making process or business management practices of our affiliate accounted for using the equity method, Liberty Broadband relies on management of its affiliate to provide it with accurate financial information prepared in accordance with GAAP that the Company uses in the application of the equity method. In addition, Liberty Broadband relies on the audit reports that are provided by the affiliate's independent auditors on the financial statements of such affiliate. The Company is not aware, however, of any errors in or possible misstatements of the financial information provided by its equity affiliate that would have a material effect on Liberty Broadband's consolidated financial statements. See note 5 for additional discussion regarding our investment in Charter and the Transactions that occurred during the second quarter of 2016.

Other tangible and intangible assets

Other tangible and intangible assets consist of long-lived assets, goodwill and other intangible assets. Intangible assets with definite useful lives and long-lived assets, including property and equipment, are carried at cost and are amortized on a straight-line basis over their estimated useful lives of three to five and a half years. The Company reviews the carrying value of long-lived assets and intangible assets with definite useful lives for impairment upon triggering events. Goodwill is reviewed annually on a qualitative basis.

In January 2017, the FASB issued new accounting guidance to simplify the measurement of goodwill impairment. Under the new guidance, an entity no longer performs a hypothetical purchase price allocation to measure goodwill impairment. Instead, a goodwill impairment is measured using the difference between the carrying value and the fair value of the reporting unit. The Company early adopted this guidance during the fourth quarter of 2017 with no impact to our financial position.

There was no indication of impairment of long-lived assets during the years end December 31, 2017, 2016 or 2015, and no goodwill impairment loss recorded during the years ended December 31, 2017 and 2016. In 2015, the impairment test resulted in a \$20.7 million impairment loss related to Skyhook's goodwill on its legacy U-TDOA Service.

Foreign Currency Translation and Transaction Gains and Losses

The functional currency of the Company is the United States ("U.S.") dollar. Transactions denominated in currencies other than the functional currency are recorded based on exchange rates at the time such transactions arise. Subsequent changes in exchange rates result in transaction gains and losses which are reflected in the accompanying consolidated statements of operations and comprehensive earnings (loss) as unrealized (based on the applicable period end exchange rate) or realized upon settlement of the transactions.

Revenue Recognition

Skyhook earns revenue from the sale and integration of its Precision Location Solution (including the licensing of software and data components that make up that solution) and the licensing of Geospatial Insights data. In addition, Skyhook earns revenue from licensing its intellectual property to other enterprises. Prior to 2016, Skyhook also earned significant revenue from the sale of hardware and the licensing of associated software required to operate a passive network overlay system for generating location records for wireless devices using U-TDOA technology, and from professional and support services related thereto. These services were primarily sold to wireless carriers to provide E-9-1-1 services domestically and to enhance services in support of commercial applications, national security and law enforcement worldwide.

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Skyhook recognizes fees received from intellectual property licensing at the inception of a license term for perpetual licenses (or licenses with terms comprising substantially all of the remaining life of the intellectual property) when collectability of the license fee is probable and there are no ongoing performance obligations. Revenue recognition is deferred when collectability of the license fee is not considered probable, when the license term is less than substantially all of the remaining life of the intellectual property, or when there are ongoing performance obligations which are not separate elements from the license. In such circumstances, revenue may be recognized as the license fees are collected or over the license term or performance period as appropriate.

Fees from the integration of Skyhook technology are accounted for consistent with the outstanding guidance for software revenue recognition. Under those policies, for revenue derived from multiple-element arrangements, if vendor specific objective evidence ("VSOE") exists for each of the elements of the arrangement at the outset, the Company allocates the revenue to the various elements for recognition upon delivery of each element. If VSOE is not present, the revenue is deferred until the earlier of establishing sufficient VSOE for allocating revenue for recognition or delivery of all of the elements. If a multiple-element arrangement includes post-contract customer support (commonly referred to as maintenance), VSOE must exist for the maintenance in order to allocate revenue to all of the elements of the arrangement. If VSOE does not exist for the maintenance, revenue for the entire arrangement is recognized ratably over the contractual or expected term of the maintenance arrangement.

Revenue from the provision of location services and through the sale of data and revenue from tangible products that contain software components and non-software components that function together to deliver the tangible products essential functionality are not under the scope of software revenue recognition guidance and are instead subject to the guidance for multiple-element arrangements. Accordingly, for multiple-element arrangements entered into or materially modified on or after January 1, 2011, the overall arrangement fee is allocated to each element (both delivered and undelivered items) based on their relative selling prices, regardless of whether those selling prices are evidenced by VSOE or third-party evidence of selling price or are based on the entity's estimated selling price. The associated revenue for each element is recognized upon delivery assuming all other criteria for revenue recognition are met.

In May 2014, the FASB issued new accounting guidance on revenue from contracts with customers. The new guidance requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This new guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. In March 2016, the FASB issued additional guidance which clarifies principal versus agent considerations, and in April 2016, the FASB issued further guidance which clarifies the identification of performance obligations and the implementation guidance for licensing. The updated guidance will replace most existing revenue recognition guidance in GAAP when it becomes effective and permits the use of either a full retrospective or modified retrospective transition method. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. The Company has adopted this guidance under the modified retrospective transition method as of January 1, 2018. Skyhook has also adopted this guidance under the modified retrospective transition method as of January 1, 2018 and the adoption did not have a material impact on its financial position or results of operations. Additionally, Charter, which is accounted for as an equity method investment, has adopted the new guidance as of January 1, 2018 using the modified retrospective transition method and the adoption did not have a material impact on its financial position or results of operations.

Research and Development Costs

Research and development costs are expensed as incurred.

Deferred Revenue and Deferred Costs

Deferred revenue represents billings in excess of revenue previously recognized. Deferred costs represent direct costs related to installation services, hardware, and software, which, to the extent not previously recognized, are recognized as the related revenue is recognized. Skyhook recognized \$35.5 million of deferred revenue during December 2015, which was

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attributable to prepaid transaction fees, in connection with the expiration of its largest legacy U-TDOA Service customer's contract.

Stock-Based Compensation

As more fully described in note 9, Liberty Broadband has granted to its directors, employees and employees of certain of its subsidiaries options, restricted stock and stock appreciation rights ("SARs") to purchase shares of Liberty Broadband common stock (collectively, "Awards"). Liberty Broadband measures the cost of employee services received in exchange for an Award of equity instruments (such as stock options and restricted stock) based on the grant-date fair value 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). Liberty Broadband measures the cost of employee services received in exchange for an Award of liability instruments (such as stock appreciation rights that will be settled in cash) based on the current fair value of the Award, and remeasures the fair value of the Award at each reporting date. Certain outstanding awards of Liberty were assumed by Liberty Broadband at the time of the Broadband Spin-Off.

Additionally, Skyhook sponsors long-term incentive plans ("LTIPs") which provide for the granting of phantom stock units ("PSUs"), and phantom stock appreciation rights ("PARs") to employees, directors, and consultants of Skyhook. Skyhook measures the cost of employee services received in exchange for awards of equity instruments based on the grant-date fair value of the award and recognizes that cost ratably over the period during which the employee is required to provide service (usually the vesting period of the award). Skyhook measures the cost of employee services received in exchange for awards of liability instruments (such as PSUs and PARs that will be settled in cash) based on the current fair value of the award, and remeasures the fair value of the award at each reporting date. The consolidated statements of operations includes stock-based compensation related to Skyhook awards.

In March 2016, the FASB issued new guidance which simplifies several aspects of the accounting for share-based payment award transactions, including the income tax consequences, forfeitures, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The new standard is effective for the Company for fiscal years and interim periods beginning after December 15, 2016, with early application permitted. The Company adopted this guidance in the third quarter of 2016. In accordance with the new guidance, excess tax benefits and tax deficiencies are recognized as income tax benefit or expense rather than as additional paid-in capital. The Company has elected to recognize forfeitures as they occur rather than continue to estimate expected forfeitures. In addition, pursuant to the new guidance, excess tax benefits are classified as an operating activity on the consolidated statements of cash flows. The recognition of excess tax benefits and deficiencies are applied prospectively from January 1, 2016. Based on the Company's analysis, no cumulative effect adjustment to retained earnings was necessary for tax benefits that were not previously recognized and for adjustments to compensation cost based on actual forfeitures. The presentation changes for excess tax benefits have been applied retrospectively in the consolidated statements of cash flows, resulting in the reclassification of \$1.2 million of excess tax benefits for the year ended December 31, 2015, from cash flows from financing activities to cash flows from operating activities. There were no excess tax benefits reclassified for the year ended December 31, 2016.

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 value 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 income in the period that includes the enactment date. Due to

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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 income (expense) 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

The Skyhook business is subject to certain risks and concentrations including dependence on relationships with its customers. Skyhook had one significant legacy U-TDOA Service customer whose contract expired on December 31, 2015. The loss of this customer had a material adverse effect on Skyhook's business which is expected to continue unless Skyhook is able to generate significant new business to replace the financial impact of this customer. For the year ended December 31, 2015, this customer accounted for 85% of Skyhook's total revenue. The Company's largest customers, that accounted for greater than 10% of revenue, aggregated 57% of total revenue for the years ended December 31, 2017 and 2016.

Contingent Liabilities

Periodically, we review the status of all significant outstanding matters to assess any potential financial exposure. When (i) it is probable that an asset has been impaired or a liability has been incurred and (ii) 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.

Comprehensive Earnings (Loss)

Comprehensive earnings (loss) consists of net earnings (loss), cumulative foreign currency translation adjustments, unrealized gains and losses on available-for-sale securities, net of tax and the Company's share of the comprehensive earnings (loss) of our equity method affiliate.

Earnings per Share (EPS)

Basic earnings (loss) per common share ("EPS") is computed by dividing net earnings (loss) by the weighted average number of common shares outstanding for the period. Diluted EPS presents the dilutive effect on a per share basis of potential common shares as if they had been converted at the beginning of the periods presented.

The Company issued 85,761,332 common shares, which is the aggregate number of shares of Series A, Series B and Series C common stock outstanding upon the completion of the Broadband Spin-Off on November 4, 2014. Additionally, following the completion of the Broadband Spin-Off, Liberty Broadband distributed subscription rights, which were priced at a discount to the market value, to all holders of Liberty Broadband common stock (see further discussion in note 8). The rights offering, because of the discount, is considered a stock dividend which requires retroactive treatment for prior periods for the weighted average shares outstanding based on a factor applied determined by the fair value per share immediately prior to the

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rights exercise and the theoretical fair value after the rights exercise. The number of shares issued upon completion of the Broadband Spin-Off, adjusted for the rights factor, was used to determine both basic and diluted EPS for the period from January 1, 2014 through the date of the Broadband Spin-Off, as no Company equity awards were outstanding prior to the Broadband Spin-Off. In addition, the Company issued 78,250,042 shares of Series C common stock in connection with the Time Warner Cable Merger on May 18, 2016 (see further discussion in note 8). Basic EPS subsequent to the Broadband Spin-Off was computed using the weighted average number of shares outstanding ("WASO"), adjusted for the rights factor, from the date of the completion of the Broadband Spin-Off through January 9, 2015, the date on which the rights offering was fully subscribed. Basic EPS subsequent to January 9, 2015 was computed using WASO. Diluted EPS subsequent to the Broadband Spin-Off was computed using the WASO from the date of the completion of the Broadband Spin-Off through January 9, 2015, adjusted for the rights factor and potentially dilutive equity awards outstanding during the same period. Subsequent to January 9, 2015, basic EPS was computed using the WASO during the period, and diluted EPS was computed using the WASO adjusted for potentially dilutive equity awards outstanding during the period.

	Years ended December 31,		
	2017	2016	2015
	number of shares in thousands		
Basic WASO	181,772	152,103	102,504
Potentially dilutive shares	1,374	749	494
Diluted WASO	183,146	152,852	102,998

Potential common shares excluded from diluted EPS because their inclusion would be antidilutive for the years ended December 31, 2017, 2016 and 2015 are approximately zero, 17 thousand, and 3 thousand, respectively.

Reclasses and adjustments

Certain prior period amounts have been reclassified for comparability with the current year presentation.

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 the application of the equity method of accounting for its affiliates and accounting for income taxes to be its most significant estimates.

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(4) Assets and Liabilities Measured at Fair Value

For assets and liabilities required to be reported at fair value, GAAP provides a hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs, other than quoted market prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The Company does not have any recurring assets or liabilities measured at fair value that would be considered Level 3.

The Company's assets and liabilities measured at fair value are as follows:

Description	December 31, 2017			December 31, 2016		
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
amounts in thousands						
Cash equivalents	\$ 76,304	76,304	—	198,011	198,011	—
Derivative instruments (1) . .	\$ —	—	—	49,019	—	49,019

(1) As of December 31, 2016, the Company had an outstanding zero-strike call option on 704,908 shares of Liberty Broadband Series C common stock which expired in March 2017. The Company prepaid a premium of \$47.9 million in December 2016. Liberty Broadband exercised its option to settle the contract in cash in March 2017 for cash proceeds of \$50.0 million. The Company accounted for the zero-strike call option as a financial instrument asset due to its settlement provisions. The Company entered into another zero-strike call option on 527,156 shares of Liberty Broadband Series C common stock and prepaid a premium of \$47.7 million in October 2017. Upon expiration of the contract in December 2017, the Company elected to physically settle 527,156 shares of Liberty Broadband Series C common stock at a price of \$90.54 per share.

The fair value of Level 2 derivative instruments were derived from a Black-Scholes model using observable market data as the significant inputs. The inputs used in the model during the period outstanding (exclusive of the applicable trading price of Series C Liberty Broadband common stock and the strike prices associated with the call options) were as follows:

	Range					
Volatility	21.1	%	-	21.5	%	
Interest rate.	1.0	%	-	1.0	%	
Dividend yield	0	%	-	0	%	

Other Financial Instruments

Other financial instruments not measured at fair value on a recurring basis include trade receivables, trade payables, accrued and other current liabilities, current portion of debt and long-term debt. With the exception of long-term debt, the carrying amount approximates fair value due to the short maturity of these instruments as reported on our consolidated balance sheets. The carrying value of our long-term debt bears interest at a variable rate and therefore is also considered to approximate fair value.

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Realized and Unrealized Gains (Losses) on Financial Instruments

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

	Years ended December 31,		
	2017	2016	2015
	(amounts in thousands)		
Time Warner Cable investment and financial instruments (1)(2)(3)	\$ —	92,990	2,619
Derivative instruments (4)	3,098	1,132	—
	<u>\$ 3,098</u>	<u>94,122</u>	<u>2,619</u>

- (1) As of December 31, 2014, the Company had an outstanding written call option on 625,000 Time Warner Cable shares with a strike price of \$92.02 per share which expired in February 2015. Upon expiration, this written call option was rolled into a new written call option on 625,000 Time Warner Cable shares with a strike price of \$100.39 per share which the Company cash settled during June 2015 for \$48.3 million. Additionally, as of December 31, 2014, the Company had another outstanding written call option on 625,000 Time Warner Cable shares with a strike price of \$90.84 per share which the Company cash settled during April 2015 for \$36.7 million.
- (2) On March 27, 2015, Liberty Broadband entered into a cashless collar agreement with a financial institution on 1.7 million Time Warner Cable shares held by the Company with a put option strike price of \$136.80 per share and a call option strike price of \$161.62 per share. The collar was originally scheduled to expire during March 2017. The Company unwound the agreement during July 2015 for \$67.1 million cash paid to the counterparty. In connection with this collar agreement, the Company also entered into a revolving loan agreement with an availability of \$234 million, which was terminated upon unwinding of the collar agreement during July 2015 (note 6).
- (3) As discussed in note 5, Time Warner Cable merged with Charter on May 18, 2016. Therefore the Company no longer has an investment in Time Warner Cable as of May 18, 2016, and the unrealized gain (loss) related to our investment in Time Warner Cable is recorded through this date. In connection with the merger, the Company exchanged, in a tax-free transaction, its shares of Time Warner Cable for shares of Charter Class A common stock.
- (4) As of December 31, 2016, the Company had an outstanding zero-strike call option on 704,908 shares of Liberty Broadband Series C common stock which expired in March 2017. The Company had an unrealized gain on the option during 2016 primarily due to an increase in the market price of Liberty Broadband Series C common stock during that period. In April 2017, the Company entered into another zero-strike call option on 600,242 shares of Liberty Broadband Series C common stock. The Company prepaid a premium of \$50.0 million in April 2017. Upon expiration in June 2017, the call option was rolled into a new zero-strike call option on 600,242 shares of Liberty Broadband Series C common stock. Liberty Broadband exercised its option to settle the contract in cash in August 2017 for cash proceeds of \$53.8 million. The Company realized gains on the options outstanding and settled during the current year primarily due to an increase in the market price of Liberty Broadband Series C common stock during that period.

(5) Investment in Charter Accounted for Using the Equity Method

Through a number of prior years' transactions, Liberty Broadband has acquired an interest in Charter. The investment in Charter is accounted for as an equity method affiliate based on our ownership interest and the board seats held by individuals appointed by Liberty Broadband. As of December 31, 2017, the carrying value of Liberty Broadband's ownership in Charter was approximately \$11,836 million. The market value of Liberty Broadband's ownership in Charter as of December 31, 2017 was approximately \$18,166 million, which represented an approximate economic ownership of 22.7% of the outstanding equity of Charter as of that date.

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Pursuant to Proxy Agreements with Liberty Interactive and A/N, Liberty Broadband has an irrevocable proxy to vote certain shares of Charter common stock owned beneficially or of record by Liberty Interactive and A/N following the closing of the Time Warner Cable Merger, for a five year term subject to extension upon the mutual agreement of both parties, subject to certain limitations.

As a result of the A/N Proxy and the Liberty Interactive Proxy Agreement, Liberty Broadband controls 25.01% of the aggregate voting power of Charter following the completion of the Time Warner Cable Merger and the Bright House Transaction and is Charter's largest stockholder.

Additionally, so long as the A/N Proxy is in effect, if A/N proposes to transfer common units of Charter Communications Holdings, LLC (which units are exchangeable into Charter shares and which will, under certain circumstances, result in the conversion of certain shares of Class B Common Stock into Charter shares) or Charter shares, in each case, constituting either (i) shares representing the first 7.0% of the outstanding voting power of Charter held by A/N or (ii) shares representing the last 7.0% of the outstanding voting power of New Charter held by A/N, Liberty Broadband will have a right of first refusal ("ROFR") to purchase all or a portion of any such securities A/N proposes to transfer. The purchase price per share for any securities sold to Liberty Broadband pursuant to the ROFR will be the volume-weighted average price of Charter shares for the two trading day period before the notice of a proposed sale by A/N, payable in cash. Certain transfers are permitted to affiliates of A/N, subject to the transferee entity entering into an agreement assuming the transferor's obligations under the A/N Proxy.

During the years ended December 31, 2017, 2016 and 2015, there was a dilution loss of \$18 million, a dilution gain of \$771 million, and a dilution loss of \$7 million, respectively, in the Company's investment in Charter. The gain during 2016 is primarily due to the Time Warner Cable Merger. Even after considering the exchange of Time Warner Cable shares held by Liberty Broadband to shares of Charter, Liberty Broadband's interest in Charter was diluted as a result of the conversion of outstanding Time Warner Cable shares held by third parties into shares of Charter. However, Liberty Broadband recognized a gain during the period as Liberty Broadband's investment basis in Charter was at a price per share below the new equity issued in the Time Warner Cable Merger. This gain was partially offset by losses due to the issuance of Charter common stock from the exercise of warrants and stock options, held by outside investors (employees and other third parties), at prices below Liberty Broadband's investment basis per share during the year. The dilution losses during the other periods presented are attributable to stock option exercises by employees and other third parties at prices below Liberty Broadband's book basis per share.

During the years ended December 31, 2017, 2016 and 2015, the Company recorded \$768 thousand, \$811 thousand and \$1.3 million, respectively, of its share of Charter's other comprehensive earnings, net of income taxes. Charter records gains and losses related to the fair value of its interest rate swap agreements which qualify as hedging activities in other comprehensive income. The pre-tax portion of Liberty Broadband's share of Charter's other comprehensive earnings was \$1.2 million, \$1.3 million and \$2.1 million for the years ended December 31, 2017, 2016 and 2015, respectively.

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Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

The excess basis has increased to \$2,975 million as of December 31, 2017. Such amount has been allocated within memo accounts used for equity method accounting purposes as follows (amounts in millions):

Property and equipment	\$	361
Customer relationships		689
Franchise fees		1,670
Trademarks		29
Goodwill		986
Debt		(98)
Deferred income tax liability		(662)
	<u>\$</u>	<u>2,975</u>

Upon acquisition, the Company ascribed remaining useful lives of 7 years and 13 years to property and equipment and customer relationships, respectively, and indefinite lives to franchise fees, trademarks and goodwill. The excess basis of outstanding debt is amortized over the contractual period using the effective interest rate method. The increase in excess basis for the year ended December 31, 2017, was primarily related to the impact of income tax rate changes on the deferred tax liability recorded within the memo accounts for Charter, as well as Charter's share buyback program. Included in our share of earnings from Charter of \$2,509 million and \$642 million and losses of \$121 million for the years ended December 31, 2017, 2016 and 2015, respectively, are \$277 million, \$42 million and \$52 million, respectively, of losses, net of taxes, due to the amortization of the excess basis of our investment in Charter related to debt and intangible assets with identifiable useful lives. The excess basis amortization during the year ended December 31, 2015 was offset by the write-off of the excess basis related to debt instruments which Charter repaid during the second quarter of 2015 prior to their contractual maturity.

LIBERTY BROADBAND CORPORATION

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

Charter Communications, Inc.

Summarized financial information for Charter is as follows:

Consolidated Balance Sheets

	December 31, 2017	December 31, 2016
	amounts in millions	
Current assets	\$ 2,555	3,300
Property and equipment, net	33,888	32,963
Goodwill	29,554	29,509
Intangible assets	79,270	81,924
Other assets	1,356	1,371
Total assets	<u>\$ 146,623</u>	<u>149,067</u>
Current liabilities	\$ 11,090	9,572
Deferred income taxes	17,314	26,665
Long-term debt	68,186	59,719
Other liabilities	2,502	2,745
Equity	47,531	50,366
Total liabilities and equity	<u>\$ 146,623</u>	<u>149,067</u>

Consolidated Statements of Operations

	Years ended December 31,		
	2017	2016	2015
	amounts in millions		
Revenue	\$ 41,581	29,003	9,754
Cost and expenses:			
Operating costs and expenses (excluding depreciation and amortization)	26,541	18,655	6,426
Depreciation and amortization	10,588	6,907	2,125
Other operating expenses, net	346	985	89
	<u>37,475</u>	<u>26,547</u>	<u>8,640</u>
Operating income	4,106	2,456	1,114
Interest expense	(3,090)	(2,499)	(1,306)
Loss on extinguishment of debt	(40)	(111)	(128)
Other income (expense), net	52	974	(11)
Income tax (expense) benefit	9,087	2,925	60
Net earnings (loss)	10,115	3,745	(271)
Less: Net income attributable to noncontrolling interests	(220)	(223)	—
Net Income (loss) attributable to Charter shareholders	<u>\$ 9,895</u>	<u>3,522</u>	<u>(271)</u>

LIBERTY BROADBAND CORPORATION

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

(6) Debt

Outstanding debt at December 31, 2017 and December 31, 2016 is summarized as follows:

	December 31, 2017	December 31, 2016
	amounts in thousands	
2017 Margin Loans .	\$ 500,000	—
2014 Margin Loans .	—	400,000
2016 Margin Loans .	—	200,000
Total	<u>\$ 500,000</u>	<u>600,000</u>

2014 Margin Loans

On October 30, 2014, in connection with and prior to the effectiveness of the Broadband Spin-Off, a wholly-owned special purpose subsidiary of the Company ("BroadbandSPV") entered into two margin loan agreements (the "2014 Margin Loan Agreements") with each of the lenders party thereto. The 2014 Margin Loan Agreements permitted BroadbandSPV, subject to certain funding conditions, to borrow term loans up to an aggregate principal amount equal to \$400 million (the "2014 Margin Loans"), of which BroadbandSPV borrowed \$320 million on October 31, 2014 and had \$80 million available to be drawn immediately following the Broadband Spin-Off. During November 2014, subsequent to the Broadband Spin-Off, Liberty Broadband borrowed an additional \$52 million to fund the exercise of the Legacy Charter warrants. During October 2015, Liberty Broadband borrowed an additional \$28 million pursuant to the 2014 Margin Loan Agreements. The maximum borrowing capacity of \$400 million under the 2014 Margin Loan Agreements was outstanding at December 31, 2016. The maturity date of the 2014 Margin Loans was October 30, 2017. Borrowings under the 2014 Margin Loan Agreements bore interest at the three-month LIBOR rate plus 1.55% and had an unused commitment fee of 0.25% per annum based on the average daily unused portion of the 2014 Margin Loans. Interest was payable quarterly in arrears beginning on December 31, 2014. On August 31, 2017, the outstanding borrowings of \$400 million were repaid, as discussed below.

2016 Margin Loans

On March 21, 2016, a wholly-owned special purpose subsidiary of the Company ("Cheetah 5"), entered into two margin loan agreements (the "2016 Margin Loan Agreements" and together with the 2014 Margin Loan Agreements, the "Margin Loan Agreements") with each of the lenders thereto. The 2016 Margin Loan Agreements permitted Cheetah 5, subject to certain funding conditions, to borrow initial term loans up to an aggregate principal amount equal to \$200 million and delayed draw loans (the "Draw Loans") up to an aggregate principal amount equal to \$100 million, for an aggregate total of \$300 million (collectively the "2016 Margin Loans"). Cheetah 5 had borrowed \$200 million as of December 31, 2016 and had \$100 million available to be drawn until September 21, 2017. The maturity date of the 2016 Margin Loans was March 21, 2018. Borrowings under the 2016 Margin Loans bore interest at the applicable LIBOR rate plus 2.10% per annum and have an unused commitment fee of 0.5% per annum based on the average daily unused portion of the Draw Loans. Interest was payable quarterly in arrears beginning on March 31, 2016. The proceeds of the 2016 Margin Loans were used for the Company's additional investment in Charter during May 2016 (note 5). On August 31, 2017, the outstanding borrowings of \$200 million were repaid, as discussed below.

2017 Margin Loan Facility

On August 31, 2017, a bankruptcy remote wholly owned subsidiary of the Company ("SPV"), entered into a multi-draw margin loan credit facility (the "2017 Margin Loan Facility" and, the credit agreement governing such facility, the "2017 Margin Loan Agreement") with Bank of America, N.A and the lenders thereunder. SPV is permitted, subject to certain funding conditions, to borrow term loans up to an aggregate principal amount equal to \$1.0 billion. SPV will also have the ability from time to time to request additional loans in an aggregate principal amount of up to \$1.0 billion on an uncommitted basis subject to certain conditions. SPV had borrowed \$500 million as of December 31, 2017 and had \$500 million available to be drawn until

LIBERTY BROADBAND CORPORATION

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

August 31, 2018. The maturity date of the loans under the 2017 Margin Loan Agreement is August 30, 2019 (except for any incremental loans incurred thereunder to the extent SPV and the incremental lenders agree to a later maturity date). Accordingly, the debt is classified as noncurrent as of December 31, 2017. Borrowings under the 2017 Margin Loan Agreement bear interest at the three-month LIBOR rate plus a per annum spread of 1.5%, unless it is unlawful for the applicable lender to fund or maintain loans based on LIBOR or there are material restrictions on the applicable lender to do so, in which case borrowings under the 2017 Margin Loan Agreement will either (a) bear interest at 0.5% plus the higher of (i) the federal funds rate plus ½ of 1%, (ii) the prime rate and (iii) LIBOR plus 1% for each day during such period or (b) be prepaid. Borrowings outstanding under this margin loan bore interest at a rate of 3.19% per annum at December 31, 2017. Interest is payable quarterly in arrears beginning on September 29, 2017. SPV used available cash and a portion of the proceeds of the loans under the 2017 Margin Loan Facility to repay the Margin Loan Agreements. Borrowings may also be used for distribution as a dividend or a return of capital, for the purchase of margin stock and for general corporate purposes.

The 2017 Margin Loan Agreement contains various affirmative and negative covenants that restrict the activities of SPV (and, in some cases, the Company and its subsidiaries with respect to shares of Charter owned by the Company and its subsidiaries). The 2017 Margin Loan Agreement does not include any financial covenants. The 2017 Margin Loan Agreement also contains restrictions related to additional indebtedness and events of default customary for margin loans of this type.

SPV's obligations under the 2017 Margin Loan Agreement are secured by first priority liens on a portion of the Company's ownership interest in Charter, sufficient for SPV to meet the loan to value requirements under the 2017 Margin Loan Agreement. The 2017 Margin Loan Agreement indicates that no lender party shall have any voting rights with respect to the shares transferred, except to the extent that a lender party buys any shares in a sale or other disposition made pursuant to the terms of the loan agreements. As of December 31, 2017, 6.8 million shares of Charter with a value of \$2.3 billion were pledged as collateral pursuant to the 2017 Margin Loan Agreement.

(7) Income Taxes

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act makes broad and complex changes to the U.S. tax code, including, but not limited to, (1) reducing the U.S. federal corporate tax rate from 35 percent to 21 percent; (2) bonus depreciation that will allow for full expensing of qualified property; (3) creating a new limitation on deductible interest expense; (4) eliminating the corporate alternative minimum tax ("AMT") and changing how existing AMT credits can be realized; (5) changing rules related to uses and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017; and (6) limitations on the deductibility of certain executive compensation. The SEC issued guidance on accounting for the tax effects of the Tax Act. The Company must reflect the income tax effects of those aspects of the Tax Act for which the accounting is known. To the extent that a company's accounting for certain income tax effects of the Tax Act is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements and the Tax Act provides a measurement period that should not extend beyond one year from the Tax Act enactment date. If a company cannot determine a provisional estimate to be included in the financial statements, it should continue to apply the tax laws that were in effect immediately before the enactment of the Tax Act.

The corporate tax rate reduction was applied to our inventory of deferred tax assets and deferred tax liabilities, which resulted in the net tax benefit in the period ending December 31, 2017. We have reported provisional amounts for the income tax effects of the Tax Act for which the accounting is incomplete but a reasonable estimate could be determined. Based on a continued analysis of the estimates and further guidance and interpretations on the application of the law, additional revisions may occur throughout the allowable measurement period.

LIBERTY BROADBAND CORPORATION

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

Income tax benefit (expense) consists of:

	Years ended December 31,		
	2017	2016	2015
	amounts in thousands		
Current:			
Federal	\$ (11)	1,556	(4,234)
State and local	(84)	853	(862)
	<u>(95)</u>	<u>2,409</u>	<u>(5,096)</u>
Deferred:			
Federal	(301,837)	(493,890)	23,512
State and local	(115,001)	(66,888)	1,452
	<u>(416,838)</u>	<u>(560,778)</u>	<u>24,964</u>
Income tax benefit (expense)	<u>\$ (416,933)</u>	<u>(558,369)</u>	<u>19,868</u>

Income tax benefit (expense) differs from the amounts computed by applying the U.S. federal income tax rate of 35% as a result of the following:

	Years ended December 31,		
	2017	2016	2014
	amounts in thousands		
Computed expected tax benefit (expense)	\$ (857,710)	(516,485)	24,519
State and local taxes, net of federal income taxes	(74,805)	(42,995)	1,786
Foreign taxes, net of foreign tax credit	—	(1,180)	(59)
Change in valuation allowance	(1,208)	683	612
Dividends received deduction	—	931	752
Change in tax rate - other	—	45	(179)
Change in tax rate - U.S. tax reform	515,773	—	—
Impairment of intangible assets not deductible for tax purposes ..	—	—	(7,234)
Derivative instrument	1,084	396	—
Other	(67)	236	(329)
Income tax (expense) benefit	<u>\$ (416,933)</u>	<u>(558,369)</u>	<u>19,868</u>

For the year ended December 31, 2017 the significant reconciling items, as noted in the table above, are the result of the effect of the change in the U.S. federal corporate tax rate from 35% to 21% on deferred taxes and the effect of state income taxes. In connection with the initial analysis of the impact of the Tax Act, the Company has recorded a discrete net tax benefit of \$516 million in the period ending December 31, 2017. This net benefit primarily consists of a net benefit for the corporate rate reduction.

For the year ended December 31, 2016 the significant reconciling items, as noted in the table above, are the result of the effect of state income taxes.

For the year ended December 31, 2015 the significant reconciling items, as noted in the table above, are the result of the impairment to non-deductible goodwill related to Skyhook's legacy U-TDOA Service.

LIBERTY BROADBAND CORPORATION

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

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

	December 31,	
	2017	2016
	amounts in thousands	
Deferred tax assets:		
Net operating loss and tax credit carryforwards . .	\$ 49,555	23,017
Accrued stock-based compensation	4,275	4,812
Deferred revenue	1,805	1,721
Other	64	2,073
Total deferred tax assets	55,699	31,623
Less: valuation allowance	(8,153)	(6,945)
Net deferred tax assets	47,546	24,678
Deferred tax liabilities:		
Investments	(979,522)	(527,151)
Intangible assets	(617)	(2,170)
Other	—	(1)
Total deferred tax liabilities	(980,139)	(529,322)
Net deferred tax asset (liability)	\$ (932,593)	(504,644)

The Company's valuation allowance increased \$1.2 million in 2017, which affected tax expense during the year ended December 31, 2017.

At December 31, 2017, the Company had a deferred tax liability on investments of \$979.5 million due to its share of earnings in its equity investment in Charter, which were partially offset by the application of the rate change of the Tax Act and, in the prior year, the result of the Transactions, as discussed in note 5.

At December 31, 2017, Liberty Broadband had federal and state net operating losses (on a tax effected basis) and tax credit carryforwards for income tax purposes aggregating approximately \$49.6 million. These losses and credit carryforwards are expected to be utilized prior to expiration, except for \$8.2 million which based on current projections, may expire unused and accordingly are subject to a valuation allowance. The carryforwards that are expected to be utilized will begin to expire in 2021.

As of December 31, 2017, the Company had not recorded tax reserves related to unrecognized tax benefits for uncertain tax positions.

As of December 31, 2017, the IRS has completed its examination of Liberty Broadband's 2015 and 2016 tax years. Liberty Broadband's 2017 tax year is being examined as part of the IRS's Compliance Assurance Process "CAP" program. Because Liberty Broadband's ownership of Charter is less than the required 80%, Charter is not consolidated with Liberty Broadband for federal income tax purposes.

(8) Stockholders' Equity

In the Broadband Spin-Off, record holders of Liberty Series A, Series B and Series C common stock received one-fourth of a share of the corresponding series of Liberty Broadband common stock for each share of Liberty common stock held by them, with cash paid in lieu of fractional shares. This resulted in the issuance of an aggregate 85,761,332 shares of Series A, Series B and Series C common stock.

In addition, following the completion of the Broadband Spin-Off, on December 10, 2014, stockholders received a subscription right to acquire one share of Liberty Broadband Series C common stock for every five shares of Liberty Broadband common stock they held as of the rights record date at a per share subscription price of \$40.36, which was a 20% discount to the

LIBERTY BROADBAND CORPORATION

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

20-trading day volume weighted average trading price of the Series C Liberty Broadband common stock following the completion of the Broadband Spin-Off. The rights offering was fully subscribed on January 9, 2015, with 17,277,224 shares of Series C common stock issued to those rightsholders exercising basic and, as applicable, oversubscription privileges. The subscription rights were issued to raise capital for general corporate purposes of Liberty Broadband.

In connection with the Time Warner Cable Merger in May 2016, Liberty Broadband funded its purchase of shares of Charter Class A common stock using proceeds of \$4.4 billion related to subscriptions for approximately 78.3 million newly issued shares of Liberty Broadband Series C common stock, par value \$0.01 per share (the "Series C Shares"), at a price per share of \$56.23, which was determined based upon the fair value of Liberty Broadband's net assets on a sum-of-the parts basis at the time certain Amended and Restated Investment Agreements were executed. The purchasers of the Series C Shares were Liberty Interactive through its Liberty Ventures Group (approximately 42.7 million shares) and certain other third party investors, which all invested on substantially similar terms. One of the third party investors also held a position in Time Warner Cable and agreed to vote its Time Warner Cable shares in favor of the Time Warner Cable Merger. Each of Legacy Charter and Liberty Broadband obtained stockholder approval during September 2015 for the issuance of the Charter shares and the Series C Shares, respectively, in accordance with the rules and requirements of the Nasdaq Stock Market. The issuance of the Series C Shares was not registered under the Securities Act of 1933, as amended (the "Securities Act"), in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act and the rules and regulations of the Securities and Exchange Commission promulgated thereunder. As a result of the issuance of the Series C Shares in connection with the Transactions, Liberty Interactive's non-voting economic ownership in Liberty Broadband was 23.5% as of December 31, 2016.

As discussed in note 4, the Company had an outstanding zero-strike call option on 704,908 Series C Shares at December 31, 2016, which expired in March 2017. The Company prepaid a premium of \$47.9 million in December 2016. Liberty Broadband exercised its option to settle the contract in cash in March 2017 for cash proceeds of \$50.0 million. The Company entered into another zero-strike call option on 527,156 shares of Liberty Broadband Series C common stock and prepaid a premium of \$47.7 million in October 2017. Upon expiration of the contract in December 2017, the Company physically settled the contract by purchasing 527,156 shares of Liberty Broadband Series C common stock at a price of \$90.54 per share. As of December 31, 2017, the Company had no zero-strike call options outstanding. The Company accounted for the zero-strike call option as a financial instrument asset due to its settlement provisions. Accordingly, changes in the fair value of the asset are included in realized and unrealized gains (losses) on financial instruments in the accompanying statement of operations.

Preferred Stock

Liberty Broadband's preferred stock is issuable, from time to time, with such designations, preferences and relative participating, optional or other rights, qualifications, limitations or restrictions thereof, as shall be stated and expressed in a resolution or resolutions providing for the issue of such preferred stock adopted by Liberty Broadband's board of directors. As of December 31, 2017, no shares of preferred stock were issued.

Common Stock

Liberty Broadband's Series A common stock has one vote per share, Liberty Broadband's Series B common stock has ten votes per share and Liberty Broadband's Series C common stock has no votes per share (except as otherwise required by applicable law). Each share of the Series B common stock is exchangeable at the option of the holder for one share of Series A common stock. All series of our common stock participate on an equal basis with respect to dividends and distributions.

As of December 31, 2017, there were 404 thousand shares of Series A and 2.4 million shares of Series C common stock reserved for issuance under exercise privileges of outstanding stock options.

LIBERTY BROADBAND CORPORATION

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

(9) Stock-Based Compensation

Included in the accompanying consolidated statements of operations are the following amounts of stock-based compensation for the years ended December 31, 2017, 2016 and 2015 (amounts in thousands).

	December 31,		
	2017	2016	2015
Operating expense	\$ (2)	—	7
Selling, general and administrative	5,114	5,555	5,978
Research and development	180	158	395
	<u>\$ 5,292</u>	<u>5,713</u>	<u>6,380</u>

Liberty Broadband - Incentive Plans

Pursuant to the Liberty Broadband 2014 Omnibus Incentive Plan, as amended, the Company may grant Awards to be made in respect of a maximum of 8.4 million shares of Liberty Broadband common stock. Awards generally vest over 1-5 years and have a term of 7-10 years. Liberty Broadband issues new shares upon exercise of equity awards.

Liberty Broadband – Grants of Stock Options

During the years ended December 31, 2017, 2016 and 2015, Liberty Broadband granted 16 thousand, 17 thousand and 21 thousand options, respectively, to purchase shares of Series C common stock to its non-employee directors with a weighted average grant-date fair value (“GDFV”) of \$22.68, \$18.64 and \$13.51 per share, respectively, which mainly cliff vest over a one year vesting period. There were no options to purchase shares of Series A common stock granted during the period.

The Company has calculated the GDFV for all of its equity classified awards and any subsequent remeasurement of its liability classified awards using the Black-Scholes Model. The Company estimates the expected term of the Awards based on historical exercise and forfeiture data. For grants made in 2017, 2016 and 2015, the range of expected terms was 4.6 to 5.3 years. The volatility used in the calculation for Awards is based on the historical volatility of Liberty Broadband common stock and the implied volatility of publicly traded Liberty Broadband options. For grants made in 2017, 2016 and 2015, the range of volatilities was 24.4% to 28.2%. The Company uses a zero dividend rate and the risk-free rate for Treasury Bonds with a term similar to that of the subject option.

LIBERTY BROADBAND CORPORATION

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

Liberty Broadband – Outstanding Awards

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

	Series A (in thousands)	WAEP	Weighted average remaining contractual life (in years)	Aggregate intrinsic value (in millions)
Outstanding at January 1, 2017	454	\$ 32.47		
Granted	—	\$ —		
Exercised	(50)	\$ 26.85		
Forfeited/Cancelled	—	\$ —		
Outstanding at December 31, 2017	404	\$ 33.16	2.0	\$ 21
Exercisable at December 31, 2017	402	\$ 33.08	2.0	\$ 21

	Series C (in thousands)	WAEP	Weighted average remaining contractual life (in years)	Aggregate intrinsic value (in millions)
Outstanding at January 1, 2017	2,467	\$ 42.45		
Granted	16	\$ 85.34		
Exercised	(95)	\$ 27.08		
Forfeited/Cancelled	—	\$ —		
Outstanding at December 31, 2017	2,388	\$ 43.35	5.2	\$ 100
Exercisable at December 31, 2017	866	\$ 34.34	2.1	\$ 44

The Company had no outstanding Series B options during 2017.

As of December 31, 2017, the total unrecognized compensation cost related to unvested Liberty Broadband Awards was approximately \$10.0 million. Such amount will be recognized in the Company’s consolidated statements of operations over a weighted average period of approximately 1.5 years.

As of December 31, 2017, Liberty Broadband reserved 2.8 million shares of Series A and Series C common stock for issuance under exercise privileges of outstanding stock Awards.

Liberty Broadband – Exercises

The aggregate intrinsic value of all options exercised during the years ended December 31, 2017, 2016 and 2015 was \$8.1 million, \$14.4 million and \$11.2 million, respectively.

Liberty Broadband – Restricted Shares

The aggregate fair value of all Series A and Series C restricted shares of Liberty Broadband common stock that vested during the years ended December 31, 2017, 2016 and 2015 was \$116 thousand, \$674 thousand and \$5.8 million, respectively.

LIBERTY BROADBAND CORPORATION

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

As of December 31, 2017, the Company had approximately 24,000 unvested restricted shares of Series A and Series C Liberty Broadband common stock held by certain directors, officers and employees of the Company with a weighted average GDFV of \$13.43 per share.

Skyhook equity incentive plans

Long-Term Incentive Plans

Skyhook has a long-term incentive plan which provides for the granting of PARs and PSUs to employees, directors, and consultants of Skyhook that is not significant to Liberty Broadband. As of December 31, 2017 and 2016, \$1.2 million and \$1.7 million, respectively, are included in other liabilities for the fair value (Level 2) of the Company's LTIP obligations.

(10) Employee Benefit Plans

Prior to January 1, 2015, Skyhook participated in Liberty's defined-contribution plan (the "Liberty 401(k) Plan").

Employees of Skyhook participate in a separate defined-contribution plan administered by Skyhook (the "Skyhook 401(k) Plan"). The Skyhook 401(k) Plan provides for employees to make contributions by salary reductions for investment in several mutual funds and/or a self-directed brokerage account pursuant to Section 401(k) of the Internal Revenue Code.

Pursuant to the existing Skyhook 401(k) Plan, Skyhook employees are eligible for 100% matching contributions for each dollar contributed up to 10%, subject to certain limitations. For the years ended December 31, 2017, 2016 and 2015, Skyhook contributed approximately \$1.0 million, \$0.8 million and \$1.1 million respectively.

(11) Commitments and Contingencies

Leases

Skyhook leases various properties under operating leases expiring at various times through 2021. The aggregate minimum annual lease payments under the noncancelable operating leases as of December 31, 2017 are as follows (amounts in thousands):

2018.....	\$	445
2019.....		497
2020.....		548
2021.....		11
	<u>\$</u>	<u>1,501</u>

Skyhook's two principal facilities are under lease through December 2019 and January 2021, respectively. Total rental expense for the years ended December 31, 2017, 2016 and 2015 was \$1.1 million, \$2.4 million and \$3.7 million, respectively.

Litigation

On May 23, 2012, Skyhook (then known as TruePosition) filed a patent infringement lawsuit in the U.S. District Court for the District of Delaware against Polaris Wireless, Inc. ("Polaris"), related to the sale by Polaris of systems used to locate mobile devices. In parallel with the lawsuit, at Polaris's request, the U.S. Patent and Trademark Office initiated an Inter Partes Review. Both the District Court and the Patent Trial and Appeal Board ruled adversely to Skyhook and those rulings were upheld on appeal. No further appeal was taken. During the pendency of the appeal, Polaris filed a motion in the District Court for an award of approximately \$3 million in attorneys' fees and expenses incurred in defending the lawsuit. The matter was heard by the Court on October 16, 2015, wherein the court denied the Polaris motion.

LIBERTY BROADBAND CORPORATION

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

On September 10, 2010, Skyhook filed a patent infringement lawsuit in the U.S. District Court for the District of Massachusetts against Google, Inc. (“Google”). In March 2013, Skyhook amended its lawsuit to add additional claims. In total, at the time the case was to be tried, Skyhook alleged that Google infringed on eight Skyhook patents involving location technology and sought an injunction and/or award of damages in an amount to be determined at trial. The case had been scheduled to be tried before a jury commencing March 9, 2015. However, on March 5, 2015, the parties advised the District Court that the case has been settled and thereby dismissed the action without costs and without prejudice to the right person, upon good cause shown within 45 days, to reopen the action if settlement is not consummated. On March 27, 2015, the parties consummated a final settlement agreement and on April 24, 2015, Google paid Skyhook settlement consideration of \$90 million. In return for payment of the settlement consideration, Google received dismissal of the action with prejudice, a license to the existing Skyhook patents and patent applications (and their continuations, divisionals, continuations-in-part), a three-year covenant not to sue (subject to limited exceptions) and a mutual release of claims. The settlement amount of \$90 million is recorded net of approximately \$29.5 million for legal fees in the statement of operations for the year ended December 31, 2015.

General Litigation

In the ordinary course of business, the Company and its consolidated subsidiaries are parties to legal proceedings and claims involving alleged infringement of third-party intellectual property rights, defamation, and other claims. Although it is reasonably possible that 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 consolidated financial statements.

Off-Balance Sheet Arrangements

Liberty Broadband did not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the Company’s financial condition, results of operations, liquidity, capital expenditures or capital resources.

(12) Segment Information

Liberty Broadband identifies its reportable segments as (A) those consolidated companies that represent 10% or more of its consolidated annual revenue, annual Adjusted OIBDA or total assets and (B) those equity method affiliates whose share of earnings or losses represent 10% or more of Liberty Broadband’s annual pre-tax earnings (losses).

Liberty Broadband evaluates performance and makes decisions about allocating resources to its operating segments based on financial measures such as revenue, Adjusted OIBDA. In addition, Liberty Broadband reviews nonfinancial measures such as subscriber growth.

Liberty Broadband defines Adjusted OIBDA as revenue less cost of sales, operating expenses, and selling, general and administrative expenses (excluding stock-based compensation). Liberty Broadband believes this measure is an important indicator of the operational strength and performance of its businesses, including each business’s ability to service debt and fund capital expenditures. In addition, this measure allows management to view operating results and perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. This measure of performance excludes depreciation and amortization, stock based compensation, separately reported litigation settlements and restructuring and impairment charges that are included in the measurement of operating income pursuant to GAAP. Accordingly, Adjusted OIBDA should be considered in addition to, but not as a substitute for, operating income, net earnings, cash flow provided by operating activities and other measures of financial performance prepared in accordance with GAAP. Liberty Broadband generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties, that is, at current prices.

LIBERTY BROADBAND CORPORATION

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

For the year ended December 31, 2017, Liberty Broadband has identified the following consolidated company and equity method investment as its reportable segments:

- Skyhook— a wholly owned subsidiary of the Company that provides the Precision Location Solution (a location determination service) and Geospatial Insights product (a location intelligence and data insights service).
- Charter—an equity method investment that is one of the largest providers of cable services in the United States, offering a variety of entertainment, information and communications solutions to residential and commercial customers.

Liberty Broadband's operating segments are strategic business units that offer different products and services. They are managed separately because each segment requires different technologies, distribution channels and marketing strategies. The accounting policies of the segments that are also consolidated companies are the same as those described in the Company's summary of significant accounting policies in the Company's annual financial statements. For periods in which Liberty Broadband owned Charter shares and warrants, we have included amounts attributable to Charter in the tables below. Although Liberty Broadband owns less than 100% of the outstanding shares of Charter, 100% of the Charter amounts are included in the schedule below and subsequently eliminated in order to reconcile the account totals to the Liberty Broadband consolidated financial statements.

Performance Measures

	Years ended December 31,					
	2017		2016		2015	
	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA
	amounts in thousands					
Skyhook	\$ 13,092	(9,496)	30,586	(2,681)	91,182	43,600
Charter	41,581,000	14,955,000	29,003,000	9,607,000	9,754,000	3,317,000
Corporate and other.	—	(6,920)	—	(8,761)	—	(11,958)
	41,594,092	14,938,584	29,033,586	9,595,558	9,845,182	3,348,642
Eliminate equity method affiliate	(41,581,000)	(14,955,000)	(29,003,000)	(9,607,000)	(9,754,000)	(3,317,000)
Consolidated Liberty Broadband	\$ 13,092	(16,416)	30,586	(11,442)	91,182	31,642

Other Information

	December 31, 2017			December 31, 2016		
	Total assets	Investments in affiliates	Capital expenditures	Total assets	Investments in affiliates	Capital expenditures
	amounts in thousands					
Skyhook	\$ 24,481	—	70	30,463	—	267
Charter	146,623,000	—	8,681,000	149,067,000	—	5,325,000
Corporate and other.	11,907,308	11,835,613	—	9,560,497	9,315,253	—
	158,554,789	11,835,613	8,681,070	158,657,960	9,315,253	5,325,267
Eliminate equity method affiliate.	(146,623,000)	—	(8,681,000)	(149,067,000)	—	(5,325,000)
Consolidated Liberty Broadband	\$ 11,931,789	11,835,613	70	9,590,960	9,315,253	267

LIBERTY BROADBAND CORPORATION

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

Revenue by Geographic Area

	Years ended December 31,		
	2017	2016	2015
	amounts in thousands		
United States	\$ 10,315	27,806	87,739
Other countries	2,777	2,780	3,443
	<u>\$ 13,092</u>	<u>30,586</u>	<u>91,182</u>

The following table provides a reconciliation of segment Adjusted OIBDA to Operating income (loss) and earnings (loss) from continuing operations before income taxes:

	Years ended December 31,		
	2017	2016	2015
	amounts in thousands		
Consolidated segment Adjusted OIBDA	\$ (16,416)	(11,442)	31,642
Stock-based compensation	(5,292)	(5,713)	(6,380)
Depreciation and amortization	(3,770)	(4,005)	(6,088)
Gain on legal settlement	—	—	60,450
Impairment of intangible assets	—	—	(20,669)
Operating income (loss)	<u>(25,478)</u>	<u>(21,160)</u>	<u>58,955</u>
Interest expense	(19,570)	(14,956)	(7,424)
Dividend and interest income	1,449	5,020	3,797
Share of earnings (loss) of affiliates, net	2,508,991	641,544	(120,962)
Realized and unrealized gains (losses) on financial instruments, net. .	3,098	94,122	2,619
Gain (loss) on dilution of investment in affiliate	(17,872)	770,766	(7,198)
Other, net	(18)	336	158
Earnings (loss) from continuing operations before income taxes . . .	<u>\$ 2,450,600</u>	<u>1,475,672</u>	<u>(70,055)</u>

LIBERTY BROADBAND CORPORATION

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

(13) Quarterly Financial Information (Unaudited)

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
	<u>amounts in thousands</u>			
2017:				
Revenue	\$ 3,140	3,073	3,430	3,449
Operating income (loss)	\$ (6,362)	(7,333)	(5,787)	(5,996)
Net earnings (loss) attributable to Liberty Broadband Corporation Series A, Series B and Series C stockholders	\$ (14,445)	(2,977)	(9,864)	2,060,953
Basic earnings (loss) attributable to Liberty Broadband Corporation Series A, Series B and Series C stockholders per common share	\$ (0.08)	(0.02)	(0.05)	11.37
Diluted earnings (loss) attributable to Liberty Broadband Corporation Series A, Series B and Series C stockholders per common share	\$ (0.08)	(0.02)	(0.05)	11.28
	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
	<u>amounts in thousands</u>			
2016:				
Revenue	\$ 3,831	2,966	20,616	3,173
Operating income (loss)	\$ (9,340)	(10,737)	6,624	(7,707)
Net earnings (loss) attributable to Liberty Broadband Corporation Series A, Series B and Series C stockholders	\$ (22,241)	890,154	3,789	45,601
Basic earnings (loss) attributable to Liberty Broadband Corporation Series A, Series B and Series C stockholders per common share	\$ (0.22)	6.31	0.02	0.25
Diluted earnings (loss) attributable to Liberty Broadband Corporation Series A, Series B and Series C stockholders per common share	\$ (0.22)	6.28	0.02	0.25

LIBERTY BROADBAND CORPORATION

CORPORATE DATA

Board of Directors

John C. Malone

Chairman of the Board
Liberty Broadband Corporation

Richard R. Green

Retired President and Chief Executive Officer
CableLabs®

Gregory B. Maffei

President and Chief Executive Officer
Liberty Broadband Corporation

J. David Wargo

Founder and President
Wargo & Company, Inc.

John E. Welsh III

President
Avalon Capital Partners LLC

Executive Committee

Gregory B. Maffei

John C. Malone

Compensation Committee

J. David Wargo (Chairman)

Richard R. Green

John E. Welsh III

Audit Committee

John E. Welsh III (Chairman)

Richard R. Green

J. David Wargo

Nominating & Corporate

Governance Committee

Richard R. Green (Chairman)

J. David Wargo

John E. Welsh III

Senior Officers

Gregory B. Maffei

President and Chief Executive Officer

Richard N. Baer

Chief Legal Officer

Mark D. Carleton

Chief Financial Officer

Albert E. Rosenthaler

Chief Corporate Development Officer

Corporate Secretary

Pamela L. Coe

Corporate Headquarters

12300 Liberty Boulevard
Englewood, CO 80112
(720) 875-5700

Stock Information

Series A Common Stock (LBRDA) and Series C Common Stock (LBRDK) trade on the NASDAQ Global Select Market.

Series B Common Stock (LBRDB) is quoted on the OTC Markets.

CUSIP Numbers

LBRDA – 530307 107

LBRDB – 530307 206

LBRDK – 530307 305

Transfer Agent

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Investor Relations

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On the Internet

Visit the Liberty Broadband Corporation website at www.libertybroadband.com.

Financial Statements

Liberty Broadband Corporation financial statements are filed with the Securities and Exchange Commission. Copies of these financial statements can be obtained from the Transfer Agent or through the Liberty Broadband Corporation website.

OUR ENVIRONMENT

Liberty believes in working to keep our environment cleaner and healthier. We are proud to have our headquarters overlooking the Colorado Rockies. Every day, Liberty takes steps to preserve the natural beauty of the surroundings that we are privileged to enjoy.

ELECTRONIC DELIVERY



We encourage Liberty stockholders to voluntarily elect to receive future proxy and annual report materials electronically.

- If you are a registered stockholder, please visit www-us.computershare.com/investor for simple instructions.
- Beneficial shareowners can elect to receive future proxy and annual report materials electronically as well as vote their shares online at www.proxyvote.com.
► Faster ► Economical ► Cleaner ► Convenient

SCAN THE QR CODE

- to vote using your mobile device, sign up for e-delivery or download annual meeting materials.



Registered stockholders



Beneficial shareowners

► Liberty's initiative in reducing its carbon footprint by promoting electronic delivery of shareholder materials has had a positive effect on the environment. Based upon 2017 statistics, voluntary receipt of e-delivery resulted in the following environmental savings:



Using approximately 20 fewer tons of wood, or 131 fewer trees



Using approximately 178 million fewer BTUs, or the equivalent of the amount of energy used by two homes for 1 calendar year



Using approximately 30,600 fewer pounds of greenhouse gases, including carbon dioxide, or the equivalent of 3 automobiles running for 1 calendar year



Saving approximately 124,848 gallons of water, or the equivalent of approximately 5 swimming pools



Saving approximately 10,499 pounds of solid waste



Reducing hazardous air pollutants by approximately 15 pounds

Environmental impact estimates calculated using the Environmental Paper Network Paper Calculator. For more information visit www.papercalculator.org.

2018 ANNUAL MEETING OF STOCKHOLDERS



Thursday, May 24, 2018



8:00 a.m. Local Time



Corporate Offices of Liberty Broadband Corporation
12300 Liberty Boulevard, Englewood, Colorado 80112