



CONTENTS

Proxy Statement

Forward Looking Statements

Stock Performance

Investment Summary

Financial Information

Corporate Data

Environmental Statement



GCI LIBERTY, INC.

12300 Liberty Boulevard
Englewood, Colorado 80112
(720) 875-5900

April 10, 2020

Dear Stockholder:

You are cordially invited to attend the 2020 annual meeting of stockholders of GCI Liberty, Inc. (**GCI Liberty**) to be held at 8:30 a.m., Mountain time, on May 19, 2020. Due to concerns about the coronavirus, this year the annual meeting will be held via the Internet and will be a completely virtual meeting of stockholders. You may attend the meeting, submit questions and vote your shares electronically during the meeting via the Internet by visiting www.virtualshareholdermeeting.com/GCIL2020. To enter the annual meeting, you will need the 16-digit control number that is printed in the box marked by the arrow on your proxy card. We recommend logging in at least fifteen minutes before the meeting to ensure that you are logged in when the meeting starts. Online check-in will start shortly before the meeting on May 19, 2020.

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 GCI Liberty.

Very truly yours,

Gregory B. Maffei
President and Chief Executive Officer

The proxy materials relating to the annual meeting will first be made available on or about April 15, 2020.

GCI LIBERTY, INC.

12300 Liberty Boulevard
Englewood, Colorado 80112
(720) 875-5900

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

to be Held on May 19, 2020

NOTICE IS HEREBY GIVEN of the annual meeting of stockholders of GCI Liberty, Inc. (**GCI Liberty**) to be held at 8:30 a.m., Mountain time, on May 19, 2020. Due to concerns about the coronavirus (**COVID-19**), this year the annual meeting will be held via the Internet and will be a completely virtual meeting of stockholders. You may attend the meeting, submit questions and vote your shares electronically during the meeting via the Internet by visiting www.virtualshareholdermeeting.com/GCIL2020. To enter the annual meeting, you will need the 16-digit control number that is printed in the box marked by the arrow on your proxy card. We recommend logging in at least fifteen minutes before the meeting to ensure that you are logged in when the meeting starts. Online check-in will start shortly before the meeting on May 19, 2020. At the annual meeting, you will be asked to consider and vote on the following proposals:

1. A proposal (which we refer to as the **election of directors proposal**) to elect Ronald A. Duncan and Donne F. Fisher to continue serving as Class II members of our board until the 2023 annual meeting of stockholders or their 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, 2020; 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, Series B common stock, par value \$0.01 per share, and Series A Cumulative Redeemable Preferred Stock, par value \$0.01 per share, in each case, outstanding as of 5:00 p.m., New York City time, on March 31, 2020, 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. If you have any questions with respect to accessing this list, please contact GCI Liberty Investor Relations at (833) 618-8602.

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.

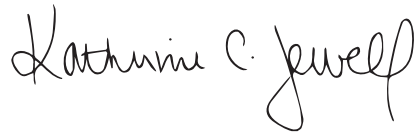
Our board of directors has unanimously approved each proposal and recommends that you vote "**FOR**" the election of each director nominee and "**FOR**" each of the auditors ratification proposal and the say-on-pay proposal.

Votes may be cast electronically during the annual meeting via the Internet 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 19, 2020: our Notice of Annual Meeting of Stockholders, Proxy Statement, and 2019 Annual Report to Stockholders are available at www.proxyvote.com.

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 that reads "Katherine C. Jewell". The signature is written in a cursive, flowing style.

Katherine C. Jewell
Assistant Vice President and Secretary

Englewood, Colorado
April 10, 2020

**WHETHER OR NOT YOU PLAN TO ATTEND 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.**

TABLE OF CONTENTS

PROXY STATEMENT SUMMARY

THE ANNUAL MEETING	1
Electronic Delivery	1
Time, Place and Date	1
Purpose	1
Quorum	2
Who May Vote	2
Votes Required	2
Votes You Have	2
Recommendation of Our Board of Directors	2
Shares Outstanding	2
Number of Holders	2
Voting Procedures for Record Holders	2
Voting Procedures for Shares Held in Street Name	3
Voting Procedures for Shares Held in the Liberty Media 401(k) Savings Plan or Employee Stock Purchase Plan	3
Revoking a Proxy	4
Solicitation of Proxies	4
Other Matters to Be Voted on at the Annual Meeting	4
SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	5
Security Ownership of Certain Beneficial Owners	5
Security Ownership of Management	7
Changes in Control	9
PROPOSALS OF OUR BOARD	10
PROPOSAL 1—THE ELECTION OF DIRECTORS	
PROPOSAL	10
Board of Directors	10
Vote and Recommendation	13
PROPOSAL 2—THE AUDITORS RATIFICATION	
PROPOSAL	14
Change in Independent Auditors	14
Audit Fees and All Other Fees	15
Policy on Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditor	15
Vote and Recommendation	16

PROPOSAL 3—THE SAY-ON-PAY PROPOSAL	17
Advisory Vote	17
Vote and Recommendation	17
MANAGEMENT AND GOVERNANCE MATTERS	18
Executive Officers	18
Code of Ethics	18
Director Independence	19
Board Composition	19
Board Leadership Structure	19
Board Role in Risk Oversight	19
Committees of the Board of Directors	19
Board Meetings	23
Director Attendance at Annual Meetings	23
Stockholder Communication with Directors	23
Executive Sessions	23
Hedging Disclosure	24
EXECUTIVE COMPENSATION	25
Compensation Discussion and Analysis	25
Summary Compensation Table	31
Executive Compensation Arrangements	32
Equity Incentive Plans	35
Grants of Plan-Based Awards	36
Outstanding Equity Awards at Fiscal Year-End	37
Option Exercises and Stock Vested	39
Potential Payments Upon Termination or Change in Control	40
DIRECTOR COMPENSATION	44
Nonemployee Directors	44
Director Compensation Table	45
EQUITY COMPENSATION PLAN INFORMATION	45
CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	46
STOCKHOLDER PROPOSALS	47
ADDITIONAL INFORMATION	47

PROXY STATEMENT SUMMARY

2020 ANNUAL MEETING OF STOCKHOLDERS

WHEN

8:30 a.m., Mountain time, on May 19, 2020

WHERE

The annual meeting can be accessed virtually via the Internet by visiting www.virtualshareholdermeeting.com/GCIL2020

RECORD DATE

5:00 p.m., New York City time, on March 31, 2020

ITEMS OF BUSINESS

1. Election of directors proposal—To elect Ronald A. Duncan and Donne F. Fisher to continue serving as Class II members of our board until the 2023 annual meeting of stockholders or their 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, 2020.
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 GLIBA, GLIBB and GLIBP

PROXY VOTING

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



By calling 1-800-690-6903
(toll free) in the United States or
Canada



Online at
www.proxyvote.com



By returning a properly
completed, signed and dated
proxy card

ANNUAL MEETING AGENDA AND VOTING RECOMMENDATIONS

Proposal	Voting Recommendation	Page Reference (for more detail)
Election of directors proposal	✓ FOR EACH NOMINEE	10
Auditors ratification proposal	✓ FOR	14
Say-on-pay proposal	✓ FOR	17

GCI LIBERTY, INC.

a Delaware Corporation

12300 Liberty Boulevard
Englewood, Colorado 80112
(720) 875-5900

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 2020 Annual Meeting of Stockholders to be held at 8:30 a.m., Mountain time, on May 19, 2020. Due to concerns about COVID-19, this year the annual meeting will be held via the Internet and will be a completely virtual meeting of stockholders. You may attend the meeting, submit questions and vote your shares electronically during the meeting via the Internet by visiting www.virtualshareholdermeeting.com/GCIL2020. 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 (**GLIBA**), Series B common stock, par value \$0.01 per share (**GLIBB**), and Series A Cumulative Redeemable Preferred Stock, par value \$0.01 per share (**GLIBP**). We refer to GLIBA and GLIBB as our **common stock**. We refer to our common stock together with GLIBP as our **capital 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.proxyvote.com. 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, Broadridge, at (888) 789-8606 (outside the United States (303) 562-9275). 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 8:30 a.m., Mountain time, on May 19, 2020. Due to concerns about COVID-19, this year the annual meeting will be held via the Internet and will be a completely virtual meeting of stockholders. You may attend the meeting, submit questions and vote your shares electronically during the meeting via the Internet by visiting www.virtualshareholdermeeting.com/GCIL2020. To enter the annual meeting, you will need the 16-digit control number that is printed in the box marked by the arrow on your proxy card. We recommend logging in at least fifteen minutes before the meeting to ensure that you are logged in when the meeting starts. Online check-in will start shortly before the meeting on May 19, 2020.

PURPOSE

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

- the election of directors proposal, to elect Ronald A. Duncan and Donne F. Fisher to continue serving as Class II members of our board until the 2023 annual meeting of stockholders or their 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, 2020; 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 capital stock outstanding on the record date (as defined below) and entitled to vote at the annual meeting must be represented at the annual meeting either in person or by proxy. Virtual attendance at the annual meeting also constitutes presence in person for purposes of quorum at the meeting. 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 GLIBA, GLIBB and GLIBP, as recorded in our stock register as of 5:00 p.m., New York City time, on March 31, 2020 (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

Each director nominee who receives a plurality of the combined voting power of the outstanding shares of our capital 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, will be elected to the 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 capital stock that are present in person or by proxy, and entitled to vote at the annual meeting, voting together as a single class.

Virtual attendance at the annual meeting also constitutes presence in person for purposes of each required vote.

VOTES YOU HAVE

At the annual meeting, holders of shares of GLIBA will have one vote per share, holders of shares of GLIBB will have ten votes per share, and holders of shares of GLIBP will have one-third of one vote 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 each director nominee and “**FOR**” each of the auditors ratification proposal and the say-on-pay proposal.

SHARES OUTSTANDING

As of the record date, 101,319,919 shares of GLIBA, 4,488,829 shares of GLIBB and 7,200,919 shares of GLIBP were issued and outstanding and entitled to vote at the annual meeting.

NUMBER OF HOLDERS

There were, as of the record date, 1,505, 50 and 640 record holders of GLIBA, GLIBB and GLIBP, 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 GLIBA, GLIBB and GLIBP as of the record date may vote via the Internet at the annual meeting or prior to 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.

Holders of record may vote their shares electronically during the meeting via the Internet by visiting www.virtualshareholdermeeting.com/GCIL2020. To enter the annual meeting, holders will need the 16-digit control number that is printed in the box marked by the arrow on their proxy card. We recommend logging in at least fifteen minutes before the meeting to ensure that they are logged in when the meeting starts. Online check-in will start shortly before the meeting on May 19, 2020.

Instructions for voting prior to the annual meeting by using the telephone or the Internet are printed on the proxy voting instructions attached to the proxy card. In order to vote prior to the annual meeting 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 capital 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 each 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 election of directors proposal and 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 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 without specific instructions from their clients with respect to numerous matters, including, in our case, the election of directors 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 capital 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 GLIBA, GLIBB or GLIBP or how to change your vote or revoke your proxy.

VOTING PROCEDURES FOR SHARES HELD IN THE LIBERTY MEDIA 401(K) SAVINGS PLAN OR EMPLOYEE STOCK PURCHASE PLAN

If you hold GLIBA shares through your account in the Liberty Media 401(k) Savings Plan, the trustee for such plan is required to vote your shares as you specify. To allow sufficient time for the trustee to vote your shares, your voting instructions must be received by 11:59 p.m., New York City time, on May 14, 2020. To vote such shares, please follow the instructions provided by the trustee for such plan.

If you hold GLIBA or GLIBP shares through your account in the Employee Stock Purchase Plan (the **GCI 401(k) Plan**), the trustee for such plan is required to vote your shares as you specify. To allow sufficient time for the trustee to vote your shares, your voting instructions must be received by 11:59 p.m., New York City time, on May 14, 2020. To vote such shares, please follow the instructions provided by the trustee for such plan.

REVOKING A PROXY

If you submitted a proxy prior to the start of the annual meeting, you may change your vote by attending the annual meeting online and voting via the Internet at the annual meeting or by delivering a signed proxy revocation or a new signed proxy with a later date to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. Any signed proxy revocation or later-dated 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 11:59 p.m., New York City time, on May 18, 2020 for shares held directly and 11:59 p.m., New York City time, on May 14, 2020 for shares held in the Liberty Media 401(k) Savings Plan or the GCI 401(k) Plan.

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 GCI Liberty Investor Relations at (833) 618-8602 or Broadridge at (888) 789-8606 (outside the United States (303) 562-9275).

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 capital stock beneficially owned by each person or entity known by us to own more than five percent of the outstanding shares of each series of our capital stock. All of such information is based on publicly available filings, unless otherwise known to us from other sources.

Unless otherwise indicated, the security ownership information is given as of February 29, 2020 and, in the case of percentage ownership information, is based upon (1) 101,303,731 shares of GLIBA, (2) 4,437,400 shares of GLIBB and (3) 7,200,949 shares of GLIBP, in each case, outstanding on that date. The percentage voting power is presented in the table below on an aggregate basis for all shares of our capital stock.

Name and Address of Beneficial Owner	Title of Series or Class	Amount and Nature of Beneficial Ownership	Percent of Series (%)	Voting Power (%)
John C. Malone c/o GCI Liberty, Inc. 12300 Liberty Boulevard Englewood, CO 80112	GLIBA	607,021 ⁽¹⁾	*	27.6
	GLIBB	4,021,175 ⁽¹⁾	90.6	
	GLIBP	10 ⁽¹⁾	*	
Gregory B. Maffei c/o GCI Liberty, Inc. 12300 Liberty Boulevard Englewood, CO 80112	GLIBA	1,041,647 ⁽¹⁾	1.0	9.9
	GLIBB	1,491,458 ⁽¹⁾	26.2	
	GLIBP	—	—	
Ronald A. Duncan c/o GCI Liberty, Inc. 12300 Liberty Boulevard Englewood, CO 80112	GLIBA	1,370,244 ⁽¹⁾	1.4	1.0
	GLIBB	—	—	
	GLIBP	473,101 ⁽¹⁾	6.6	
John W. Stanton and Theresa E. Gillespie 155 108 th Avenue, N.E., Suite 400 Bellevue, WA 98004	GLIBA	1,690,085 ⁽²⁾	1.7	1.3
	GLIBB	—	—	
	GLIBP	536,193 ⁽³⁾	7.4	
T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, MD 21202	GLIBA	10,424,591 ⁽⁴⁾	10.3	6.3
	GLIBB	—	—	
	GLIBP	—	—	
FPR Partners, LLC 199 Fremont Street, Suite 2500 San Francisco, CA 94105	GLIBA	9,023,621 ⁽⁵⁾	8.9	6.1
	GLIBB	—	—	
	GLIBP	—	—	
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	GLIBA	8,560,796 ⁽⁶⁾	8.5	*
	GLIBB	—	—	
	GLIBP	—	—	
Eagle Capital Management LLC 499 Park Avenue, 17 th Floor New York, NY 10022	GLIBA	6,489,848 ⁽⁷⁾	6.4	3.8
	GLIBB	—	—	
	GLIBP	—	—	
BlackRock, Inc. 55 East 52 nd Street New York, NY 10055	GLIBA	5,336,366 ⁽⁸⁾	5.3	3.4
	GLIBB	—	—	
	GLIBP	—	—	

* Less than one percent

(1) Information with respect to shares of GCI Liberty capital stock beneficially owned by Mr. Malone, who is the Chairman of the Board and a director of GCI Liberty, Mr. Maffei, who is the President and Chief Executive Officer and a director of GCI Liberty, and Mr. Duncan, who is a director of GCI Liberty, is also set forth in "—Security Ownership of Management" below.

- (2) Based on information available to us and Amendment No. 8 to Schedule 13D, filed March 12, 2018, by John W. Stanton and Theresa E. Gillespie (**Stanton and Gillespie**), which states that, with respect to GLIBA, Stanton and Gillespie have shared voting power and shared dispositive power over 1,689,008.58 shares.
- (3) Based on the Schedule 13D, filed March 12, 2018, by Stanton and Gillespie, which states that, with respect to GLIBP, Stanton and Gillespie have shared voting power over 536,193 shares and shared dispositive power over 536,193 shares.
- (4) Based on Amendment No. 2 to Schedule 13G, filed February 14, 2020, jointly by T. Rowe Price Associates, Inc. (**T. Rowe**) and T. Rowe Price New Horizons Fund, Inc. (**New Horizons**), which states that, with respect to GLIBA, T. Rowe has sole voting power over 2,182,527 shares and sole dispositive power over 10,424,591 shares and New Horizons has sole voting power over 7,114,462 shares.
- (5) Based on Amendment No. 1 to Schedule 13G, filed February 14, 2020, jointly by FPR Partners, LLC (**FPR**), Andrew Raab and Bob Peck, which states that, with respect to GLIBA, FPR has sole voting power and sole dispositive power over 9,023,621 shares and Mr. Raab and Mr. Peck have shared voting power and shared dispositive power over 9,023,621 shares.
- (6) Based on Amendment No. 8 to Schedule 13G, filed February 12, 2020, by The Vanguard Group (**Vanguard**), which states that, with respect to GLIBA, Vanguard has sole voting power over 50,245 shares, sole dispositive power over 8,506,444 shares, shared voting power over 17,068 shares and shared dispositive power over 54,352 shares.
- (7) Based on an Amendment to Schedule 13G, filed February 14, 2020, by Eagle Capital Management, LLC (**Eagle Capital**), which states that, with respect to GLIBA, Eagle Capital has sole voting power over 5,588,789 shares and sole dispositive power over 6,489,848 shares.
- (8) Based on Schedule 13G, filed February 7, 2020, by BlackRock, Inc. (**BlackRock**), which states that, with respect to GLIBA, BlackRock has sole voting power over 4,964,308 shares and sole dispositive power over 5,336,366 shares.

SECURITY OWNERSHIP OF MANAGEMENT

The following table sets forth information with respect to the ownership by each of our directors and named executive officers and by all of our directors and executive officers as a group of shares of GLIBA, GLIBB, and GLIBP. The security ownership information with respect to the shares of our capital stock is given as of February 29, 2020, and, in the case of percentage ownership information, is based upon (1) 101,303,731 shares of GLIBA, (2) 4,437,400 shares of GLIBB and (3) 7,200,949 shares of GLIBP, in each case, outstanding on that date. The percentage voting power is presented in the table below on an aggregate basis for all shares of our capital stock.

Shares of restricted stock that have been granted pursuant to GCI Liberty's incentive plans are included in the outstanding share numbers, for purposes of the table below. 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 29, 2020 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 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 GLIBB, though convertible on a one-for-one basis into shares of GLIBA, are reported as beneficial ownership of GLIBB only, and not as beneficial ownership of GLIBA. So far as is known, 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.

The number of shares indicated as owned by the persons in the table includes interests in shares held by the Liberty Media 401(k) Savings Plan and the GCI 401(k) Plan as of February 29, 2020. The shares held by the respective trustee of the Liberty Media 401(k) Savings Plan and the GCI 401(k) Plan for the benefit of these persons are voted as directed by such persons.

Name	Title of Series or Class	Amount and Nature of Beneficial Ownership (in thousands)	Percent of Series (%)	Voting Power (%)
John C. Malone Chairman of the Board and Director	GLIBA	607 ⁽¹⁾⁽²⁾	*	27.6
	GLIBB	4,021 ⁽¹⁾⁽³⁾	90.6	
	GLIBP	** ⁽²⁾	*	
Gregory B. Maffei President, Chief Executive Officer and Director	GLIBA	1,042 ⁽⁴⁾⁽⁵⁾⁽⁶⁾	1.0	9.9
	GLIBB	1,491 ⁽⁵⁾	26.2	
	GLIBP	—	—	
Ronald A. Duncan Director; Chief Executive Officer of GCI Holdings, LLC	GLIBA	1,370 ⁽⁴⁾⁽⁷⁾	1.4	1.0
	GLIBB	—	—	
	GLIBP	473 ⁽⁴⁾⁽⁷⁾	6.6	
Gregg L. Engles Director	GLIBA	3	*	*
	GLIBB	—	—	
	GLIBP	—	—	
Donne F. Fisher Director	GLIBA	66	*	*
	GLIBB	**	*	
	GLIBP	8	*	
Richard R. Green Director	GLIBA	4 ⁽⁸⁾	*	*
	GLIBB	—	—	
	GLIBP	—	—	
Sue Ann Hamilton Director	GLIBA	3	*	*
	GLIBB	—	—	
	GLIBP	—	—	
Brian J. Wendling Chief Accounting Officer and Principal Financial Officer	GLIBA	29 ⁽⁵⁾	*	*
	GLIBB	—	—	
	GLIBP	—	—	

Name	Title of Series or Class	Amount and Nature of Beneficial Ownership (in thousands)	Percent of Series (%)	Voting Power (%)
Albert E. Rosenthaler	GLIBA	90 ⁽⁴⁾⁽⁵⁾	*	*
Chief Corporate Development Officer	GLIBB	—	—	—
	GLIBP	—	—	—
Renee L. Wilm	GLIBA	—	—	—
Chief Legal Officer	GLIBB	—	—	—
	GLIBP	—	—	—
Mark D. Carleton	GLIBA	58 ⁽⁵⁾	*	*
Senior Advisor and Former Chief Financial Officer	GLIBB	—	—	—
	GLIBP	3	*	*
Richard N. Baer	GLIBA	—	—	—
Former Chief Legal Officer and Chief Administrative Officer	GLIBB	—	—	—
	GLIBP	—	—	—
All directors and executive officers (as a group (10 persons))	GLIBA	3,215 ⁽¹⁾⁽²⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾⁽⁸⁾	3.2	36.4
	GLIBB	5,513 ⁽¹⁾⁽³⁾⁽⁵⁾	97.0	—
	GLIBP	481 ⁽²⁾⁽⁴⁾⁽⁷⁾	6.7	—

* Less than one percent

** Less than 1,000 shares

- (1) Includes 79,243 GLIBA shares and 123,847 GLIBB shares held in a revocable trust with respect to which Mr. Malone and Mr. Malone's wife, Mrs. Leslie Malone, are trustees. Mrs. Malone has the right to revoke such trust at any time.
- (2) Includes (i) 410,178 GLIBA shares and 10 GLIBP shares pledged to Fidelity Brokerage Services, LLC (**Fidelity**) in connection with a margin loan facility extended by Fidelity and (ii) 117,600 GLIBA shares pledged to Merrill Lynch, Pierce, Fenner & Smith Incorporated (**Merrill Lynch**) in connection with margin loan facilities extended by Merrill Lynch.
- (3) Includes 66,683 GLIBB shares 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.
- (4) Includes shares held in the Liberty Media 401(k) Savings Plan by Messrs. Maffei and Rosenthaler and in the GCI 401(k) Plan by Mr. Duncan as follows:

	GLIBA	GLIBP
Gregory B. Maffei	859	—
Ronald A. Duncan	3,151	581
Albert E. Rosenthaler	1,830	—
Total	<u>5,840</u>	<u>581</u>

- (5) Includes beneficial ownership of shares that may be acquired upon exercise of, or which relate to, stock options exercisable within 60 days after February 29, 2020.

	GLIBA	GLIBB
Gregory B. Maffei	108,557	1,245,063
Donne F. Fisher	9,800	—
Brian J. Wendling	15,273	—
Albert E. Rosenthaler	38,087	—
Mark D. Carleton	37,078	—
Total	<u>208,795</u>	<u>1,245,063</u>

- (6) Includes 574,210 GLIBA shares held by a grantor retained annuity trust.
- (7) Includes the following: (a) 3,151 shares of GLIBA and 581 shares of GLIBP allocated to Mr. Duncan under the GCI 401(k) Plan, formerly known as the Stock Purchase Plan; (b) 867,218 shares of GLIBA and 337,593 shares of GLIBP to which Mr. Duncan has a direct pecuniary interest; (c) 12,600 shares of GLIBA and 4,000 shares of GLIBP held by Missy, LLC, which is 25% owned by Mr. Duncan, 25% owned by Dani Bowman, Mr. Duncan's wife, and 50% owned by Mr. Duncan's adult daughter; (d) 56,828 shares of GLIBA and 18,041 shares of GLIBP held by Dani Bowman, of which Mr. Duncan disclaims beneficial ownership; (e) 188,930 shares of GLIBA and 13,564 shares of GLIBP held by a grantor retained annuity trust; and (f) 241,517 shares of GLIBA and 99,322 shares of GLIBP held by 560 Company, Inc., which is 100% owned by Mr. Duncan and for which Mr. Duncan has voting and dispositive power. Includes 1,286,549 shares of GLIBA and 446,950 shares of GLIBP pledged as security for certain margin loan

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

facilities extended by Charles Schwab & Co. Inc., Goldman Sachs & Co., LLC, Morgan Stanley Bank, N.A., UBS Securities, LLC and Wells Fargo & Company as of February 29, 2020.

(8) Includes 354 shares of GLIBA held by Dr. Green's spouse, as to which Dr. Green has disclaimed beneficial ownership.

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 ELECTION OF DIRECTORS PROPOSAL

BOARD OF DIRECTORS

Our board of directors currently consists of seven directors, divided among three classes. Our Class II directors, whose term will expire at the 2020 annual meeting, are Ronald A. Duncan and Donne F. Fisher. These directors are nominated for election to our board to continue serving as Class II directors, and we have been informed that Messrs. Duncan and Fisher are each willing to continue serving as a director of our company. The term of the Class II directors who are elected at the annual meeting will expire at the annual meeting of our stockholders in the year 2023. Our Class III directors, whose term will expire at the annual meeting of stockholders in the year 2021, are Gregory B. Maffei, Sue Ann Hamilton and Gregg L. Engles. Our Class I directors, whose term will expire at the annual meeting of stockholders in the year 2022, are John C. Malone and Richard R. Green.

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 two nominees for election as directors at the annual meeting and the five 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. All positions referenced in the biographical information below with our company include, where applicable, positions with our predecessors. The number of shares of our capital stock beneficially owned by each director is set forth in this proxy statement under the caption "Security Ownership of Certain Beneficial Owners and Management—Security Ownership of Management."

Nominees for Election as Directors

Ronald A. Duncan

- *Age:* 67
- A director of our company.
- *Professional Background:* Mr. Duncan is a co-founder of our predecessor, GCI Liberty, Inc., an Alaska corporation (**Old GCI Liberty**), and has served as a director on our board, including the board of our predecessor, since 1979. Mr. Duncan has served as the Chief Executive Officer of our subsidiary, GCI Holdings, LLC (**GCI Holdings**) since March 2018. Mr. Duncan served as Chief Executive Officer of our predecessor from January 1989 to March 2018 and as its President from January 1989 to August 2017.
- *Other Public Company Directorships:* None.
- *Board Membership Qualifications:* Mr. Duncan brings to our board significant financial and operational experience in the telecommunications industry as the co-founder of our predecessor and its former Chief Executive Officer and President.

Donne F. Fisher

- *Age:* 81
- A director of our company.
- *Professional Background:* Mr. Fisher has served as a director of our company since March 2018, as a director of our predecessor from 1980 to December 2005 and as Chairman of the Board of our predecessor from June 2002 to December 2005. Mr. Fisher has served as President of Fisher Capital Partners, Ltd., a venture capital partnership, since December 1991. Mr. Fisher also served in various positions at Tele-Communications, Inc. (**TCI**) from 1968 to 1996, including as Executive Vice President of TCI from January 1994 to January 1996 and served as a consultant to TCI, including its successors AT&T Broadband LLC and Comcast Corporation, from 1996 to December 2005.

- *Other Public Company Directorships:* Mr. Fisher served as a director of Liberty Broadband Corporation (**Liberty Broadband**) from November 2014 to June 2015 and served as a director of Liberty Media Corporation (**Liberty Media**) (including its predecessor) from September 2011 to June 2015. Mr. Fisher served as a director of our predecessor from 1980 to December 2005, as a director of Liberty Media International, Inc. (**LMI**) from May 2004 to June 2005 and as a director of Qurate Retail, Inc. (formerly named Liberty Interactive Corporation, **Qurate Retail**) from October 2001 to September 2011. Mr. Fisher was also Chairman of the Board of our predecessor from June 2002 to December 2005.
- *Board Membership Qualifications:* Mr. Fisher brings extensive industry experience to our board and a critical perspective on its business, having held several executive positions over many years with TCI, having previously served as a director of Qurate Retail, Liberty Media, Liberty Broadband and our predecessor. In addition, Mr. Fisher's financial expertise includes a focus on venture capital investment, which is different from the focus of our other board members and helpful to our board in formulating investment objectives and determining the growth potential of businesses both within our company and those that the board evaluates for investment purposes.

Directors Whose Term Expires in 2021

Gregory B. Maffei

- *Age:* 59
- 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 March 2018. He has served as the President and Chief Executive Officer of Liberty Media (including its predecessor) since May 2007, Liberty TripAdvisor Holdings, Inc. (**Liberty TripAdvisor**) since July 2013 and Liberty Broadband since June 2014. He has served as the Chairman of the Board of Qurate Retail (including its predecessor) since March 2018, and as a director of Qurate Retail (including its predecessor) since November 2005, and he served as the President and Chief Executive Officer of Qurate Retail (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, 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) a director of Liberty TripAdvisor since July 2013 and as its Chairman of the Board since June 2015, (iii) a director of Liberty Broadband since June 2014 and (iv) Chairman of the Board of Qurate Retail since March 2018 and a director of Qurate Retail (including its predecessor) since November 2005. He has served as (i) the Chairman of the Board of Sirius XM Holdings Inc. (**Sirius XM**) since April 2013 and as a director since March 2009, (ii) the Chairman of the Board of Live Nation Entertainment, Inc. (**Live Nation**) since March 2013 and as a director since February 2011, (iii) the Chairman of the Board of TripAdvisor, Inc. since February 2013, (iv) a director of Charter Communications, Inc. (**Charter**) since May 2013 and (v) 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. 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, (iv) a director of DIRECTV and its predecessors from February 2008 to June 2010 and (v) the Chairman of the Board of Pandora Media, Inc. from September 2017 to February 2019.
- *Board Membership Qualifications:* Mr. Maffei brings to our board significant financial and operational experience based on his current senior policy making positions at our company, Liberty Media, Qurate Retail, Liberty TripAdvisor, and Liberty Broadband and his previous executive positions at Oracle, 360networks and Microsoft. In addition, Mr. Maffei has extensive public company board experience. He provides our board with an executive leadership perspective on the strategic planning for, and operations and management of, large public companies and risk management principles.

Sue Ann Hamilton

- Age: 59
- A director of our company.
- *Professional Background:* As Principal of the consultancy Hamilton Media LLC (**Hamilton Media**), Ms. Hamilton advises and represents major media and technology companies. In this role, from September 2007 through September 2019 she served as Executive Vice President—Distribution and then Executive Vice President—Distribution and Business Development for AXS TV LLC, a partnership between founder and managing partner Mark Cuban, AEG, Ryan Seacrest Media, CAA and CBS, and she has represented The Mark Cuban Companies/Radical Ventures as board observer for Philo, Inc., a privately held technology company, since July 2013. Prior to launching Hamilton Media, from 2003 until 2007, she served as Executive Vice President—Programming and Senior Vice President—Programming for Charter, the cable and internet service provider. Before her work at Charter, she held numerous management positions at AT&T Broadband LLC and its predecessor, TCI, dating back to 1993. Prior to her career in technology, media, and telecommunications, she was a partner at Chicago-based law firm Kirkland & Ellis, specializing in complex commercial transactions. She received her J.D. degree from Stanford Law School, where she was Associate Managing Editor of the Stanford Law Review and Editor of the Stanford Journal of International Law. She is a magna cum laude and Phi Beta Kappa graduate of Carleton College in Northfield, Minnesota.
- *Other Public Company Directorships:* Ms. Hamilton has served as a director of Universal Electronics Inc. since November 2019. Ms. Hamilton previously served as a director of FTD Companies, Inc. from December 2014 to August 2019.
- *Board Membership Qualifications:* As a result of her extensive management experience, Ms. Hamilton brings to our board significant leadership, oversight and consulting skills, as well as experience in the media, technology and legal fields.

Gregg L. Engles

- Age: 62
- A director of our company.
- *Professional Background:* Mr. Engles has served as a director of our company since March 2018. He has served as a partner of Capitol Peak Partners since he founded it in August 2017. He previously served as (i) Chairman of the Board and Chief Executive Officer of The WhiteWave Foods Company (**WhiteWave**) from October 2012 until its acquisition by Danone in April 2017 and (ii) Chief Executive Officer of Dean Foods Company, WhiteWave's former parent company, from April 1996 until WhiteWave's initial public offering in October 2012.
- *Other Public Company Directorships:* Mr. Engles has served as a director of Danone since April 2017. Mr. Engles previously served as (i) a director of Liberty Expedia Holdings, Inc. (**Liberty Expedia**) from November 2016 to July 2019, (ii) a director and Chairman of the Board of Dean Foods Company from April 1996 to July 2013, except when he served as its Vice-Chairman from January 2002 to May 2002, and (iii) a director of Treehouse Foods, Inc. from June 2005 to May 2008.
- *Board Membership Qualifications:* Mr. Engles offers our board significant operational experience gained through his senior leadership positions at WhiteWave and other large public companies. He provides our board with executive leadership perspective on the operations and management of public companies, which will assist our board in evaluating strategic opportunities.

Directors Whose Term Expires in 2022

John C. Malone

- Age: 79
- Chairman of the Board of our company.
- *Professional Background:* Mr. Malone has served as the Chairman of the Board of our company since March 2018. He served as Chairman of the Board of Qurate Retail, including its predecessor, from its inception in 1994 until March 2018 and served as Qurate Retail's Chief Executive Officer from August 2005 to February 2006. Mr. Malone served as Chairman of the Board of 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 Liberty Media (including its predecessor) since August 2011 and as a director since December 2010, (ii) the Chairman of the Board of Liberty Broadband since November 2014, (iii) the Chairman of the Board of Liberty Global plc (**LGP**) since June 2013, having previously served as Chairman of the Board of Liberty Global, Inc. (**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, (iv) a director of Discovery, Inc. (**Discovery**), which was formerly known as Discovery Communications, Inc. (**Discovery Communications**), since September 2008, and a director of Discovery Communications' predecessor Discovery Holding Company, from May 2005 to September 2008 and as Chairman of the Board from March 2005 to September 2008, (v) a director of Liberty Latin America Ltd. since December 2017 and (vi) a director of Qurate Retail (including its predecessor) since 1994 and served as Chairman of the Board of Qurate Retail (including its predecessor) from 1994 to March 2018. Previously, he served as (i) the Chairman of the Board of Liberty Expedia from November 2016 to July 2019, (ii) a director of Lions Gate Entertainment Corp. from March 2015 to September 2018, (iii) a director of Charter from May 2013 to July 2018, (iv) a director of Expedia, Inc. from December 2012 to December 2017, having previously served as a director from August 2005 to November 2012, (v) the Chairman of the Board of Liberty TripAdvisor from August 2014 to June 2015, (vi) a director of Sirius XM from April 2009 to May 2013, (vii) a director of Ascent Capital Group, Inc. from January 2010 to September 2012, (viii) a director of Live Nation from January 2010 to February 2011, (ix) Chairman of the Board of DIRECTV and its predecessors from February 2008 to June 2010, and (x) a director of IAC/InterActive Corp from May 2006 to June 2010.
- *Board Membership Qualifications:* Mr. Malone, as President of TCI, co-founded Qurate Retail'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.

Richard R. Green

- *Age:* 82
- A director of our company.
- *Professional Background:* Dr. Green has served as a director of our company since March 2018. 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 Liberty Broadband since November 2014 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 our 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.

VOTE AND RECOMMENDATION

A plurality of the combined voting power of the outstanding shares of our capital 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 each of Messrs. Duncan and Fisher as a Class II member of our board of directors.



**Our board of directors unanimously recommends a vote
"FOR" the election of each 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, 2020.

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, 2020.

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.

CHANGE IN INDEPENDENT AUDITORS

On March 9, 2018, pursuant to the Agreement and Plan of Reorganization, dated as of April 4, 2017, by and among Qurate Retail, Liberty Interactive LLC, a Delaware limited liability company and a direct, wholly owned subsidiary of Qurate Retail, and Old GCI Liberty, as amended (the **GCI Reorganization Agreement**), Qurate Retail acquired a controlling equity interest in Old GCI Liberty in exchange for certain assets and liabilities of Qurate Retail's Ventures Group, which controlling equity interest Qurate Retail subsequently split-off to holders of its Series A and Series B Liberty Ventures common stock (the **LVNT stock**) in full redemption thereof (such transactions together with the other transactions contemplated by the GCI Reorganization Agreement, the **Transactions**). Further, references to Old GCI Liberty refer to Old GCI Liberty prior to the completion of the Transactions (including under its prior name, General Communication, Inc.).

Grant Thornton LLP (**GT**) was Old GCI Liberty's independent registered public accounting firm for the fiscal year ended December 31, 2017. On March 9, 2018, GT was replaced as our independent registered public accounting firm by KPMG LLP. The replacement of GT and approval of the appointment of KPMG LLP as our independent registered public accounting firm was approved by the audit committee of our board of directors on March 9, 2018 in connection with the closing of the Transactions and on May 11, 2018 following the reincorporation of our company in Delaware. For accounting purposes, the Transactions are treated as a reverse acquisition and, as such, the historical financial statements of the accounting acquirer, which were audited by KPMG LLP for the fiscal years ended December 31, 2015, 2016 and 2017, have become our historical financial statements.

GT's audit report on Old GCI Liberty's financial statements for the fiscal year ended December 31, 2017, did not contain an adverse opinion or disclaimer of opinion, nor was it qualified as to audit scope or accounting principles. During the fiscal year ended December 31, 2017 and in the subsequent interim period through March 9, 2018, (a) there were no "disagreements" (as described in Item 304(a)(1)(iv) of Regulation S-K and the related instructions) between us and GT on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedures, which disagreements, if not resolved to GT's satisfaction, would have caused GT to make reference in connection with GT's opinion to the subject matter of the disagreement; and (b) there were no "reportable events" as the term is described in Item 304(a)(1)(v) of Regulation S-K.

We provided GT with a copy of the disclosures made in a Current Report on Form 8-K filed with the Securities and Exchange Commission (**SEC**) on March 14, 2018 and requested that GT furnish us with a letter addressed to the SEC stating whether they agree with the above statements. The letter is filed as Exhibit 16.1 to that Current Report on Form 8-K.

During the fiscal year ended December 31, 2017 and in the subsequent interim period through March 9, 2018, neither we nor anyone on our behalf consulted with KPMG LLP regarding either (a) the application of accounting principles to a specified transaction, either completed or proposed; or the type of audit opinion that might be rendered on our financial statements, and neither a written report nor oral advice was provided to us that KPMG LLP concluded was an important factor considered by us in reaching a decision as to the accounting, auditing or financial reporting issue; or (b) any matter that was either the subject of a disagreement (as defined in paragraph 304(a)(1)(iv) of Regulation S-K and the related instructions thereto) or a reportable event (as described in paragraph 304(a)(1)(v) of Regulation S-K).

AUDIT FEES AND ALL OTHER FEES

The following table presents fees for professional audit services rendered by KPMG LLP for the audit of our consolidated financial statements for 2019 and 2018 and fees billed for other services rendered by KPMG LLP.

	2019	2018
Audit fees	\$3,032,900	3,998,000
Audit related fees	50,000	—
Audit and audit related fees	3,082,900	3,998,000
Tax fees ⁽¹⁾	14,200	—
Total fees	<u>\$3,097,100</u>	<u>3,998,000</u>

(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 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 our Chief Accounting Officer and Principal Financial Officer, 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 equal or exceed \$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. Gregg Engles 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 2019 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 capital 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 its stockholders and is committed to the efficiency and effectiveness of our company’s executive compensation program.

At Old GCI Liberty’s 2017 annual stockholder meeting, stockholders representing a majority of the aggregate voting power of Old GCI Liberty present and entitled to vote on Old GCI Liberty’s say-on-pay proposal voted in favor of, on an advisory basis, the executive compensation disclosed in Old GCI Liberty’s proxy statement for the 2017 annual meeting of stockholders. Also at Old GCI Liberty’s 2017 annual stockholder meeting, stockholders elected to hold a say-on-pay vote every three years, which was adopted as the frequency at which future say-on-pay votes would be held.

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 2020 annual meeting of stockholders:

RESOLVED, that the stockholders of GCI Liberty, Inc. 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 capital 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 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, and John C. Malone, our Chairman of the Board, who also serve as directors of our company and who are listed under “Proposal 1—The Election of Directors Proposal”), their ages and a description of their business experience, including positions held with our company. All positions referenced in the table below with our company include, where applicable, positions with our predecessors.

Name	Positions
Albert E. Rosenthaler Age: 60	Mr. Rosenthaler has served as Chief Corporate Development Officer of our company since March 2018, and Qurate Retail, Liberty Media, Liberty TripAdvisor and Liberty Broadband since October 2016. He previously served as Chief Corporate Development Officer of Liberty Expedia from October 2016 to July 2019 and Chief Tax Officer of Qurate Retail, Liberty Media, Liberty TripAdvisor and Liberty Broadband from January 2016 to September 2016 and Liberty Expedia from March 2016 to September 2016. He previously served as a Senior Vice President of Qurate Retail (including its predecessor) from April 2002 to December 2015, Liberty Media (including its predecessor) from May 2007 to December 2015, Liberty TripAdvisor from July 2013 to December 2015 and Liberty Broadband from June 2014 to December 2015.
Brian J. Wendling Age: 47	Mr. Wendling has served as Chief Accounting Officer and Principal Financial Officer of our company, Qurate Retail, Liberty Media and Liberty Broadband since January 2020 and July 2019, respectively. He previously served as Senior Vice President and Controller of our company from March 2018 to December 2019 and each of Qurate Retail, Liberty Media and Liberty Broadband from January 2016 to December 2019. In addition, Mr. Wendling has served as a Senior Vice President and Chief Financial Officer of Liberty TripAdvisor since January 2016, and he previously served as Vice President and Controller of Liberty TripAdvisor from August 2014 to December 2015. He previously served as Senior Vice President of Liberty Expedia from March 2016 to July 2019, and Vice President and Controller of Liberty Media (including its predecessor) from November 2011 to December 2015, Qurate Retail from November 2011 to December 2015 and Liberty Broadband from October 2014 to December 2015. Prior thereto, Mr. Wendling held various positions with Liberty Media and Qurate Retail and their predecessors since 1999.
Renee L. Wilm Age: 46	Ms. Wilm has served as Chief Legal Officer of our company, Liberty Media, Qurate Retail, Liberty TripAdvisor and Liberty Broadband since September 2019. Previously, Ms. Wilm was a Senior Partner with the law firm Baker Botts L.L.P., where she represented our company, Liberty Media, Qurate Retail, Liberty TripAdvisor and Liberty Broadband and their predecessors for over twenty years, specializing in mergers and acquisitions, complex capital structures and shareholder arrangements, as well as securities offerings and matters of corporate governance and securities law compliance. At Baker Botts, Ms. Wilm was a member of the Executive Committee, the East Coast Corporate Department Chair and Partner-in-Charge of the New York office.

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 and executive officers has had any involvement in such legal proceedings as would be material to an evaluation of his or her ability or integrity.

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.gciliberty.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 Gregg L. Engles, Donne F. Fisher, Richard R. Green and Sue Ann Hamilton qualifies as an independent director of our company.

BOARD COMPOSITION

As described above under "Proposal 1—The Election of Directors Proposal," our board is comprised of directors with a broad range of backgrounds and skill sets, including in media and telecommunications, venture capital and technology. Our board is also chronologically diverse with our members' ages spanning three to four decades. 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 our Chief Executive Officer, 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 chairperson is Sue Ann Hamilton and whose other members are Gregg L. Engles and Richard R. Green.

On March 9, 2018, Qurate Retail acquired a controlling equity interest in Old GCI Liberty, which controlling equity interest Qurate Retail subsequently split-off to holders of its Series A and Series B Liberty Ventures common stock in full redemption thereof (the **Transactions**). In connection with the Transactions, we entered into a Services Agreement, dated March 9, 2018, 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, although in 2019, our compensation committee determined to delay its evaluation due to the then-ongoing negotiations relating to Mr. Maffei's compensation arrangement. 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. The compensation committee determined to grant equity award compensation for 2019 (see "Executive Compensation—Compensation Discussion and Analysis").

If we engage a Chief Executive Officer, Chief Accounting Officer, Principal Financial Officer, Chief Legal 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 executive officers of our non-public operating subsidiaries. For a description of our processes and policies for consideration and determination of executive compensation, including the role of our Chief Executive Officer and an outside consultant 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.gciliberty.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

Sue Ann Hamilton
Gregg L. Engles
Richard R. Green

Compensation Committee Interlocks and Insider Participation

No member of our compensation committee during 2019 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 Gregg L. Engles and Sue Ann Hamilton. 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.

Board Criteria. 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. To be nominated to serve as a director, a nominee need not meet any specific minimum criteria. As described in our corporate governance guidelines, director candidates are identified and nominated based on broad criteria, with the objective of identifying and retaining directors that can effectively develop the company's strategy and oversee management's execution of that strategy. In the director candidate identification and nomination process, our board seeks a breadth of experience from a variety of industries and from professional disciplines, along with a diversity of gender, ethnicity, age and other characteristics. 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, relevant skill sets and diversity of gender, ethnicity, age and other characteristics;
- 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.

Director Candidate Identification Process. 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, GCI Liberty, Inc., 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 capital 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 capital 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.

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 Messrs. Duncan and Fisher, who are nominated for election at the annual meeting, continue to be qualified to serve as directors of our company and such nominations were 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.gciliberty.com.

Audit Committee

Our board of directors has established an audit committee, whose chairman is Gregg L. Engles and whose other members are Richard R. Green and Sue Ann Hamilton.

Our board of directors has determined that Mr. Engles is an "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.gciliberty.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. Engles 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 applicable requirements of the Public Company Accounting Oversight Board (the **PCAOB**) and the SEC, 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 PCAOB 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, 2019 (the **2019 Form 10-K**), which was filed on February 27, 2020 with the SEC.

Submitted by the Members of the Audit Committee

Gregg L. Engles
Richard R. Green
Sue Ann Hamilton

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 2019, there were five meetings of our full board of directors, no meetings of our executive committee, seven 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 each annual meeting of our stockholders. Five of the seven directors attended our 2019 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 our board of directors or to an individual director c/o GCI Liberty, Inc., 12300 Liberty Boulevard, Englewood, Colorado 80112. All such communications from stockholders will be forwarded to our directors on a timely basis.

EXECUTIVE SESSIONS

In 2019, the independent directors of our company, then serving, met at four 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 GCI Liberty, c/o GCI Liberty, Inc., 12300 Liberty Boulevard, Englewood, Colorado 80112. The current independent directors of our company are Gregg L. Engles, Donne F. Fisher, Richard R. Green and Sue Ann Hamilton.

HEDGING DISCLOSURE

We do not have any practices or policies regarding the ability of our employees (including officers) or directors, or any of their designees, to purchase financial instruments (including prepaid variable forward contracts, equity swaps, collars, and exchange funds) or otherwise engage in transactions, that hedge or offset, or are designed to hedge or offset, any decrease in the market value of our equity securities.

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 refer to as the **named executive officers**):

- Gregory B. Maffei, our President and Chief Executive Officer;
- Brian J. Wendling, our Chief Accounting Officer and Principal Financial Officer;
- Albert E. Rosenthaler, our Chief Corporate Development Officer;
- Renee L. Wilm, our Chief Legal Officer;
- Ronald A. Duncan, the Chief Executive Officer of GCI Holdings;
- Richard N. Baer, our former Chief Legal Officer and Chief Administrative Officer; and
- Mark D. Carleton, our Senior Advisor and former 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 payable to Liberty Media, which is reviewed quarterly by the audit committee of our company and Liberty Media. As described above, our executive officers are comprised of Messrs. Maffei, Wendling and Rosenthaler and Ms. Wilm, each of whom is an employee of Liberty Media and provides executive services to our company under the services agreement. Mr. Carleton served as our Chief Financial Officer until July 1, 2019, on which date he became Senior Advisor of our company. Mr. Wendling, who has been Senior Vice President and Controller of our company since March 2018, was promoted to Principal Financial Officer on July 1, 2019. Effective September 23, 2019, our former Chief Legal Officer and Chief Administrative Officer, Richard N. Baer resigned and Ms. Wilm assumed the role of Chief Legal Officer of our company. Effective January 1, 2020, Mr. Wendling was appointed Chief Accounting Officer in addition to Principal Financial Officer of our company. Our executive officers are typically 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. All of our named executive officers received equity awards relating to our common stock in 2019.

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Overview

Services Agreement

In connection with the Transactions, we entered into the services agreement, 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 quarterly review by our audit committee (and at least an annual review by our compensation committee, except that the annual review for 2019 was postponed to March 2020 following the entry into Mr. Maffei's new employment agreement). As a result, Liberty Media employees, including Messrs. Maffei, Wendling and Rosenthaler and Ms. Wilm (and, prior to their respective resignations and role changes, Messrs. Baer and Carleton), who provide services to our company pursuant to the services agreement, are typically not separately compensated by our company other than equity awards with respect to our common stock. See “—Equity Incentive Compensation—Liberty Media Employees” below for information concerning equity awards that were granted to our named executive officers in 2019. However, as described in more detail in “—Changes for 2020—Amendment to Services Agreement in Connection with 2019 Maffei Employment Agreement” below, we reimbursed Liberty Media for our allocable portion (currently 14%) of the one-time cash commitment bonus to which Mr. Maffei became entitled in connection with his new employment arrangement with Liberty Media (the **2019 Maffei Employment Agreement**) in addition to certain upfront equity awards we granted to Mr. Maffei under his new employment arrangement.

For the year ended December 31, 2019, we accrued management fees payable to Liberty Media under the services agreement of \$9.7 million. In December 2019, we entered into an amendment to the services agreement with Liberty Media (the **amended services agreement**) in connection with Liberty Media entering into the 2019 Maffei Employment Agreement. Under the amended services agreement, beginning in 2020, our company will establish, and pay or grant directly to Mr. Maffei, our allocable portion of his annual performance-based cash bonus, his annual equity-based awards and his upfront awards and we will reimburse Liberty Media for our allocable portion of the other components of Mr. Maffei's compensation, as described in more detail below in “—Changes for 2020—Amendment to Services Agreement in Connection with 2019 Maffei Employment Agreement”.

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

As a result of the management fee paid to Liberty Media, the compensation committee typically does not expect to provide any cash compensation to Messrs. Maffei, Wendling and Rosenthaler and Ms. Wilm (and, prior to their respective resignations and role changes, Messrs. Baer and Carleton); rather it may determine to separately compensate these named executive officers with equity incentive compensation. Prospectively, Mr. Maffei may make recommendations with respect to any equity compensation to be awarded to the named executive officers. It is expected that Mr. Maffei, in making any recommendations to our compensation committee, will evaluate the performance and contributions of each of the named executive officers, given his or her 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 during the preceding year;
- 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.

When determining the extent to which the 2019 RSUs (as defined below) were earned by our named executive officers, our compensation committee considered the recommendations obtained from Mr. Maffei as to the performance of Messrs. Wendling, Rosenthaler, Baer and Carleton and Ms. Wilm. To make these recommendations, Mr. Maffei evaluated the performance and contributions of each such named executive officer.

On June 24, 2019, the compensation committee approved preliminary, non-binding terms of new a compensation arrangement for Mr. Duncan, which described the terms that could apply from January 1, 2018 through December 31, 2022 (the **2019 Duncan Employment Arrangement**), once legally formalized and executed. See “—Executive Compensation Arrangements—Ronald A. Duncan” below. Prior to approving these preliminary, non-binding terms of the 2019 Duncan Employment Arrangement, our compensation committee considered the recommendations of Mr. Maffei with respect to the proposed compensation package.

At Old GCI Liberty's 2017 annual stockholder meeting, stockholders representing a majority of the aggregate voting power of Old GCI Liberty present and entitled to vote on Old GCI Liberty's say-on-pay proposal voted in favor of, on an advisory basis, the executive compensation disclosed in Old GCI Liberty's proxy statement for the 2017 annual meeting of stockholders. No material changes were implemented to our executive compensation program as a result of this vote. At Old GCI Liberty's 2017 annual stockholder meeting, stockholders elected to hold a say-on-pay vote every three years, which was adopted as the frequency at which future say-on-pay votes would be held. At our 2020 annual stockholder meeting, we are submitting for stockholder consideration a stockholder vote to approve, on an advisory basis, our executive compensation. See “Proposals of Our Board—Proposal 3—The Say-On-Pay Proposal.”

Role of Independent Compensation Consultant

Prior to entering into the amendment to the services agreement with Liberty Media in connection with the 2019 Maffei Employment Agreement, our compensation committee engaged Frederic W. Cook & Co., Inc. (**FW Cook**), an independent and experienced compensation consultant, to assist in determining the reasonableness of compensation to be allocated to our company under the amendment to the services agreement.

In order to assess the reasonableness of compensation, FW Cook evaluated the market value of Mr. Maffei's role at our company and the proposed allocation to our company under the service arrangement. Given the unique nature of Mr. Maffei's role at our company, FW Cook evaluated the market value of the executive job at our company through three different lenses: as Chief Executive Officer, Chairman of the Board and managing partner of a private equity firm.

In assessing the reasonableness of pay as Chief Executive Officer and Chairman of the Board, FW Cook and the compensation committee reviewed pay data for companies comparable to ours, including companies in the media and diversified and wireless telecommunication services industries, and companies with which we may compete for executive talent and stockholder investment and also included companies in those industries that are similar to our company in size, geographic location or complexity of operations (the **comparable companies**). In assessing the reasonableness of pay as a managing partner of a private equity firm, FW Cook and the compensation committee reviewed survey data regarding the compensation of private equity professionals.

Equity Incentive Compensation

Liberty Media Employees

The GCI Liberty, Inc. 2018 Omnibus Incentive Plan (the **2018 incentive plan**) provides for the grant of a variety of incentive awards, including stock options, restricted shares, restricted stock units (**RSUs**), stock appreciation rights and performance awards. Our compensation committee has a preference for grants of stock options and awards of restricted stock or RSUs (as compared with other types of available awards under the 2018 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.

As discussed above, Messrs. Maffei, Wendling and Rosenthaler and Ms. Wilm (and, prior to their respective resignations and role changes, Messrs. Baer and Carleton) perform management services for our company pursuant to the services agreement, and until 2019, we did not separately compensate them for these services. In addition, our company did not incur any of the costs of the equity awards granted by Liberty Media to its executive officers who provide services to our company until 2019. Following a review of this practice, our compensation committee determined to grant the equity awards to Messrs. Maffei, Wendling, Rosenthaler, Baer and Carleton described below after considering the Liberty Media compensation committee's request that our company grant a proportionate share of the aggregate equity grant value given to each of these named executive officers each year for their service to our company and each of Liberty Media, Qurate Retail, Liberty TripAdvisor and Liberty Broadband. Our compensation committee also determined to grant an equity award to Ms. Wilm when she became Chief Legal Officer of our company after considering the Liberty Media compensation committee's request that our company grant a proportionate share of the aggregate equity grant value to be given to her. The proportionate share for each company was determined based 50% on relative market capitalization and 50% on relative time spent by Liberty Media employees on services for our company.

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. In furtherance of this philosophy, in 2019, our compensation committee granted the following stock options to Mr. Maffei and Ms. Wilm and RSUs to Messrs. Maffei, Wendling, Rosenthaler, Baer and Carleton and Ms. Wilm:

- In March 2019, our compensation committee determined to grant RSUs with respect to 51,429 GLIBB shares to Mr. Maffei (the **Maffei 2019 RSUs**), and RSUs with respect to GLIBA shares to Messrs. Wendling (1,577), Rosenthaler (3,600), Baer (4,821) and Carleton (3,600);
- In November 2019, in connection with Ms. Wilm assuming the role of Chief Legal Officer of our company, our compensation committee determined to grant to Ms. Wilm 629 RSUs with respect to GLIBA shares (together with the Maffei 2019 RSUs and the RSUs granted in March 2019 to Messrs. Wendling, Rosenthaler, Baer and Carleton, the **2019 RSUs**) and 31,209 options to purchase GLIBA shares, which options vest 50% on September 23, 2022 and 50% on September 23, 2023, and expire on November 14, 2026 (the **Wilm Options**); and
- In March 2020, in connection with the execution of the 2019 Maffei Employment Agreement, Mr. Maffei received a grant of 359,329 options to purchase GLIBA shares, which vest on December 31, 2023, subject to Mr. Maffei's continued employment (**Maffei 2019 Term Options**) pursuant to our compensation committee's approval of the grant in December 2019.

Our compensation committee reviewed Mr. Maffei's performance to determine what portion of the Maffei 2019 RSUs would be paid. After assessing his strategic contributions and executive performance, our compensation committee determined to vest 100% of the previously issued Maffei 2019 RSUs. Our compensation committee then reviewed the performance of Messrs. Wendling, Rosenthaler and Carleton and Ms. Wilm. Our compensation committee also considered the recommendation of Mr. Maffei, who recommended that our committee vest 100% of the 2019 RSUs (excluding Mr. Baer's 2019 RSUs) based on his assessment of their individual performance and his general observation of their leadership and executive performance. Accordingly, our compensation committee approved vesting of all of the 2019 RSUs (excluding Mr. Baer's 2019 RSUs) that had been previously granted. With regard to Mr. Baer, and upon the recommendation of Mr. Maffei, our compensation committee vested 75% of Mr. Baer's 2019 RSUs at the time of his resignation in September 2019.

The other equity awards held by Messrs. Maffei, Wendling, Rosenthaler and Carleton and reported below in “—Outstanding Equity Awards at Fiscal Year-End” were issued as a result of the anti-dilution adjustments applied to their outstanding equity awards relating to Qurate Retail’s Liberty Ventures common stock when the Transactions were completed, including their outstanding unvested multi-year grants and performance-based RSU awards described below.

Prior to the Transactions, the Qurate Retail compensation committee determined to make larger grants 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 addition, the Qurate Retail compensation committee also has been granting annual performance-based equity awards to its senior officers since December 2014. In that regard, multi-year stock option awards were granted to Qurate Retail’s executive officers prior to the Transactions, including Messrs. Maffei, Wendling, Rosenthaler, Baer and Carleton, and, accordingly, the multi-year stock option grants were adjusted in connection with the Transactions pursuant to the anti-dilution provisions of the incentive plans under which they were granted. In November 2019, Ms. Wilm received a multi-year stock option grant that equaled the value of her annual grants that were expected to be granted to her for the period from September 23, 2019 through September 22, 2023.

Chief Executive Officer of GCI Holdings Compensation—Mr. Duncan

Elements of 2019 Executive Compensation

For 2019, the elements of Mr. Duncan’s compensation were:

- base salary;
- a performance-based bonus payable in cash;
- performance-based RSUs; and
- perquisites and other limited personal benefits.

Base Salary. The 2019 Duncan Employment Arrangement provides for an annual base salary of \$990,000, although Mr. Duncan’s 2019 base salary was \$1,022,500 due to a portion of his 2018 base salary being paid in 2019 due to payroll timing. Our compensation committee believes base salary should be a relatively smaller portion as compared to the performance-based bonus and RSU grant components of Mr. Duncan’s overall compensation package, thereby aligning his interests more closely with those of our stockholders. Generally, after an individual’s base salary has been established, we expect that salary increases will be limited to changes in the scope of the individual’s responsibilities.

2019 Performance-based Bonuses. Our compensation committee adopted a performance-based bonus program for 2019 for Mr. Duncan, which would be determined based on (i) the achievement of GCI Holdings’ objectives and strategic plans and (ii) GCI Holdings’ revenue growth, EBITDA growth and capital expenditures, with 20% tied to the achievement of the EBITDA growth target. Mr. Duncan’s target cash incentive compensation for 2019 was \$1,252,741 in accordance with the terms of the 2019 Duncan Employment Arrangement. As disclosed in our Annual Report on Form 10-K for the year ended December 31, 2019, filed on February 26, 2020, in the fourth quarter of 2019, our company became aware of potential Rural Health Care (RHC) Program compliance issues related to currently active and expired contracts of our RHC customers. As a result of these potential compliance issues, along with a shortfall in certain financial metrics, Mr. Duncan did not receive a performance-based cash bonus under the program for 2019.

Equity Incentive Compensation

- **Multi-year RSUs.** Consistent with Qurate Retail’s previous practices, our compensation committee expects to make larger equity awards (equaling approximately five years’ value of an executive officer’s annual grants) that will vest approximately five years after grant, rather than making annual grants over the same period. These multi-year grants provide for back-end weighted vesting to encourage GCI Holdings’ officers to remain with the company over the long-term and to better align their interests with those of our stockholders. Accordingly, our compensation committee made a multi-year RSU award to Mr. Duncan in December 2018. All of the 56,134 multi-year GLIBA RSUs granted to Mr. Duncan will cliff vest on January 5, 2023.
- **Annual Performance-based Equity Awards.** Consistent with Qurate Retail’s previous practice of granting annual performance-based awards to its senior officers, our compensation committee granted 11,920 GLIBA

annual performance-based RSUs to Mr. Duncan in March 2019 (the **Duncan 2019 RSUs**). The Duncan 2019 RSUs would vest only upon the achievement of (i) GCI Holding's objectives and strategic plans and (ii) GCI Holdings' revenue growth, EBITDA growth and capital expenditure targets. As disclosed in our Annual Report on Form 10-K for the year ended December 31, 2019, filed on February 26, 2020, in the fourth quarter of 2019, our Company became aware of potential RHC Program compliance issues related to currently active and expired contracts of our RHC customers. As a result of these potential compliance issues, along with a shortfall in certain financial metrics, our compensation committee determined not to vest any of the Duncan 2019 RSUs. As a result, Mr. Duncan received 0% of the maximum number of Duncan 2019 RSUs for which he was eligible to receive in 2019. Also, in recognition of Mr. Duncan's performance during 2018, which was a transitional year for our company, the compensation committee determined to grant and vest 4,654 RSUs with respect to GLIBA shares to Mr. Duncan.

Perquisites. Mr. Duncan, received the following perquisites during 2019 in accordance with the terms of the 2019 Duncan Employment Arrangement:

- **Use of Company Aircraft.** As described in the "Certain Relationships and Related Transactions—Duncan Leases—Duncan Aircraft Usage Arrangement," Mr. Duncan is entitled to 80 hours per year of personal flight time through the first to occur of (i) the date that Mr. Duncan ceases to be employed by us and (ii) the date that we cease to own or lease any aircraft. Such travel has generally been limited to a space available basis on flights that were otherwise business-related, and the additional variable cost to our company (such as fuel, catering, and landing fees) was de minimis. Where the additional variable cost to our company occurred on such a flight solely for the personal purposes of Mr. Duncan or his guests, that cost has been included in the Summary Compensation Table entry for Mr. Duncan. Fixed costs (such as hangar expenses, crew salaries and monthly leases) are not included in the Summary Compensation Table. In any case, in the event such a cost was non-deductible by our company under the Internal Revenue Code of 1986, as amended (the **Code**), the value of that lost deduction is included in the Summary Compensation Table entry for Mr. Duncan. When employees, including Mr. Duncan, used company aircraft for such travel they were attributed with taxable income in accordance with regulations pursuant to the Code. Our company did not "gross up" or reimburse an employee for taxes he or she owed on such attributed income. The variable cost of the aircraft for personal travel, if any, is included in the Summary Compensation Table. See "—Summary Compensation Table."; and
- occasional, personal use of our company's remote fishing retreat.

Changes for 2020

Amendment to Services Agreement in Connection with 2019 Maffei Employment Agreement.

As described above, in December 2019, Liberty Media entered into the 2019 Maffei Employment Agreement. The 2019 Maffei Employment Agreement provides for a five-year employment term commencing on January 1, 2020 and ending on December 31, 2024, with an annual base salary, annual cash performance bonus, initial cash commitment bonus, annual equity awards, upfront awards, perquisites and other benefits described in "—Executive Compensation Arrangements—Gregory B. Maffei—2019 Maffei Employment Agreement" below. At the same time, our company entered into the amended services agreement. Under the amended services agreement, Liberty Media is responsible for paying or providing annual base salary, the initial commitment bonus, perquisites and other employee benefits, severance benefits and certain reimbursements directly to Mr. Maffei, and a portion of these expenses will be allocated to, and reimbursed by, our company. Additionally, our company has agreed to pay directly to Mr. Maffei the portion of the annual cash performance bonus that is allocated to our company and will grant directly to Mr. Maffei the portions of the annual equity awards and the upfront awards allocated to our company. For a description of the terms of the 2019 Maffei Employment Agreement, please see "—Executive Compensation Arrangements—Gregory B. Maffei—2019 Maffei Employment Agreement."

In the event that Mr. Maffei's services to our company are discontinued and Mr. Maffei remains employed by Liberty Media following such discontinuation (unless the discontinuation of Mr. Maffei's services to us is for cause (as defined in the 2019 Maffei Employment Agreement)), our company will be required to make a termination payment to Liberty Media pursuant to the amended services agreement representing the net present value of the portion of his compensation allocable to us, including the Maffei 2020 Term Options (defined below in "—Executive Compensation Arrangements—Gregory B. Maffei—2019 Maffei Employment Agreement") if such award has not been granted prior to such date, from the date of the discontinuation of services to us through December 31 of the following calendar year. See "—Executive Compensation Arrangements—Gregory B. Maffei—2019 Maffei Employment

Agreement” for other payments and benefits that Mr. Maffei may receive in connection with the termination of his employment at Liberty Media or of his services at our company.

Prior to entering into the amended services agreement with Liberty Media, our compensation committee reviewed information from FW Cook with respect to CEO compensation packages at the comparable companies as described above. See “—Executive Compensation Arrangements—Gregory B. Maffei” for a description of the Maffei 2019 Term Options provided under the 2019 Maffei Employment Agreement.

Recoupment Provisions

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 12/31/19)	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) ⁽²⁾	Option Awards (\$) ⁽³⁾	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Gregory B. Maffei⁽⁴⁾ President and Chief Executive Officer	2019	—	700,000 ⁽¹⁾	2,765,852	391,959	—	—	—	3,857,811
	2018	—	—	—	—	—	—	—	—
	2017	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Brian J. Wendling⁽⁵⁾ Principal Financial Officer	2019	—	—	84,811	—	—	—	—	84,811
	2018	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2017	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Albert E. Rosenthaler⁽⁴⁾ Chief Corporate Development Officer	2019	—	—	193,608	—	—	—	—	193,608
	2018	—	—	—	—	—	—	—	—
	2017	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Renee L. Wilm⁽⁶⁾ Chief Legal Officer	2019	—	—	46,301	567,785	—	—	—	614,086
	2018	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2017	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Ronald A. Duncan Chief Executive Officer of GCI Holdings	2019	1,022,500	—	891,350	—	—	—	106,968 ⁽⁷⁾	2,020,818
	2018	925,000	489,159	3,153,385	—	—	—	108,762 ⁽⁷⁾	4,676,306
	2017	925,000	—	1,188,789	—	981,747	—	127,840 ⁽⁷⁾	3,223,376
Richard N. Baer⁽⁴⁾ Former Chief Legal Officer and Chief Administrative Officer	2019	—	—	259,273	—	—	—	—	259,273
	2018	—	—	—	—	—	—	—	—
	2017	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mark D. Carleton⁽⁴⁾⁽⁸⁾ Senior Advisor and Former Chief Financial Officer	2019	—	—	193,608	—	—	—	—	193,608
	2018	—	—	—	—	—	—	—	—
	2017	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

- (1) Represents only that portion of Mr. Maffei's cash commitment bonus allocated to our company under the amended services agreement in connection with the 2019 Maffei Employment Agreement. For a description of the allocation of Mr. Maffei's compensation among Liberty Media and the Service Companies pursuant to the 2019 Maffei Employment Agreement and the amended services agreement, see "—Executive Compensation Arrangements—Gregory B. Maffei—2019 Maffei Employment Agreement".
- (2) Reflects the grant date fair value of the 2019 RSUs and the Duncan 2019 RSUs granted to our named executive officers during 2019. The grant date fair value of these awards has been computed in accordance with FASB ASC Topic 718, but (pursuant to SEC regulations) without reduction for estimated forfeitures. This column also reflects the grant date fair values of awards of restricted stock granted to Mr. Duncan during 2018 and 2017 and Mr. Duncan's 2018 awards of multi-year restricted stock units, each of 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 14 to our consolidated financial statements for the year ended December 31, 2019 (which are included in our 2019 Form 10-K). Any payout of an equity award by our company above the target equity award would be in our compensation committee's sole discretion, would be issued in the first quarter of 2020, and would vest immediately after grant. For more information on the named executive officers' performance-based RSU awards, see "—Compensation Discussion and Analysis—Compensation Overview—Equity Incentive Compensation" and "—Compensation Discussion and Analysis—Compensation Overview—Chief Executive Officer of GCI Holdings Compensation—Mr. Duncan—Equity Incentive Compensation."
- (3) The grant date fair value of the Maffei 2019 Term Options and Wilm Options have 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 14 to our consolidated financial statements for the year ended December 31, 2019 (which are included in our 2019 Form 10-K).
- (4) Messrs. Maffei, Rosenthaler, Baer and Carleton joined our company in March 2018.
- (5) Mr. Wendling was promoted to the Principal Financial Officer role at our company in July 2019, and the Chief Accounting Officer role at our company in January 2020, and is a named executive officer of our company for the first time. His compensation for 2018 and 2017 has been omitted in reliance upon the SEC's interpretive guidance.
- (6) Ms. Wilm assumed the role of Chief Legal Officer of our company effective September 23, 2019.

(7) The "All Other Compensation" amounts reported for Mr. Duncan consisted of:

Year	GCI 401(k) Plan (\$) ^(a)	Board Fees (\$)	Personal Airplane Usage (\$)	Life Insurance Premiums (\$)	Use of Company Retreat Facilities (\$) ^(b)	Total (\$)
2019	19,000	n/a	6,238	730	81,000	106,968
2018	18,500	32,500	—	762	57,000	108,762
2017	18,000	65,000	—	—	44,840	127,840

(a) Represents matching contributions by our company and Old GCI Liberty under the GCI 401(k) Plan, which were made to each of Old GCI Liberty's full-time employees with over one year of service. During 2019, 2018 and 2017, the match was based upon the lesser of \$19,000, \$18,500 and \$18,000, respectively, or 10% of the employee's salary and the total of the employee's pre-tax and post-tax contributions to the plan.

(b) The allocated cost of using our company's remote fishing retreat for personal guests or family members.

(8) Mr. Carleton became a Senior Advisor of our company and was no longer Chief Financial Officer of our company effective July 1, 2019.

Pay Ratio Disclosure

We are providing the following information about the relationship of the median annual total compensation of our employees and our chief executive officer's total compensation for 2019 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, 2019 (the **determination date**), 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 subsidiaries, GCI Holdings and Evite, Inc. (**Evite**), on that date. Using information from our payroll records and Form W-2s, we then measured each employee's gross wages for calendar year 2019, 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 2019. 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 new 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 new median employee was as follows:

Chief Executive Officer Total Annual Compensation	\$3,857,811
Median Employee Total Annual Compensation	\$ 72,830
Ratio of Chief Executive Officer to Median Employee Total Annual Compensation	53:1

EXECUTIVE COMPENSATION ARRANGEMENTS

Gregory B. Maffei

Legacy Maffei Awards

In connection with the completion of the Transactions, Mr. Maffei's option awards to purchase shares of LVNT stock, including his December 2014 grant of term options to purchase shares of Series B Liberty Ventures common stock (**LVNTB**) from Qurate Retail, were adjusted pursuant to the anti-dilution provisions of the various incentive plans under which these awards were granted, such that his options to purchase LVNT stock were exchanged for options to purchase an equivalent number of shares of the corresponding series of our common stock (collectively, the **Legacy Maffei Awards**).

In the event of a change in control prior to Mr. Maffei's termination, all of the Legacy Maffei Awards will remain exercisable until the end of the term. If Mr. Maffei had been terminated for cause prior to December 31, 2019 (without

a prior change in control occurring), then all vested Legacy Maffei Awards would have expired 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 Legacy Maffei Awards would have expired at the end of the term.

2019 Maffei Employment Agreement

As described above in “Changes for 2020—Amendment to Services Agreement in Connection with 2019 Maffei Employment Agreement,” Liberty Media entered into the 2019 Maffei Employment Agreement with Mr. Maffei, effective December 13, 2019. The arrangement provides for a five year employment term beginning January 1, 2020 and ending December 31, 2024, with an annual base salary of \$3 million (with no contracted increase) and a one-time cash commitment bonus of \$5 million, an annual target cash performance bonus equal to \$17 million (with payment subject to the achievement of one or more performance metrics as determined by the applicable company’s compensation committee with respect to its allocable portion), upfront equity awards (with an aggregate grant date fair value of \$90 million to be granted in two equal tranches) and annual equity awards with an aggregate target grant date fair value of \$17.5 million.

Liberty Media paid Mr. Maffei his \$5 million cash commitment bonus in 2019, and we were responsible for reimbursing Liberty Media for our allocable portion (currently 14.0%).

Our company’s portion of the first tranche of the upfront equity awards is the Maffei 2019 Term Options that were granted in March 2020. The Maffei 2019 Term Options vest on December 31, 2023, subject to Mr. Maffei’s continued employment, except as described below. The second tranche of the upfront equity awards will be granted on or before December 15, 2020, subject to Mr. Maffei’s continued employment on such date or the earlier occurrence of a termination of employment due to death, disability, by the issuing company without cause or by Mr. Maffei for good reason, and is expected to consist of stock options to purchase GLIBA shares (the **Maffei 2020 Term Options**). The Maffei 2020 Term Options will vest on December 31, 2024, subject to Mr. Maffei’s continued employment, except as described below.

Termination Payments and Benefits

Mr. Maffei will be entitled to the following payments and benefits from Liberty Media (with Liberty Media being reimbursed by our company for our allocated portion of the severance benefits pursuant to the amended services agreement) if his employment is terminated at Liberty Media under the circumstances described below, subject to the execution of releases by Liberty Media and Mr. Maffei in a form to be mutually agreed. The following discussion also summarizes the termination payments and benefits that Mr. Maffei would be entitled to if his services are terminated at our company under the scenarios described below.

Termination by Liberty Media without Cause or by Mr. Maffei for Good Reason. If Mr. Maffei’s employment is terminated by Liberty Media without cause (as defined in the 2019 Maffei Employment Agreement) or if Mr. Maffei terminates his employment for good reason (as defined in the 2019 Maffei Employment Agreement) on or after January 1, 2020, he is entitled to the following: (i) his accrued base salary, any accrued but unpaid bonus for the prior completed year, any unpaid expense reimbursements and any amounts due under applicable law; (ii) a severance payment of two times his base salary during the year of his termination to be paid in equal installments over 24 months; (iii) fully vested shares with an aggregate grant date fair value of \$35 million consisting of shares of the applicable series of common stock from Liberty Media, Qurate Retail, Liberty Broadband, Liberty TripAdvisor and us; (iv) full vesting of his upfront equity awards (including the grant and full vesting of the second tranche of Mr. Maffei’s upfront equity awards if the termination occurs before they have been granted) and full vesting of the annual equity awards for the year in which the termination occurs (including the grant and full vesting of such annual equity awards if the termination occurs before they have been granted); (v) lump sum cash payment of two times the average annual cash performance bonus paid for the two calendar years ending prior to the termination, but in no event less than two times his target annual cash performance bonus of \$17 million, with (subject to certain exceptions) up to 25% of such amount payable in shares of the applicable series of common stock from Liberty Media, Qurate Retail, Liberty Broadband, Liberty TripAdvisor and us; (vi) a lump sum cash payment equal to the greater of (x) \$17 million and (y) the annual cash performance bonus otherwise payable for the year of termination, in each case, prorated based on the number of days that have elapsed within the year of termination (including the date of termination), with (subject to certain exceptions) up to 25% of such amount payable in shares of the applicable series of common stock from Liberty Media, Qurate Retail, Liberty Broadband, Liberty TripAdvisor and us; and (vii) continued use for 12 months after such termination of certain services and perquisites provided by Liberty Media, including continued use of Liberty’s aircraft (collectively, the **severance benefits**).

Termination at our Company by our Company without Cause or by Mr. Maffei for Good Reason. In addition, if Mr. Maffei's services at our company are terminated by us without cause (as defined in the 2019 Maffei Employment Agreement) or by Mr. Maffei for good reason (as defined in the 2019 Maffei Employment Agreement) after January 1, 2020, he will be entitled to full vesting of the upfront equity awards and the annual equity awards, in each case, granted by us for the year of his termination, and if Mr. Maffei remains employed by Liberty Media at or following the date of termination of his services to our company, he will also be entitled to payment of our allocated portion of the annual cash performance bonus for the year, prorated for the portion of the calendar year in which Mr. Maffei served as an officer of our company. Other than as described above, no severance benefits will be due to Mr. Maffei if he remains employed by Liberty Media at or following the date of termination of his services to our company.

Termination by Reason of Death or Disability. In the event of Mr. Maffei's death or disability, he will be entitled to the same payments and benefits as if his services to us had been terminated by us without cause or by Mr. Maffei for good reason.

For Cause Termination at our Company. In the event Mr. Maffei's services to our company are terminated by us for cause, he will forfeit any unvested portion of the upfront equity awards granted by us, and if the termination for cause occurs before December 31 of the relevant grant year, Mr. Maffei will forfeit our allocated portion of the annual cash performance bonus and all of the annual equity awards granted by our company for that grant year. If Mr. Maffei's services are terminated by our company (including for cause) after December 31 of the relevant grant year, but prior to the date on which our compensation committee certifies achievement of the performance metric for our performance-based restricted stock units for the grant year, the award will remain outstanding until such date and will vest to the extent determined by our compensation committee.

Voluntary Termination at our Company without Good Reason. If Mr. Maffei voluntarily terminates the services he provides to us without good reason on or after January 1, 2020, he will be entitled to pro rata vesting of the upfront equity awards granted by our company (based on the number of days that have elapsed from the grant date and a four-year vesting period), pro rata vesting of his annual equity awards for the year of termination granted by us (based on the elapsed number of days in the calendar year of termination) and a pro rata payment of our allocated portion of his annual cash performance bonus of \$17 million (based upon the elapsed number of days in the calendar year of termination). Any performance-based restricted stock units for the year of termination that are unvested on the date of termination will remain outstanding until the performance criteria is determined and will vest pro rata (based upon the elapsed number of days in the calendar year of termination) to the extent determined by our compensation committee (at a level not less than 100% of the target award). Other than as described above, no severance benefits will be due to Mr. Maffei if he remains employed by Liberty Media at or following the date of termination of his services to us.

Ronald A. Duncan

On June 24, 2019, our compensation committee approved preliminary, non-binding terms of the 2019 Duncan Employment Arrangement, which describes terms that would apply from January 1, 2018 through December 31, 2022, once legally formalized and executed, as summarized below.

Base Salary. The 2019 Duncan Employment Arrangement provides for an annual base salary of \$990,000.

Annual Cash and Equity Incentive Compensation. Mr. Duncan would be eligible to receive annual target cash incentive compensation of \$1,252,741 (**Duncan Annual Target Cash IC or Duncan Cash IC**) for 2019 through 2022 and annual grants of RSUs with a target grant value of \$626,371 (**Duncan Annual Target Equity IC or Duncan Equity IC**) for 2019 through 2022.

Each of the Duncan Cash IC and Duncan Equity IC would be subject to the achievement of annual performance metrics and an EBITDA growth target to be established by our compensation committee annually, with 20% of the Duncan Cash IC and Duncan Equity IC tied to the achievement of the EBITDA growth target.

Perquisites and Other Benefits. Mr. Duncan would be eligible to participate in all health, welfare and retirement plans that are generally available to other similarly situated executives of GCI Holdings. The current terms of Mr. Duncan's personal aircraft use, as described in the "Certain Relationships and Related Transactions—Duncan Leases—Duncan Aircraft Usage Arrangement" section of the proxy statement, would remain in effect. In addition, Mr. Duncan may also access our remote fishing retreat (the **retreat**) for occasional personal use and would be given limited contract rights to purchase the retreat at fair market value. Mr. Duncan also would receive certain post-employment benefits for 10 years, such as paid health insurance premiums, continued access to the retreat and

continued ability to purchase the retreat on the same terms as described above. Mr. Duncan also would be provided office space and IT support for 10 years post-employment.

Termination without “Cause” or for “Good Reason.” If, prior to January 1, 2023 (regardless of whether a change of control has occurred), Mr. Duncan’s employment is terminated by him for “good reason” or by our company without “cause”, then Mr. Duncan would receive (i) cash severance equal to the sum of (A) the Duncan Annual Target Cash IC and the Duncan Annual Target Equity IC for the year in which his termination occurs (prorated based on his employment during the year) and (B) the greater of (1) the sum of his base salary, the Duncan Annual Target Cash IC and the Duncan Annual Target Equity IC for the period beginning on the termination date and ending on December 31, 2020 or (2) the sum of his base salary, the Duncan Annual Target Cash IC and the Duncan Annual Target Equity IC for the year of termination; (ii) prorated vesting of his December 2018 multi-year RSU grant based on a period beginning on January 1, 2018 and ending on the date that is 12 months following the date of his termination, provided, however, that at least 60% of the aggregate number of RSUs subject to his December 2018 multi-year RSU grant will vest or must have previously vested on or prior to such termination. As a condition to his receipt of any cash severance payments as a result of his termination, Mr. Duncan must execute a release in favor of our company in accordance with the terms of his compensation arrangement.

Death or Disability. In the event of Mr. Duncan’s death or disability, all of his unvested Duncan Annual Target Equity IC and any unvested portion of his December 2018 multi-year RSU grant would vest at termination. Mr. Duncan would not be entitled to any cash severance in the event of his death or disability.

Termination for “Cause” or without “Good Reason.” If Mr. Duncan terminates his employment without “good reason” or if his employment is terminated by our company for “cause,” he will not receive any severance and he will forfeit any unvested Duncan Annual Target Equity IC and any unvested portion of his December 2018 multi-year RSU grant.

Post-Termination Obligations. Mr. Duncan will be subject to certain confidentiality, non-competition and non-solicitation obligations following his termination under the 2019 Duncan Employment Arrangement.

EQUITY INCENTIVE PLANS

2018 Incentive Plan

The 2018 incentive plan is administered by the compensation committee of our board of directors, other than awards granted to nonemployee directors which may be administered by our full board of directors or the compensation committee. The 2018 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, stock appreciation rights (**SARs**), restricted shares, restricted stock units, cash awards, performance awards or any combination of the foregoing may be granted under the 2018 incentive plan (collectively, incentive plan awards).

As of December 31, 2019, (i) the maximum number of shares of our common stock with respect to which incentive plan awards may be issued under the 2018 incentive plan is 8 million, subject to anti-dilution and other adjustment provisions of the 2018 incentive plan, and (ii) with limited exceptions, no person may be granted in any calendar year incentive plan awards covering more than 1.5 million shares of our common stock under the 2018 incentive plan (subject to anti-dilution and other adjustment provisions of the 2018 incentive plan) nor may any person receive under the 2018 incentive plan payment for cash incentive plan awards during any calendar year in excess of \$10 million, and no nonemployee director may be granted during any calendar year incentive plan 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 incentive plan awards made under the existing incentive plans are made available from either authorized but unissued shares or shares that have been issued but reacquired by our company. The 2018 incentive plan has a five year term.

GCI Liberty Transitional Stock Adjustment Plan

In connection with the Transactions, new equity incentive awards with respect to our common stock (**new GCI Liberty awards**) were issued in connection with adjustments made to outstanding equity incentive awards with respect to shares of Qurate Retail’s Liberty Ventures common stock which had been granted to various directors, officers and employees and consultants of Qurate Retail and certain of its subsidiaries pursuant to the various stock incentive plans administered by the Qurate Retail board of directors or the compensation committee thereof. These new GCI Liberty awards were issued pursuant to the GCI Liberty, Inc. Transitional Stock Adjustment Plan

(the **transitional plan**), which governs the terms and conditions of the new GCI Liberty awards but cannot be used to make any additional grants following the Transactions.

GRANTS OF PLAN-BASED AWARDS

The following table contains information regarding plan-based incentive awards granted during the year ended December 31, 2019 to the named executive officers.

Name	Grant Date	Committee Action Date	Estimated Future Payouts under Non-Equity Incentive Plan Awards			Estimated Future Payouts under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Shares of Stock or Units (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#) ⁽¹⁾	Maximum (#)				
Gregory B. Maffei												
GLIBB	03/06/2019 ⁽²⁾		—	—	—	—	51,429	—	—	—	—	2,765,852
GLIBB	05/13/2019	03/06/2019 ⁽³⁾	—	—	—	—	—	—	—	21,457 ⁽⁴⁾	58.11	391,959
Brian J. Wendling												
GLIBA	03/06/2019 ⁽²⁾		—	—	—	—	1,577	—	—	—	—	84,811
Albert E. Rosenthaler												
GLIBA	03/06/2019 ⁽²⁾		—	—	—	—	3,600	—	—	—	—	193,608
Renee L. Wilm												
GLIBA	11/14/2019	11/01/2019 ⁽²⁾	—	—	—	—	629	—	—	—	—	46,301
GLIBA	11/14/2019	11/01/2019 ⁽⁵⁾	—	—	—	—	—	—	—	31,209 ⁽⁶⁾	73.61	567,785
Ronald A. Duncan												
	06/24/2019 ⁽²⁾		—	1,252,741	—	—	—	—	—	—	—	—
GLIBA	03/06/2019 ⁽²⁾		—	—	—	—	11,920	—	—	—	—	641,058
GLIBA	03/06/2019		—	—	—	—	—	—	4,654 ⁽⁷⁾	—	—	250,292
Richard N. Baer												
GLIBA	03/06/2019 ⁽²⁾		—	—	—	—	4,821	—	—	—	—	259,273
Mark D. Carleton												
GLIBA	03/06/2019 ⁽²⁾		—	—	—	—	3,600	—	—	—	—	193,608

- (1) The terms of each of the 2019 RSUs and Duncan 2019 RSUs do not provide for a threshold amount that would be payable upon satisfaction of the performance criteria established by the compensation committee. The amounts in the Target column represent the target amount that would have been payable to the award holder assuming our compensation committee determined not to reduce such payout after considering the performance of each named executive officer and, in the case of Mr. Duncan, additional financial metrics as described above. For the actual 2019 RSUs and Duncan 2019 RSUs that vested, see “—Compensation Discussion and Analysis—Compensation Overview—Equity Incentive Compensation” and “—Compensation Discussion and Analysis—Compensation Overview—Chief Executive Officer of GCI Holdings Compensation—Mr. Duncan—Equity Incentive Compensation.”
- (2) Reflects the date on which our compensation committee established the terms of the 2019 RSUs, Mr. Duncan’s 2019 performance-based bonus program and the Duncan 2019 RSUs, as described under “—Compensation Discussion and Analysis—Compensation Overview—Equity Incentive Compensation,” “—Compensation Discussion and Analysis—Compensation Overview—Chief Executive Officer of GCI Holdings Compensation—Mr. Duncan—2019 Performance-based Bonus” and “—Compensation Discussion and Analysis—Compensation Overview—Chief Executive Officer of GCI Holdings Compensation—Mr. Duncan—Equity Incentive Compensation.”
- (3) Reflects the date on which our compensation committee established the terms of Mr. Maffei’s 2019 stock option award, as described under “—Compensation Discussion and Analysis—Compensation Overview—Equity Incentive Compensation.”
- (4) Vested in full on May 13, 2019.
- (5) Reflects the date on which our compensation committee established the terms of the Wilm Options, as described under “—Compensation Discussion and Analysis—Compensation Overview—Equity Incentive Compensation.”
- (6) Vests 50% on September 23, 2022 and 50% on September 23, 2023.
- (7) Vested in full on March 8, 2019.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table contains information regarding unexercised options and unvested awards of restricted stock and RSUs which were outstanding as of December 31, 2019 and held by the named executive officers (with the exception of Richard N. Baer, who had no outstanding equity awards as of December 31, 2019).

Option awards						Stock awards			
Name	Number of securities underlying unexercised options (#) Exercisable	Number of securities underlying unexercised options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option exercise price (\$)	Option expiration date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
Gregory B. Maffei									
Option Awards									
GLIBA	108,557	—	—	55.96	12/26/2024	—	—	—	—
GLIBB	637,561	—	—	56.38	12/24/2021	—	—	—	—
GLIBB	64,732	—	—	56.38	03/31/2022	—	—	—	—
GLIBB	119,545	—	—	56.38	03/29/2023	—	—	—	—
GLIBB	258,724	—	—	56.38	05/11/2024	—	—	—	—
GLIBB	143,044	—	—	54.01	03/05/2025	—	—	—	—
GLIBB	21,457	—	—	58.11	03/06/2026	—	—	—	—
RSU Award									
GLIBB	—	—	—	—	—	—	—	51,429 ⁽¹⁾	3,811,403
Brian J. Wendling									
Option Award									
GLIBA	6,973	—	—	39.17	05/12/2022	—	—	—	—
GLIBA	8,300	8,302 ⁽²⁾	—	39.17	05/12/2023	—	—	—	—
RSU Award									
GLIBA	—	—	—	—	—	—	—	1,577 ⁽¹⁾	111,730
Albert E. Rosenthaler									
Option Awards									
GLIBA	12,232	—	—	55.96	03/04/2022	—	—	—	—
GLIBA	5,002	—	—	55.96	03/04/2022	—	—	—	—
GLIBA	16,645	16,645 ⁽²⁾	—	55.96	03/04/2023	—	—	—	—
GLIBA	4,208	—	—	55.96	12/26/2024	—	—	—	—
RSU Award									
GLIBA	—	—	—	—	—	—	—	3,600 ⁽¹⁾	255,060
Stock Award									
GLIBA	—	—	—	—	—	3,711 ⁽²⁾	262,924	—	—
Renee L. Wilm									
Option Award									
GLIBA	—	31,209 ⁽³⁾	—	73.61	11/14/2026	—	—	—	—
RSU Award									
GLIBA	—	—	—	—	—	—	—	629 ⁽¹⁾	44,565
Ronald A. Duncan									
RSU Awards									
GLIBA	—	—	—	—	—	56,134 ⁽⁴⁾	3,977,094	—	—
GLIBA	—	—	—	—	—	—	—	11,920 ⁽¹⁾	844,532

Name	Option awards					Stock awards				
	Number of securities underlying unexercised options (#) Exercisable	Number of securities underlying unexercised options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option exercise price (\$)	Option expiration date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)	
Mark D. Carleton										
Option Awards										
GLIBA	12,232	—	—	55.96	03/04/2022	—	—	—	—	
GLIBA	5,002	—	—	55.96	03/04/2022	—	—	—	—	
GLIBA	16,645	16,645 ⁽²⁾	—	55.96	03/04/2023	—	—	—	—	
GLIBA	3,199	—	—	55.96	12/26/2024	—	—	—	—	
RSU Award										
GLIBA	—	—	—	—	—	—	—	3,600 ⁽¹⁾	255,060	
Stock Award										
GLIBA	—	—	—	—	—	3,711 ⁽²⁾	262,924	—	—	

(1) Represents the target number of 2019 RSUs that each of Messrs. Maffei, Wendling, Rosenthaler, and Carleton and Ms. Wilm could earn based on our performance in 2019, as well as the target number of Duncan 2019 RSUs that Mr. Duncan could earn based on performance during 2019.

(2) Vests on December 31, 2020.

(3) Vests 50% on September 23, 2022 and 50% on September 23, 2023.

(4) Vests on January 5, 2023.

OPTION EXERCISES AND STOCK VESTED

The following table sets forth information concerning the exercise of vested options and the vesting of restricted stock or RSUs held by our named executive officers (with the exception of Ms. Wilm, who had no exercises of vested options or vesting of RSUs), in each case, during the year ended December 31, 2019.

Name	Option Awards		Stock Awards	
	Number of shares acquired on exercise (#) ⁽¹⁾	Value realized on exercise (\$)	Number of shares acquired on vesting (#) ⁽¹⁾	Value realized on vesting (\$)
Gregory B. Maffei				
GLIBA	765,441	11,052,968	—	—
GLIBB	—	—	82,842	— ⁽²⁾
GLIBP	—	—	—	—
Brian J. Wendling				
GLIBA	12,935	520,375	1,364	73,356
GLIBB	—	—	—	—
GLIBP	—	—	—	—
Albert E. Rosenthaler				
GLIBA	22,669	90,449	6,825	167,471 ⁽²⁾
GLIBB	—	—	—	—
GLIBP	—	—	—	—
Ronald A. Duncan				
GLIBA	—	—	9,642	603,739
GLIBB	—	—	—	—
GLIBP	—	—	1,583	41,443
Richard N. Baer				
GLIBA	2,659	46,533	16,818	453,173 ⁽²⁾
GLIBB	—	—	—	—
GLIBP	—	—	—	—
Mark D. Carleton				
GLIBA	9,985	47,329	6,825	167,471 ⁽²⁾
GLIBB	—	—	—	—
GLIBP	—	—	—	—

(1) Includes shares withheld in payment of withholding taxes at election of holder.

(2) On December 26, 2017 (the **Grant Date**), to effect Qurate Retail's 2017 option modification program, Qurate Retail's compensation committee approved the acceleration of each unvested in-the-money option to acquire shares of its Series A Qurate Retail common stock (**QRTEA**), LVNTB and Series A Liberty Ventures common stock (**LVNTA**) held by certain of its and its subsidiaries' officers (collectively, the **Eligible Optionholders**), including Messrs. Maffei, Rosenthaler, Baer and Carleton who are named executive officers of our company and were named executive officers of Qurate Retail on the Grant Date. Following this acceleration, also on the Grant Date, each Eligible Optionholder exercised, on a net settled basis, substantially all of his or her outstanding in-the-money vested and unvested options to acquire QRTEA, Series B Qurate Retail common stock, LVNTA or LVNTB shares (the **Eligible Options**) and with respect to each unvested Eligible Option, each Eligible Optionholder acquired LVNTA shares (or, in Mr. Maffei's case, LVNTB shares) which have a vesting schedule identical to that of the unvested Eligible Option (the **New Shares**). In connection with the Transactions, new equity incentive awards with respect to our common stock were issued in connection with adjustments made to outstanding equity incentive awards with respect to shares of Qurate Retail's Liberty Ventures common stock, including the New Shares.

The Value column below represents the value related to awards with respect to GLIBB held by Mr. Maffei and GLIBA held by Messrs. Rosenthaler, Baer and Carleton that were subject to continued vesting requirements as of the Grant Date, but which vested during the twelve months ended December 31, 2019. Such value was realized by Messrs. Maffei, Rosenthaler, Baer and Carleton in 2017 and therefore included in Qurate Retail's proxy statement relating to its 2018 annual meeting of stockholders under "—Option Exercises and Stock Vested."

Name	Number of shares acquired upon lapse of restriction (#)	Value (\$)
Gregory B. Maffei	82,842	8,743,322
Albert E. Rosenthaler	3,711	388,780
Richard N. Baer	9,031	473,060
Mark D. Carleton	3,711	388,780

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

The following table sets forth the potential payments to our named executive officers, other than Mr. Baer, if their employment had terminated or a change in control had occurred, in each case, as of December 31, 2019. 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 31, 2019 for our GLIBA common stock and GLIBB common stock, which were \$70.85 and \$74.11, respectively. The value of the restricted stock and RSUs shown in the table is based on the applicable closing market price and the number of shares and RSUs unvested. 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 price. Because the exercise price of Wilm Options was more than the closing market price of GLIBA shares on December 31, 2019, this option award has been excluded from the discussion and table below.

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

Messrs. Maffei, Wendling, Rosenthaler and Carleton hold equity awards that were issued under the transitional plan, and all of the named executive officers hold equity awards that were issued under the 2018 incentive plan. Under these plans and the related award agreements, in the event of a voluntary termination of his or her employment with our company, each named executive officer would typically only have a right to the equity grants that vested prior to his or her termination date. However, if Mr. Maffei had voluntarily terminated his employment as of December 31, 2019, his Maffei 2019 RSUs would have remained outstanding until any performance criteria had been determined to have been met or not and would have vested to the extent determined by the compensation committee. Additionally, vesting of 75% of Mr. Baer’s 2019 RSUs was accelerated following his departure from our company in September 2019, and the value realized upon such vesting is reflected in “—Option Exercises and Stock Vested” above. Each of Messrs. Wendling, Rosenthaler, Duncan and Carleton and Ms. Wilm would have forfeited any unvested equity awards that were issued under the transitional plan and 2018 incentive plan if he or she had voluntarily terminated his or her employment as of December 31, 2019. Other than as described above, no severance benefits would have been due to Mr. Maffei upon a voluntary termination during 2019. Other than as described above, Mr. Baer did not receive any severance benefits upon his departure from our company. Messrs. Wendling, Rosenthaler, Duncan and Carleton and Ms. Wilm are not entitled to any severance payments or other benefits upon a voluntary termination of his or her employment. The foregoing discussion assumes that the named executive officer voluntarily terminated his or her 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, and all equity grants constituting unvested restricted shares and RSUs under the existing incentive plans would typically 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.” However, if Mr. Maffei’s employment had been terminated for cause as of December 31, 2019, his Maffei 2019 RSUs would have remained outstanding until any performance criteria had been determined to have been met or not and would vest to the extent determined by the compensation committee. The existing incentive plans, which govern the awards unless there is a different definition in the applicable award agreement, define “cause” as insubordination, dishonesty, incompetence, moral turpitude, other misconduct

of any kind and the refusal to perform 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, “cause” 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.

Termination Without Cause or for Good Reason

As of December 31, 2019, Mr. Maffei’s unvested equity awards consisted of the Maffei 2019 RSUs. If Mr. Maffei’s employment had been terminated by our company without cause or by him for good reason as of December 31, 2019, his Maffei 2019 RSUs would have remained outstanding until any performance criteria had been determined to have been met or not and would have vested to the extent determined by the compensation committee. Mr. Maffei would not have been entitled to any severance pay or other benefits from our company upon a termination of his employment by our company without cause or by Mr. Maffei for good reason, assuming a termination date as of December 31, 2019.

As of December 31, 2019, Mr. Wendling’s unvested equity awards consisted of options to purchase LVNT shares (**LVNT Options**) granted on May 12, 2015 by Qurate Retail, which were converted into options to purchase GLIBA shares (the **Legacy Wendling Award**) in connection with the Transactions and his 2019 RSUs. As of December 31, 2019, Mr. Carleton’s and Mr. Rosenthaler’s unvested equity awards consisted of LVNT Options granted on March 4, 2015 by Qurate Retail (as modified or replaced pursuant to Qurate Retail’s 2017 option modification program), which were converted into options to purchase GLIBA shares and a restricted stock award with respect to GLIBA shares (respectively, the **Legacy Carleton Awards** and the **Legacy Rosenthaler Awards** and, together with the Legacy Wendling Award, the **Legacy Awards**) in connection with the Transactions and their 2019 RSUs. The Legacy Wendling Award, Legacy Carleton Awards and Legacy Rosenthaler Awards provide for vesting upon a termination of employment by our company without cause of those awards that would have vested during the 12-month period following the termination date if such person had remained an employee, plus a pro rata portion of the remaining unvested awards based on the portion of the vesting period elapsed through the termination date. The 2019 RSUs held by these officers would have remained outstanding until any performance criteria had been determined to have been met or not and would have vested to the extent determined by the compensation committee if these officers had been terminated without cause as of December 31, 2019. Messrs. Wendling, Rosenthaler and Carleton are not entitled to any severance pay or other benefits upon a termination without cause.

As of December 31, 2019, the only unvested equity awards of Ms. Wilm (other than the Wilm Options) were her 2019 RSUs. Her 2019 RSUs would have remained outstanding until any performance criteria had been determined to have been met or not and would have vested to the extent determined by the compensation committee if she had been terminated without cause as of December 31, 2019. The Wilm Options provide for vesting upon a termination of employment without cause of those options that would have vested during the 12-month period following the termination date if she had remained an employee, plus a pro rata portion of the remaining unvested options based on the portion of the vesting period elapsed through the termination date. Ms. Wilm is not entitled to any severance pay or other benefits upon a termination without cause.

As of December 31, 2019, Mr. Duncan’s unvested equity awards consisted of his December 2018 multi-year RSU grant and his Duncan 2019 RSUs. Upon a termination by our company without cause or by him for good reason as of December 31, 2019, his December 2018 multi-year RSU grant would have been subject to partial acceleration. In addition, the Duncan 2019 RSUs would have remained outstanding until any performance criteria had been determined to have been met or not and would have vested to the extent determined by the compensation committee.

Death

In the event of death of any of the named executive officers as of December 31, 2019, the existing incentive plans and applicable award agreements would have provided for vesting in full of any outstanding options and the lapse of restrictions on any restricted shares and RSU awards. None of our named executive officers would have been

entitled to any severance pay or other benefits from our company if he or she had died while employed by our company, assuming a termination date as of December 31, 2019.

Disability

If the employment of any of the named executive officers had been terminated as of December 31, 2019 due to disability, which is defined in the existing incentive plans or applicable award agreements, such plans or agreements would have provided for vesting in full of any outstanding options and the lapse of restrictions on any restricted shares and RSU awards. None of our named executive officers were entitled to any severance pay or other benefits from our company upon a termination of his or her employment due to disability, assuming a termination date as of December 31, 2019.

Change in Control

In case of a change in control, the incentive plans provide for vesting in full of any outstanding options and the lapse of restrictions on any restricted share and RSU awards 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. For purposes of the tabular presentation below, we have assumed that our named executive officers' existing unvested equity awards would vest in full in the case of a change in control described in the last bullet.

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	23,993,274 ⁽¹⁾	23,993,274 ⁽¹⁾	23,993,274 ⁽²⁾	23,993,274 ⁽³⁾	23,993,274 ⁽³⁾	23,993,274 ⁽³⁾
RSUs	3,811,403 ⁽⁴⁾	3,811,403 ⁽⁴⁾	3,811,403 ⁽²⁾	3,811,403 ⁽³⁾	3,811,403 ⁽³⁾	3,811,403 ⁽³⁾
Total	<u>27,804,678</u>	<u>27,804,678</u>	<u>27,804,678</u>	<u>27,804,678</u>	<u>27,804,678</u>	<u>27,804,678</u>
Brian J. Wendling						
Options	483,849 ⁽¹⁾	— ⁽⁵⁾	746,856 ⁽²⁾	746,856 ⁽³⁾	746,856 ⁽³⁾	746,856 ⁽³⁾
RSUs	— ⁽⁴⁾	— ⁽⁴⁾	111,730 ⁽²⁾	111,730 ⁽³⁾	111,730 ⁽³⁾	111,730 ⁽³⁾
Total	<u>483,849</u>	<u>—</u>	<u>858,586</u>	<u>858,586</u>	<u>858,586</u>	<u>858,586</u>
Albert E. Rosenthaler						
Options	567,115 ⁽¹⁾	— ⁽⁵⁾	814,959 ⁽²⁾	814,959 ⁽³⁾	814,959 ⁽³⁾	814,959 ⁽³⁾
Restricted shares/RSUs	— ⁽⁴⁾	— ⁽⁴⁾	517,984 ⁽²⁾	517,984 ⁽³⁾	517,984 ⁽³⁾	517,984 ⁽³⁾
Total	<u>567,115</u>	<u>—</u>	<u>1,332,944</u>	<u>1,332,944</u>	<u>1,332,944</u>	<u>1,332,944</u>
Renee L. Wilm⁽⁶⁾						
RSUs	— ⁽⁴⁾	— ⁽⁴⁾	44,565 ⁽²⁾	44,565 ⁽³⁾	44,565 ⁽³⁾	44,565 ⁽³⁾
Total	<u>—</u>	<u>—</u>	<u>44,565</u>	<u>44,565</u>	<u>44,565</u>	<u>44,565</u>

Name	Voluntary Termination Without Good Reason (\$)	Termination for Cause (\$)	Termination Without Cause or for Good Reason (\$)	Death (\$)	Disability (\$)	After a Change in Control (\$)
Ronald A. Duncan						
Severance	—	—	—	—	—	—
RSUs	— ⁽⁴⁾	— ⁽⁴⁾	2,386,228 ⁽²⁾	4,821,626 ⁽³⁾	4,821,626 ⁽³⁾	4,821,626 ⁽³⁾
Total	<u>—</u>	<u>—</u>	<u>2,386,228</u>	<u>4,821,626</u>	<u>4,821,626</u>	<u>4,821,626</u>
Mark D. Carleton						
Options	552,091 ⁽¹⁾	— ⁽⁵⁾	799,935 ⁽²⁾	799,935 ⁽³⁾	799,935 ⁽³⁾	799,935 ⁽³⁾
Restricted shares/RSUs	— ⁽⁴⁾	— ⁽⁴⁾	517,984 ⁽²⁾	517,984 ⁽³⁾	517,984 ⁽³⁾	517,984 ⁽³⁾
Total	<u>552,091</u>	<u>—</u>	<u>1,317,920</u>	<u>1,317,920</u>	<u>1,317,920</u>	<u>1,317,920</u>

- (1) Based on the number of vested options held by the named executive officer as of December 31, 2019. For more information, see “Outstanding Equity Awards at Fiscal Year-End” table above.
- (2) Based on (i) the number of vested options held by the named executive officer as of December 31, 2019 (ii) the Legacy Wendling Award, Legacy Carleton Awards, Legacy Rosenthaler Awards and Mr. Duncan’s December 2018 multi-year RSU grant that would have vested upon a termination of employment by our company without cause as of December 31, 2019 and (iii) the number of unvested 2019 RSUs or Duncan 2019 RSUs, as applicable, held by the named executive officer at December 31, 2019, which 2019 RSUs or Duncan 2019 RSUs would have remained outstanding until any performance criteria had been determined to have been met or not and would have vested to the extent determined by the compensation committee. Based on 2019 performance, our compensation committee determined not to vest any of the Duncan 2019 RSUs and, therefore, no value for those awards is reflected in the table above. For more information, see “Outstanding Equity Awards at Fiscal Year-End” table above.
- (3) Based on the number of options, whether unvested or vested but not yet exercised, and unvested RSUs held by the named executive officer as of December 31, 2019. Also, if Mr. Maffei’s employment terminated due to death or disability as of December 31, 2019, his Maffei 2019 RSUs would have remained outstanding until any performance criteria had been determined to have been met or not and would have vested to the extent determined by the compensation committee. Upon a change in control, we have assumed for purposes of the tabular presentation above that the 2019 RSUs, the Legacy Awards, the Duncan 2019 RSUs and Mr. Duncan’s 2018 multi-year RSUs would have vested in full. For more information, see the “Outstanding Equity Awards at Fiscal Year-End” table above.
- (4) If Mr. Maffei’s employment had been terminated without good reason or for cause as of December 31, 2019, his Maffei 2019 RSUs would have remained outstanding until any performance criteria had been determined to have been met or not and would have vested to the extent determined by the compensation committee. Each of Messrs. Wendling, Rosenthaler, Duncan and Carleton and Ms. Wilm would have forfeited any unvested restricted stock awards and RSUs, including, as applicable, his or her 2019 RSUs and Duncan 2019 RSUs, if his or her employment had been terminated without good reason or for cause as of December 31, 2019.
- (5) Each of Messrs. Wendling, Rosenthaler and Carleton and Ms. Wilm would have forfeited all outstanding equity grants constituting options, whether unvested or vested but not yet exercised, if his or her employment had been terminated for cause as of December 31, 2019.
- (6) Because the exercise price of Wilm Options was more than the closing market price of GLIBA shares on December 31, 2019, this option award has been excluded from the table.

DIRECTOR COMPENSATION

NONEMPLOYEE DIRECTORS

Director Fees

Each of our directors who is not an employee of our company is paid an annual fee for 2020 of \$159,000 (which, in 2019, was \$156,000) (which we refer to as the **director fee**), of which \$79,500 (\$78,000 in 2019) is payable in cash and the balance is payable in RSUs or options to purchase shares of GLIBA. For service on our board in 2020 and 2019, each director was permitted to elect to receive \$79,500 and \$78,000, respectively, of his or her director fee in RSUs or options to purchase GLIBA shares. The awards issued to our directors with respect to their service on our board in 2020 were issued in December 2019. See “—Director RSU Grants” and “—Director Option Grants” below for information on the incentive awards granted in 2019 to the nonemployee directors.

Fees for service on our audit committee, compensation committee and nominating and corporate governance committee are the same for 2019 and 2020, with each member thereof receiving an additional annual fee of \$15,000, \$10,000 and \$10,000, respectively, for his or her 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 or her participation on that committee. The cash portion of the director fees and the fees for participation on committees are payable quarterly in arrears.

Equity Incentive Plans

Awards granted to our nonemployee directors under the 2018 incentive plan are administered by our board of directors or our compensation committee. Our board of directors has full power and authority to grant nonemployee directors the awards described below and to determine the terms and conditions under which any awards are made. The 2018 incentive plan is designed to provide our nonemployee directors with additional remuneration for services rendered, to encourage their investment in our common stock and to aid in attracting persons of exceptional ability to become nonemployee directors of our company. Our board of directors may grant non-qualified stock options, SARs, restricted shares, RSUs and cash awards or any combination of the foregoing under the 2018 incentive plan.

The maximum number of shares of our common stock with respect to which awards may be issued under the 2018 incentive plan is 8 million, subject to anti-dilution and other adjustment provisions of the respective plans. Under the 2018 incentive plan, no nonemployee director may be granted during any calendar year awards having a value determined on the date of grant in excess of \$3 million. Shares of our common stock issuable pursuant to awards made under the 2018 incentive plan are made available from either authorized but unissued shares or shares that have been issued but reacquired by our company.

Director RSU Grants

Pursuant to our director compensation policy described above and the 2018 incentive plan, we granted the following RSU awards in December 2019:

Name	GLIBA RSUs
Gregg L. Engles	1,145
Richard R. Green	1,145
Sue Ann Hamilton	1,145

The RSUs granted in December 2019 will vest 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 of directors determines otherwise, will be forfeited if the grantee resigns or is removed from the board before the vesting date.

Director Option Grants

Pursuant to our director compensation policy described above and the 2018 incentive plan, we granted the following stock option award in December 2019 with respect to service on our board in 2019, which will become exercisable on December 4, 2020:

Name	# of GLIBA Options	Exercise Price (\$)
Donne F. Fisher	3,904	69.60

DIRECTOR COMPENSATION TABLE

Name ⁽¹⁾	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) ⁽²⁾⁽³⁾	Option Awards (\$) ⁽²⁾⁽³⁾	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All other compensation (\$)	Total (\$)
Gregg L. Engles	123,000	79,692	—	—	—	202,692
Donne F. Fisher	78,000	—	67,009	—	—	145,009
Richard R. Green	118,000	79,692	—	—	—	197,692
Sue Ann Hamilton	118,000	79,692	—	—	—	197,692

- (1) Gregory B. Maffei, who is a director of our company and a named executive officer, and John C. Malone, who is a director of our company, received no compensation for serving as directors of our company during 2019. Mr. Duncan's director compensation for 2018 and 2017 is reflected in the "Summary Compensation Table" above.
- (2) The aggregate grant date fair values of options to purchase GLIBA shares granted to Mr. Fisher and the GLIBA RSUs granted to Mr. Engles, Dr. Green and Ms. Hamilton in December 2019 have been computed based on the closing price of GLIBA shares on the grant dates 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 14 to our consolidated financial statements for the year ended December 31, 2019 (which are included in the 2019 Form 10-K).
- (3) As of December 31, 2019, our directors (other than Messrs. Maffei and Duncan, whose equity awards are listed in "Executive Compensation—Outstanding Equity Awards at Fiscal Year-End" above) held the following equity awards:

	John C. Malone	Gregg L. Engles	Donne F. Fisher	Richard R. Green	Sue Ann Hamilton
Options(#)					
GLIBA	—	—	13,704	—	—
RSUs(#)					
GLIBA	—	1,145	—	1,145	1,145

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information as of December 31, 2019, 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	Number of securities available for future issuance under equity compensation plans (excluding securities reflected in column (a))
<i>Equity compensation plans approved by security holders:</i>			
GCI Liberty, Inc. 2018 Omnibus Incentive Plan			7,374,153 ⁽¹⁾
GLIBA	67,129	\$60.71	
GLIBB	21,457	\$58.11	
GLIBP	—	—	
<i>Equity compensation plans not approved by security holders:</i>			
GCI Liberty, Inc. Transitional Stock Adjustment Plan			— ⁽²⁾
GLIBA	537,373	\$47.17	
GLIBB	1,223,606	\$56.10	
GLIBP	—	—	
Total			
GLIBA	604,502		
GLIBB	1,245,063		
GLIBP	—		
			7,374,153

- (1) The 2018 incentive plan permits grants of, or with respect to, shares of any series of our common stock, subject to a single aggregate limit.
- (2) The GCI Liberty, Inc. Transitional Stock Adjustment Plan governs the terms and conditions of awards with respect to our common stock that were granted in connection with adjustments made to awards granted by Qurate Retail with respect to its Liberty Ventures 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 in 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.

STANTON SHAREHOLDINGS, REGISTRATION RIGHTS AGREEMENT

As of December 31, 2017, John W. Stanton and Theresa E. Gillespie, husband and wife (collectively, **Stantons**), were significant shareholders of Old GCI Liberty’s Class B common stock, which had previously been quoted on the OTC Markets. As of that date, neither the Stantons nor the Stantons’ affiliates were Old GCI Liberty’s directors, officers, nominees for election as directors, or members of the immediate family of such directors, officers, or nominees. We are a party to a registration rights agreement (the **Stanton Registration Rights Agreement**) with the Stantons pursuant to which the Stantons have two demand registrations and incidental registration rights with respect to the Stantons’ GLIBA and GLIBP shares (and any securities issued in exchange thereof or in respect thereof) if Rule 144 is not available for the sale of such securities by the Stantons. The basic terms of the Stanton Registration Rights Agreement are as follows. If we propose to register any of our securities under the Securities Act of 1933, as amended (the **Securities Act**), for our own account or for the account of one or more of our shareholders, we must notify the Stantons of that intent. In addition, we must allow the Stantons an opportunity to include the holder’s shares (**Stanton Registerable Shares**) in that registration.

Under the Stanton Registration Rights Agreement, the Stantons also have the right, under certain circumstances, to require us to register all or any portion of the Stanton Registerable Shares under the Securities Act. The agreement is subject to certain limitations and restrictions, including our right to limit the number of Stanton Registerable Shares included in the registration. Generally, we are required to pay all registration expenses in connection with each registration of Stanton Registerable Shares pursuant to this agreement.

The Stanton Registration Rights Agreement specifically states we are not required to effect any registration on behalf of the Stantons regarding Stanton Registerable Shares if the request for registration covers an aggregate number of Stanton Registerable Shares having a market value of less than \$1.5 million. The agreement further states we are not required to effect such a registration for the Stantons where we have at that point previously filed two registration statements with the SEC, or where the registration would require us to undergo an interim audit or prepare and file with the SEC sooner than otherwise required financial statements relating to the proposed transaction. Finally, the agreement states we are not required to effect such a registration when in the opinion of our legal counsel a registration is not required in order to permit resale under Rule 144 as adopted by the SEC pursuant to the Exchange Act.

The Stanton Registration Rights Agreement provides that the first demand for registration by the Stantons must be for no less than 15% of the total number of Stanton Registerable Shares. However, the Stantons may take the opportunity to require us to include the Stanton Registerable Shares as incidental to a registered offering proposed by us.

DUNCAN LEASES

Old GCI Liberty entered into a long-term capital lease agreement in 1991 with the wife of Mr. Duncan, who was then serving as Old GCI Liberty’s Chief Executive Officer, for property occupied by it. The leased asset was capitalized in 1991 at the owner’s cost of \$900,000 and the related obligation was recorded. The lease agreement was amended in April 2008 and Old GCI Liberty’s existing capital lease asset and liability increased by \$1.3 million to record the extension of this capital lease. The amended lease terminates on September 30, 2026. The property consists of a building presently occupied by us. Lease payments were \$27,132 per month from January 2018 until September 2018, at which point they increased to \$28,732 per month.

In January 2001, Old GCI Liberty entered into an aircraft operating lease agreement with a company owned by Old GCI Liberty’s Chief Executive Officer (the **Aircraft Lessor**) pursuant to which we lease an aircraft from the Aircraft Lessor. In 2001, Old GCI Liberty paid a deposit of \$1.5 million in connection with the lease. The deposit will be repaid to us no later than six months after the agreement terminates. Effective November 30, 2018, we entered into an

amendment to the aircraft lease, providing for a reduction in the rate from \$132,000 per month to \$40,000 per month. Our audit committee approved the entry into the lease amendment.

Duncan Aircraft Usage Arrangement

In 2019, we entered into a letter agreement with Mr. Duncan pursuant to which Mr. Duncan is entitled to 80 hours per year of personal flight time through the first to occur of (i) the date that Mr. Duncan ceases to be employed by us and (ii) the date that we cease to own or lease any aircraft.

STOCKHOLDER PROPOSALS

This proxy statement relates to our annual meeting of stockholders for the calendar year 2020 which will take place on May 19, 2020. Based solely on the date of our 2020 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 16, 2020 in order to be eligible for inclusion in our proxy materials for the annual meeting of stockholders for the calendar year 2021 (the **2021 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 18, 2021 and not later than March 22, 2021 to be considered for presentation at the 2021 annual meeting. We currently anticipate that the 2021 annual meeting will be held during the second quarter of 2021. If the 2021 annual meeting takes place more than 30 days before or 30 days after May 19, 2021 (the anniversary of the 2020 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 2021 annual meeting is communicated to stockholders or public disclosure of the date of the 2021 annual meeting is made, whichever occurs first, in order to be considered for presentation at the 2021 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 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.gciliberty.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 the 2019 Form 10-K, or any of the exhibits listed therein, please call or submit a request in writing to Investor Relations, GCI Liberty, Inc., 12300 Liberty Boulevard, Englewood, Colorado 80112, Tel. No. (833) 618-8602, and we will provide you with the 2019 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).**

FORWARD LOOKING STATEMENTS

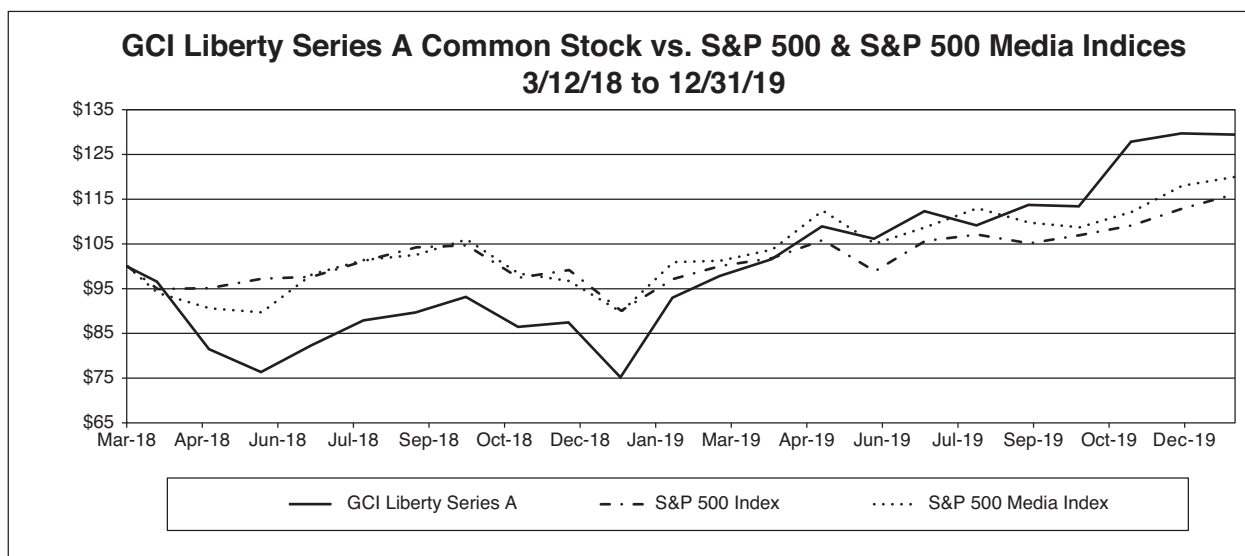
Certain statements in this Annual Report constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our business, product and marketing strategies; new service offerings; revenue growth; the recoverability of our goodwill and other long-lived assets; our projected sources and uses of cash; renewal of licenses; the effects of regulatory developments; the Rural Healthcare Program; the remediation of a material weakness and the anticipated 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. 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 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:

- customer demand for our company’s products and services and our company’s ability to adapt to changes in demand;
- competitor responses to our company’s and our businesses’ products and services;
- the levels of online traffic to our company’s businesses’ websites and its ability to convert visitors into consumers or contributors;
- 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;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- future financial performance, including availability, terms and deployment of capital;
- the ability of suppliers and vendors to deliver products, equipment, software and services;
- cyberattacks or other network disruptions;
- the outcome of any pending or threatened litigation;
- availability of qualified personnel;
- changes in the nature of key strategic relationships with partners, distributors, suppliers and vendors;
- domestic and international economic and business conditions and industry trends (including those due to the novel coronavirus outbreak), specifically the state of the Alaska economy;
- consumer spending levels, including the availability and amount of individual consumer debt;
- rapid technological changes;
- failure to protect the security of personal information about our company’s and our businesses’ customers; and
- the regulatory and competitive environment of the industries in which our company operates.

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 public companies in which we have controlling and non-controlling interests that file reports and other information with the Securities and Exchange Commission (the “SEC”) in accordance with the Securities Exchange Act of 1934, as amended. Information contained in this Annual Report concerning those companies has been derived from the reports and other information filed by them with the SEC. If you would like further information about these companies, the reports and other information they file 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 GCI Liberty Series A common stock from March 12, 2018 (the day GCI Liberty began trading following the series of transactions that effected its split-off from Liberty Interactive Corporation) through December 31, 2019 to the S&P 500 Index and S&P 500 Media Index.



	3/12/2018	12/31/2018	12/31/2019
GCI Liberty Series A	\$100.00	\$75.21	\$129.45
S&P 500 Index	\$100.00	\$90.08	\$116.09
S&P 500 Media Index	\$100.00	\$89.77	\$119.96

INVESTMENT SUMMARY

(Based on publicly available information as of January 31, 2020) GCIliberty.com/overview/asset-list.html

The following table sets forth some of GCI Liberty, Inc.'s assets which may be held directly and indirectly through partnerships, joint ventures, common stock investments and/or instruments convertible into common stock.

Ownership percentages in the table are approximate, and where applicable, assume conversion to common stock by GCI Liberty, Inc., and to the extent known by GCI Liberty, Inc., other holders. In some cases, GCI Liberty, Inc.'s interest may be subject to buy/sell procedures, repurchase rights or dilution.

GCI Liberty			
ENTITY	DESCRIPTION OF OPERATING BUSINESS	ATTRIBUTED SHARE COUNT ⁽¹⁾ (in millions)	ATTRIBUTED OWNERSHIP ⁽²⁾
Charter Communications, Inc. (NASDAQ: CHTR)	The second largest cable operator in the United States and a leading broadband communications services company providing video, Internet and voice services to residential and small and medium business customers.	5.4 ⁽³⁾	2%
GCI	GCI is the largest Alaska-based communications provider based on revenues, providing a full range of wireless, data, video, voice, and managed services to residential customers, businesses, governmental entities, and educational and medical institutions.	N/A	100%
Evite, Inc.	Leading online invitation and social event planning service on the web.	N/A	100%
Liberty Broadband Corporation (NASDAQ: LBRDK)	Liberty Broadband Corporation holds ownership interests in Charter Communications, Inc. and Skyhook Holding, Inc.	42.7	24%
LendingTree, Inc. (NASDAQ: TREE)	LendingTree, Inc. operates what they believe is the nation's leading online loan marketplace, provides an array of online tools and information to consumers and connects them with multiple, competing lenders.	3.4	26%

(1) Applicable only for publicly-traded entities.

(2) Represents undiluted ownership interest.

(3) GCI Liberty, Inc. has granted to Liberty Broadband Corporation a proxy and a right of first refusal with respect to its Charter shares

FINANCIAL INFORMATION

Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information for Common Stock

On April 4, 2017, Liberty Interactive Corporation, now known as Qurate Retail, Inc. ("Qurate Retail"), entered into an Agreement and Plan of Reorganization with General Communication, Inc. ("GCI"), an Alaska corporation and parent company of GCI Holdings, LLC, and Liberty Interactive LLC, a Delaware limited liability company and a direct wholly-owned subsidiary of Qurate Retail. GCI's Class A common stock traded on the Nasdaq Global Select Market under the symbol "GNCMA" and its Class B common stock was quoted on the OTC Markets under the symbol "GNCMB." Pursuant to the reorganization agreement, on February 20, 2018, GCI amended and restated its articles of incorporation, which resulted in GCI being renamed GCI Liberty, Inc. ("Predecessor GCI Liberty") and GCI's issued and outstanding shares of Class A common stock and Class B common stock being reclassified into shares of Predecessor GCI Liberty's Class A-1 common stock and Class B-1 common stock, respectively. Predecessor GCI Liberty's Class A-1 common stock continued to be traded on the Nasdaq Global Select Market under the symbol "GNCMA" and its Class B-1 common stock continued to be quoted on the OTC Markets under the symbol "GNCMB." Following these events, (i) Qurate Retail acquired Predecessor GCI Liberty on March 9, 2018 through a reorganization in which certain Qurate Retail interests, assets and liabilities attributed to its Ventures Group, were contributed to Predecessor GCI Liberty in exchange for shares of Predecessor GCI Liberty's Class A-1 common stock and Class B-1 common stock and, following such contribution, (ii) Predecessor GCI Liberty's Class A-1 common stock and Class B-1 common stock automatically converted into (x) a fraction of a share of Predecessor GCI Liberty's Class A common stock equal to 0.63 and (y) a fraction of a share of the Predecessor GCI Liberty's Series A Cumulative Redeemable Preferred Stock equal to 0.2, in each case, without any action by the holder thereof. Predecessor GCI Liberty's Class A common stock began trading on the Nasdaq Global Select Market under the symbol "GLIBA" on March 12, 2018.

On May 10, 2018, Predecessor GCI Liberty changed its state of incorporation from Alaska to Delaware pursuant to an Agreement and Plan of Merger, dated March 22, 2018 (the "Reincorporation Merger Agreement"). Pursuant to the Reincorporation Merger Agreement, a wholly-owned subsidiary of Predecessor GCI Liberty merged into GCI Liberty and each outstanding share of Predecessor GCI Liberty Class A and Class B common stock was automatically converted into one share of GCI Liberty common stock. Following the reincorporation merger, shares of GCI Liberty Series A common stock continued to trade on the Nasdaq Global Select Market under the symbol "GLIBA," and, since April 27, 2018, shares of GCI Liberty Series B common stock have been quoted on the OTC Markets under the symbol "GLIBB." Stock price information for securities traded on the Nasdaq Global Select Market can be found on the Nasdaq's website at www.nasdaq.com.

Although the transactions discussed above resulted in changes to the classes and series of outstanding shares of GCI, Predecessor GCI Liberty and our company and related ticker symbol changes, historical information of GCI's Class B common stock and Predecessor GCI Liberty's Class B-1 common stock and Class B common stock refers to such stock as our Series B common stock. The following table sets forth the high and low sales price for our Series B common stock for the years ended December 31, 2019 and 2018. There is no established public trading market for our Series B common stock, which is quoted on OTC Market. Such over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

	Series B (GLIBB)	
	High	Low
<u>2018</u>		
First Quarter.....	\$ 42.55	37.65
Second Quarter (April 1 - April 26) (1).....	\$ 42.55	37.65
Second Quarter (April 27 - June 30).....	\$ 45.50	41.75
Third Quarter.....	\$ 53.95	40.51
Fourth Quarter.....	\$ 53.01	42.65
<u>2019</u>		
First Quarter.....	\$ 55.45	49.15
Second Quarter.....	\$ 65.00	49.60
Third Quarter.....	\$ 63.85	59.85
Fourth Quarter.....	\$ 74.11	65.85

(1) The Series B common shares trade infrequently. During the period between April 1, 2018 and April 26, 2018, no trades occurred, as such the high and low prices shown for this period related to the first quarter of 2018.

Holders

As of January 31, 2020, there were 1,513 holders of record of our Series A common stock and 51 holders of record of our Series B common stock. 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

The Company has not paid any cash dividends on its common stock, and it has no present intention of so doing. Payment of cash dividends, if any, on the common stock in the future will be determined by the Company's board of directors in light of its earnings, financial condition and other relevant considerations. See "Management's Discussion and Analysis of Financial Condition and Results of Operation – Liquidity and Capital Resources."

Stock Transfer Agent and Registrar

Broadridge is the Company's stock transfer agent and registrar.

Securities Authorized for Issuance Under Equity Compensation Plans

Information required by this item is incorporated by reference to the Company's definitive proxy statement for its 2020 Annual Meeting of Stockholders.

Purchases of Equity Securities by the Issuer

Share Repurchase Programs

On March 9, 2018, the board of directors authorized a share repurchase program for \$650 million of GCI Liberty Class A and Class B common stock. On June 25, 2018, the board of directors of GCI Liberty reapproved such repurchase program with respect to GCI Liberty's Series A and Series B common stock. There were no repurchases of GCI Liberty capital stock under the authorized share repurchase program during the three months ended December 31, 2019. As of December 31, 2019, \$494.4 million of GCI Liberty's Series A and Series B common stock may be purchased under the repurchase program.

28,936 shares of GCI Liberty Series A common stock and 7,172 shares of GCI Liberty Preferred Stock were surrendered by our officers and employees to pay withholding taxes and other deductions in connection with the vesting of their restricted stock and restricted stock units during the three months ended December 31, 2019.

Selected Financial Data

The following tables present selected historical information relating to financial condition and results of operations over the past five years. Certain prior period amounts have been reclassified for comparability with the current year presentation. The following data should be read in conjunction with our consolidated financial statements.

December 31,

	2019	2018 (1)	2017	2016	2015
	amounts in thousands				
Summary Balance Sheet Data:					
Cash and cash equivalents	\$ 569,520	491,257	573,210	487,163	2,001,481
Investments in equity securities.....	\$ 2,605,293	1,533,517	1,803,064	1,546,615	1,896,535
Investments in affiliates, accounted for using the equity method	\$ 167,643	177,030	114,655	31,493	427
Investment in Liberty Broadband measured at fair value	\$ 5,367,242	3,074,373	3,634,786	3,161,444	—
Total assets	\$ 11,933,445	8,660,822	6,172,213	5,300,776	3,977,743
Total debt.....	\$ 3,266,218	2,886,034	—	—	—
Deferred income tax liabilities	\$ 1,527,109	793,696	643,426	777,092	301,848
Taxes payable	\$ —	—	1,198,315	925,715	631,582
Total equity.....	\$ 6,210,284	4,306,690	4,224,036	3,592,682	3,032,661

Years Ended December 31,

	2019	2018 (1)	2017	2016	2015
	amounts in thousands, except per share amounts				
Summary Statements of Operations Data:					
Revenue.....	\$ 894,733	739,762	23,817	22,552	20,307
Operating income (loss)	\$ (217,521)	(249,992)	(55,597)	(35,155)	(28,534)
Interest expense	\$ (153,803)	(119,296)	—	—	—
Share of earnings (losses) of affiliates, net	\$ (2,629)	25,772	7,001	11,831	2,142
Realized and unrealized gains (losses) on financial instruments, net.....	\$ 3,002,400	(681,545)	637,164	1,309,365	179,699
Earnings (loss) before income taxes	\$ 2,668,265	(1,056,961)	591,035	1,316,814	171,692
Net earnings (loss) attributable to GCI Liberty, Inc. shareholders...	\$ 1,938,698	(873,303)	724,586	820,683	110,713
Basic net earnings (loss) attributable to Series A and Series B GCI Liberty, Inc. shareholders per common share	\$ 18.41	(8.09)	6.65	7.53	1.02
Diluted net earnings (loss) attributable to Series A and Series B GCI Liberty, Inc. shareholders per common share	\$ 18.32	(8.09)	6.65	7.53	1.02

(1) As of March 9, 2018, the Company's financial condition and results of operations include the activities of GCI Holdings, which are further described in notes 1 and 4 to the accompanying consolidated financial statements.

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 notes 2 and 10 in the accompanying consolidated financial statements for an overview of new accounting standards that the Company has adopted or that it plans to adopt that have had or may have an impact on its financial statements.

Overview

On April 4, 2017, Liberty Interactive Corporation, now known as Qurate Retail, entered into an Agreement and Plan of Reorganization (as amended, the "reorganization agreement" and the transactions contemplated thereby, the "Transactions") with GCI, an Alaska corporation, and Liberty Interactive LLC, a Delaware limited liability company and a direct wholly owned subsidiary of Qurate Retail ("LI LLC"). Pursuant to the reorganization agreement, GCI amended and restated its articles of incorporation (which resulted in GCI being renamed GCI Liberty, Inc. ("GCI Liberty")) and effected a reclassification and auto conversion of its common stock. Following these events, Qurate Retail acquired GCI Liberty on March 9, 2018 through a reorganization in which certain Qurate Retail interests, assets and liabilities attributed to its Ventures Group (following the reattribution by Qurate Retail of certain assets and liabilities from its Ventures Group to its QVC Group) were contributed to GCI Liberty in exchange for a controlling interest in GCI Liberty (the "contribution"). Qurate Retail and LI LLC contributed to GCI Liberty their entire equity interests in Liberty Broadband Corporation ("Liberty Broadband"), Charter Communications, Inc. ("Charter"), and LendingTree, Inc. ("LendingTree"), the Evite, Inc. ("Evite") operating business and other assets and liabilities (collectively, "HoldCo"), in exchange for (a) the issuance to LI LLC of a number of shares of GCI Liberty Class A common stock and a number of shares of GCI Liberty Class B common stock equal to the number of outstanding shares of Qurate Retail's Series A Liberty Ventures common stock and Qurate Retail's Series B Liberty Ventures common stock on March 9, 2018, respectively, (b) cash and (c) the assumption of certain liabilities by GCI Liberty.

The contribution was treated as a reverse acquisition under the acquisition method of accounting in accordance with generally accepted accounting principles in the United States ("GAAP"). For accounting purposes, HoldCo is considered to have acquired GCI Liberty in the contribution based, among other considerations, upon the fact that in exchange for the contribution of HoldCo, Qurate Retail received a controlling interest in the combined company of GCI Liberty.

Following the contribution and acquisition of GCI Liberty, Qurate Retail effected a tax free separation of its controlling interest in the combined company, GCI Liberty, to the holders of Qurate Retail's Liberty Ventures common stock in full redemption of all outstanding shares of such stock (the "HoldCo Split-Off"), in which each outstanding share of Qurate Retail's Series A Liberty Ventures common stock was redeemed for one share of GCI Liberty Class A common stock and each outstanding share of Qurate Retail's Series B Liberty Ventures common stock was redeemed for one share of GCI Liberty Class B common stock. In July 2018, the Internal Revenue Service ("IRS") completed its review of the HoldCo Split-Off and informed Qurate Retail that it agreed with the nontaxable characterization of the transactions. Qurate Retail received an Issue Resolution Agreement from the IRS documenting this conclusion.

On May 10, 2018, pursuant to the Agreement and Plan of Merger, dated as of March 22, 2018, GCI Liberty completed its reincorporation into Delaware by merging with its wholly owned Delaware subsidiary, which was the surviving corporation (the "Reincorporation Merger"). References to GCI Liberty or the Company prior to May 10, 2018 refer to GCI Liberty, Inc., an Alaska corporation and references to GCI Liberty after May 10, 2018 refer to GCI Liberty, Inc., a Delaware corporation.

We refer to the combination of GCI Holdings, LLC ("GCI Holdings"), non controlling interests in Liberty Broadband, Charter and LendingTree, a controlling interest in Evite, and certain other assets and liabilities as "GCI Liberty", the "Company", "us", "we" and "our." Although HoldCo was reported as a combined company until the date of the HoldCo Split-Off, the accompanying financial statements and the following discussion present all periods as consolidated by the Company.

Update on Economic Conditions

GCI Holdings offers wireless and wireline telecommunication services, data services, video services, and managed services to customers primarily throughout Alaska. Because of this geographic concentration, growth of GCI Holdings' business and operations depends upon economic conditions in Alaska. The economy of Alaska is dependent upon the oil industry, state government spending, United States military spending, investment earnings and tourism. Prolonged periods of low oil prices adversely impacts the Alaska economy, which in turn can have an adverse impact on the demand for GCI Holdings' products and services and on its results of operations and financial condition.

Low oil prices have put significant pressure on the Alaska state government budget since the majority of its revenue comes from the oil industry. While the Alaska state government has significant reserves that GCI Holdings believes will help fund the state government for the next couple of years, major structural budgetary reforms will need to be implemented in order to offset the impact of low oil prices.

The Alaska economy was in a recession from late 2015 to 2019, and lingering effects of that recession remain present in the Alaska economy. Further, the Alaska economy may experience another recession in the future. While it is difficult for the Company to predict the future impact of the recent recession, the current period of slow growth or any future recession on GCI Holdings' business, these conditions have had, or could have, an adverse impact on GCI Holdings' business and could adversely affect the affordability of and demand for some of its products and services and cause customers to shift to lower priced products and services or delay or forgo purchases of its products and services. Additionally, GCI Holdings' customers may not be able to obtain adequate access to credit, which could affect their ability to make timely payments to GCI Holdings. If that were to occur, the Company could be required to increase its allowance for doubtful accounts, and the number of days outstanding for its accounts receivable could increase. If the lingering effects of that recession continues, the Alaska economy does not resume normal levels of growth or the Alaska economy experiences another recession, it could negatively affect GCI Holdings' business including the Company's financial position, results of operations, or liquidity, as well as its ability to service debt, pay other obligations and enhance shareholder returns.

Rural Health Care ("RHC") Program

GCI Holdings receives support from various Universal Service Fund ("USF") programs including the RHC Program. The USF programs are subject to change by regulatory actions taken by the Federal Communications Commission ("FCC"), interpretations of or compliance with USF program rules, or legislative actions. Changes to any of the USF programs that GCI Holdings participates in could result in a material decrease in revenue and accounts receivable, which could have an adverse effect on GCI Holdings' business and the Company's financial position, results of operations or liquidity. The following paragraphs describe certain separate matters related to the RHC Program that impact or could impact the revenue earned and receivables recognized by the Company. As of December 31, 2019, the Company had net accounts receivable from the RHC Program in the amount of \$118.8 million, which is included within Other assets, net and \$12.0 million, which is included within Trade and other receivables in the consolidated balance sheets.

In November 2017, the Universal Service Administrative Company ("USAC") requested further information in support of the rural rates charged to a number of GCI Holdings' RHC customers in connection with the funding requests for the year that runs July 1, 2017 through June 30, 2018. On October 10, 2018, GCI Holdings received a letter from the FCC's Wireline Competition Bureau ("Bureau") notifying it of the Bureau's decision to reduce the rural rates charged to RHC customers for the funding year that ended on June 30, 2018 by approximately 26% resulting in a reduction of total support payments of \$27.8 million. The FCC also informed GCI Holdings that the same cost methodology used for the funding year that ended on June 30, 2018 would be applied to rates charged to RHC customers in subsequent funding years. In response to the letter from the Bureau, GCI Holdings filed an Application for Review of the Bureau's decision with the FCC. In the third quarter of 2018, GCI Holdings recorded a \$19.1 million reduction in its receivables balance as part of its acquisition accounting and recorded a reduction in revenue for the funding year that ended on June 30, 2018 of approximately \$8.6 million. GCI Holdings has reduced RHC Program revenue by a similar rate as to the funding year that ended on June 30, 2018, which based on a current run rate would approximate \$7.0 million per quarter through the funding year that ended June 30, 2019 and would approximate \$8 million per quarter through the funding year that will end June 30, 2020 until it can reach a final resolution with the FCC regarding the funding amounts.

On March 15, 2018, USAC announced that the funding requests for the year that runs July 1, 2017 through June 30, 2018 exceeded the funding available for the RHC Program. Since that time, on June 25, 2018, the FCC issued an order resulting in an increase of the annual RHC Program funding cap from \$400.0 million to \$571.0 million and applied it to the funding year that ended on June 30, 2018. The FCC also determined that it would annually adjust the RHC Program funding cap for inflation, beginning with the funding year ending on June 30, 2019 and carry-forward unused funds from past funding years for use in future funding years. As a result, aggregate funding is expected to be available to pay in full the approved funding under the RHC Program for the funding years ended on June 30, 2018 and 2019. On June 10, 2019, the FCC released a public notice noting that the funding cap for the funding year ending on June 30, 2020 is \$594 million, also noting that USAC projects that \$83 million in unused funds will be available for use in the funding year ending on June 30, 2020. On February 14, 2020, USAC informed the FCC that it had identified an additional \$162.7 million of unused funds available for use in future years, and that it had begun issuing commitments fully funding qualified single year requests in the Telecom and Healthcare Connect portions of the RHC Program for the funding year ending on June 30, 2020.

In addition, on March 23, 2018, GCI Holdings received a separate letter of inquiry and request for information from the Enforcement Bureau of the FCC relating to the period beginning January 1, 2015 and including all future periods, to which it is in the process of responding. This includes inquiry into the rates charged by GCI Holdings that are still pending, and presently it is unable to assess the ultimate resolution of this rate inquiry. Other aspects related to the Enforcement Bureau's review of GCI Holdings' compliance with program rules are discussed separately below. The ongoing uncertainty in program funding, as well as the uncertainty associated with the rate review, could have an adverse effect on its business, financial position, results of operations or liquidity.

On November 30, 2018, GCI Holdings received multiple funding denial notices from USAC, denying requested funding from the RHC Program operated by a rural health customer (the "Customer") for the funding year that ended on June 30, 2018. In November 2017, USAC requested information from the Customer related to bidding process documentation for two separate service contracts GCI Holdings has with the Customer. Although the Customer timely responded, USAC found that bids previously received were not submitted with the original funding request and/or that bidding information submitted was related to the wrong bidding year. The Customer appealed this decision in early 2019 and on May 6, 2019 USAC denied the Customer's appeal. The Customer then appealed USAC's decision to the Bureau on July 5, 2019. As of March 31, 2019, GCI Holdings had accounts receivable of approximately \$21.3 million outstanding associated with these two service contracts, which is dependent upon receipt of funding from USAC. Given that USAC denied the Customer's appeal as specifically outlined in the May 6, 2019 letter received by the Customer, the Company determined at the time it was probable that GCI Holdings incurred a loss and an accounts receivable reserve was recorded in the amount of \$21.3 million and an associated bad debt expense was recorded during the first quarter of 2019 and included within Selling, general, and administrative expense in the consolidated statements of operations. Additionally, because of the uncertainty of the Customer's future appeals process and uncertainty relating to our ability to recover payment directly from the Customer, the Company no longer believed revenue associated with the two service contracts should be recognized. Historical annual revenue associated with the two service contracts was approximately \$12.0 million in total and was expected to be the same in future periods. Revenue has not been recognized beyond the first quarter of 2019.

On February 19, 2020, the Bureau issued an FCC order that granted the Customer's appeal for the two service contracts that were originally denied funding by USAC. In the order, the FCC has directed USAC to reverse its previous funding denials. Because the FCC order provides the Company with additional information subsequent to December 31, 2019 about the resolution of a contingency that existed as of year-end, the Company has recognized the impact of the FCC order in our consolidated financial statements. Such impact resulted in the reversal of the previously recorded \$21.3 million accounts receivable reserve and associated bad debt expense included within Selling, general, and administrative expense in the consolidated statements of operations.

The Company also considered whether it should recognize revenue in 2019 related to the two service contracts for the period where it previously had not recognized revenue because of the uncertainty around its ability to collect consideration from the Customer. Because the Company was unable to conclude at any time prior to December 31, 2019 that collection of consideration under the two service contracts was probable, the Company concluded that revenue should not be recognized for any period subsequent to the first quarter of 2019 in accordance with the applicable revenue recognition criteria. The Company will reevaluate the applicable revenue recognition criteria in the first quarter of 2020 to determine whether it can (i) begin recognizing revenue associated with the Customer's two service contracts and (ii) recognize revenue for the period in 2019 when it ceased recognizing revenue because of the uncertainty relating to its ability to recover payment

directly from the Customer. Although the Company has not recognized revenue beyond the first quarter of 2019 related to the Customer's two service contracts, the Company has continued to provide service to the Customer and such fact will be considered in the revenue recognition analysis in the first quarter of 2020.

On August 20, 2019, the FCC released an order adopting changes to the RHC Program that will revise the manner in which support issued under the RHC Program will be calculated and approved. Some of these changes will become effective beginning with the funding year ending June 30, 2021, while others will apply beginning with the funding year ending June 30, 2022. On October 21, 2019, GCI Holdings appealed the order to the United States Court of Appeals for the District of Columbia Circuit. On December 6, 2019, that appeal was held in abeyance for nine months due to pending Petitions for Reconsideration filed by other parties at the FCC. The proposed methodology for calculating and approving support under these changes relies on information that has not yet been collected and analyzed by USAC, and therefore GCI Holdings cannot assess at this time the substance, impact on funding, or timing of these changes adopted by the FCC.

In the fourth quarter of 2019, the Company became aware of potential RHC Program compliance issues related to certain of GCI Holdings' currently active and expired contracts with certain of its RHC customers. The Company and its external experts performed significant and extensive procedures to determine whether GCI Holdings' currently active and expired contracts with its RHC customers would be deemed to be in compliance with the RHC Program rules. Based on these procedures, the Company accrued a loss of approximately \$17.0 million for contracts that are deemed probable of not complying with the RHC Program rules. The Company recorded the estimated loss as an expense within Selling, general, and administrative in the consolidated statements of operations. The Company also identified certain contracts where additional loss was reasonably possible and such loss could range from zero to \$44.0 million. An accrual was not made for the amount of the reasonably possible loss in accordance with the applicable accounting guidance. GCI Holdings could also be assessed fines and penalties but such amounts could not be reasonably estimated. GCI Holdings has notified the FCC of our potential compliance issues and will continue to work with the FCC to resolve such matters.

Results of Operations - Consolidated

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

Operating Results

	Years ended December 31,		
	2019	2018	2017
	amounts in thousands		
Revenue			
GCI Holdings.....	\$ 869,662	715,842	—
Corporate and other	25,071	23,920	23,817
Consolidated	<u>\$ 894,733</u>	<u>739,762</u>	<u>23,817</u>
Operating Income (Loss)			
GCI Holdings.....	\$ (182,841)	(208,934)	—
Corporate and other	(34,680)	(41,058)	(55,597)
Consolidated	<u>\$ (217,521)</u>	<u>(249,992)</u>	<u>(55,597)</u>
Adjusted OIBDA			
GCI Holdings.....	\$ 256,878	217,832	—
Corporate and other	(21,865)	(24,731)	(25,762)
Consolidated	<u>\$ 235,013</u>	<u>193,101</u>	<u>(25,762)</u>

Revenue. Consolidated revenue increased \$155.0 million and \$715.9 million for the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior year periods. The increases are primarily due to an increase of \$153.8 million and \$715.8 million at GCI Holdings in 2019 and 2018, respectively, as compared to the prior periods as a result of the acquisition of GCI Holdings on March 9, 2018. See “Results of Operations-GCI Holdings, LLC” below for a more complete discussion of the results of operations of GCI Holdings. Corporate and other revenue increased \$1.2 million and was relatively flat for the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior year periods. The increase in 2019 was driven by an increase in the sale of premium services partially offset by a decrease in advertising revenue at Evite.

Operating Income (Loss). Consolidated operating loss decreased \$32.5 million and increased \$194.4 million for the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior year periods. The decrease in operating loss in 2019 is primarily due to a \$26.1 million decrease in the operating loss for GCI Holdings driven by a decrease in the impairment of intangibles and long-lived assets. The increase in operating loss in 2018 is primarily due to the acquisition of GCI Holdings on March 9, 2018 and its subsequent impairment of intangibles and long-lived assets (see note 8 in the accompanying consolidated financial statements for more information) and associated depreciation and amortization as a result of purchase accounting. See “Results of Operations-GCI Holdings, LLC” below for a more complete discussion of the results of operations of GCI Holdings.

Operating losses for corporate and other decreased \$6.4 million and \$14.5 million for the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior year periods. The decreases are primarily due to a decrease in costs associated with the Transactions partially offset by an increase in costs at Evite and increased public company costs.

Stock-based compensation. Stock based compensation includes compensation related to restricted shares of GCI Liberty's common stock and preferred stock, restricted stock units with respect to GCI Liberty's common stock, and options to purchase shares of GCI Liberty's common stock granted to certain of the Company's directors, employees, and employees of its subsidiaries. We recorded \$24.9 million, \$28.2 million and \$26.6 million of stock compensation expense for the years ended December 31, 2019, 2018 and 2017, respectively. The decrease in 2019 is primarily due to a \$3.0 million decrease at Evite. The increase in 2018 is primarily due to the acquisition of GCI Holdings on March 9, 2018 partially offset by a decrease in one-time costs associated with an option exchange between HoldCo and certain of its officers. See “Results of Operations-GCI Holdings, LLC” below for a more complete discussion of the results of operations of GCI Holdings. As of

December 31, 2019, the total unrecognized compensation cost related to unvested options and restricted stock was approximately \$2.5 million and \$18.2 million, respectively. Such amounts will be recognized in the Company's consolidated statements of operations over a weighted average period of approximately 1.6 years and 2.5 years, respectively.

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

	Years ended December 31,		
	2019	2018	2017
	amounts in thousands		
Operating income (loss).....	\$ (217,521)	(249,992)	(55,597)
Depreciation and amortization	266,333	206,946	3,252
Stock-based compensation	24,897	28,207	26,583
Impairment of intangibles and long-lived assets	167,062	207,940	—
Insurance proceeds and restructuring, net	(5,758)	—	—
Adjusted OIBDA	<u>\$ 235,013</u>	<u>193,101</u>	<u>(25,762)</u>

Consolidated Adjusted OIBDA increased \$41.9 million and \$218.9 million during the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior year periods. The increases in 2019 and 2018 are primarily due to the acquisition of GCI Holdings on March 9, 2018. See “Results of Operations-GCI Holdings, LLC” below for a more complete discussion of the results of operations of GCI Holdings.

Other Income and Expense

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

	Years ended December 31,		
	2019	2018	2017
	amounts in thousands		
<i>Interest expense</i>			
GCI Holdings.....	\$ (90,112)	(69,478)	—
Corporate and other	(63,691)	(49,818)	—
Consolidated	<u>\$ (153,803)</u>	<u>(119,296)</u>	<u>—</u>
<i>Share of earnings (losses) of affiliates, net</i>			
GCI Holdings.....	\$ (134)	(111)	—
Corporate and other	(2,495)	25,883	7,001
Consolidated	<u>\$ (2,629)</u>	<u>25,772</u>	<u>7,001</u>
<i>Realized and unrealized gains (losses) on financial instruments, net</i>			
GCI Holdings.....	\$ 1,669	—	—
Corporate and other	3,000,731	(681,545)	637,164
Consolidated	<u>\$ 3,002,400</u>	<u>(681,545)</u>	<u>637,164</u>
<i>Tax sharing agreement</i>			
GCI Holdings.....	\$ —	—	—
Corporate and other	26,646	(32,105)	—
Consolidated	<u>\$ 26,646</u>	<u>(32,105)</u>	<u>—</u>
<i>Other, net</i>			
GCI Holdings.....	\$ 11,061	1,376	—
Corporate and other	2,111	(1,171)	2,467
Consolidated	<u>\$ 13,172</u>	<u>205</u>	<u>2,467</u>

Interest Expense. Consolidated interest expense increased \$34.5 million and \$119.3 million during the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior year periods. The increases in 2019 and 2018 are primarily due to the acquisition of GCI Holdings on March 9, 2018. Additionally, the increase in 2019 was partially driven by the Margin Loan and Exchangeable Senior Debentures that the Company issued on June 18, 2018 (each as defined in note 9 of the accompanying consolidated financial statements).

Share of earnings (losses) of affiliates, net. Share of earnings (losses) of affiliates, net decreased \$28.4 million and increased \$18.8 million during the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior year periods. The decrease in 2019 is primarily due to a decrease in LendingTree's results. The increase in 2018 is primarily due to increases in LendingTree's results.

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

	Years ended December 31,		
	2019	2018	2017
	amounts in thousands		
Equity securities	\$ 1,074,736	(274,393)	258,629
Investment in Liberty Broadband	2,292,869	(560,413)	473,342
Derivative instruments	(50,965)	75,970	(94,807)
Indemnification obligation	(123,564)	70,007	NA
Exchangeables senior debentures	(190,676)	7,284	NA
	<u>\$ 3,002,400</u>	<u>(681,545)</u>	<u>637,164</u>

The changes in these accounts are primarily due to market factors and changes in the fair value of the underlying stocks or financial instruments to which they are related. The increase in 2019 was primarily driven by an increase in the market value of our investments in Liberty Broadband and Charter as compared to the corresponding prior year period. The decrease in 2018 was primarily driven by a decrease in the market value of our investments in Liberty Broadband and Charter as compared to the corresponding prior year period.

Tax sharing agreement. The Company had a gain of \$26.6 million and a loss of \$32.1 million for the years ended December 31, 2019 and 2018, respectively, for a tax sharing agreement, which provides for the allocation and indemnification of tax liabilities and benefits between Qurate Retail and GCI Liberty (see note 1 in the accompanying consolidated financial statements for more information). The change in the tax sharing agreement receivable for 2019 was primarily the result of the tax effect of the movement in the fair value of Qurate Retail's 1.75% exchangeable senior debentures due 2046. The change in the tax sharing agreement receivable for 2018 was primarily the result of the tax effect of the movement in the fair value of Qurate Retail's 1.75% exchangeable senior debentures due 2046 and an increase in the valuation allowance recorded against Qurate Retail's Colorado net operating loss deferred tax asset as a result of a Colorado tax law change in the second quarter of 2018.

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

	Years ended December 31,		
	2019	2018	2017
	amounts in thousands		
Earnings (loss) before income taxes	\$ 2,668,265	(1,056,961)	591,035
Income tax (expense) benefit	(730,023)	183,307	133,522
Effective income tax rate	27%	17%	23%

For the year ended December 31, 2019, the income tax expense in excess of expected federal tax expense is primarily due to state income tax expense.

For the year ended December 31, 2018, the income tax benefit was lower than the U.S. statutory tax rate of 21% primarily due to a change in the effective tax rate used to measure deferred taxes due to the acquisition as discussed in notes 1 and 4 to the accompanying consolidated financial statements and a goodwill impairment that is not deductible for tax purposes, partially offset by a change in the state effective tax rate used to measure deferred taxes resulting from a state law change.

For the year ended December 31, 2017, the most significant reconciling item is a net tax benefit for the effect of the change in the U.S. federal corporate tax rate from 35% to 21% on deferred taxes.

Net earnings (loss). The Company had net earnings of \$1,938.7 million, a net loss of \$873.3 million and net earnings of \$724.6 million for the years ended December 31, 2019, 2018, and 2017, respectively. The change in net earnings was the result of the above-described fluctuations in our revenue, expenses, and other income and expenses.

Liquidity and Capital Resources

As of December 31, 2019, substantially all of the Company's cash and cash equivalents were invested in U.S. Treasury securities, securities of other government agencies, AAA rated money market funds and other highly rated financial and corporate debt instruments.

The following are potential sources of liquidity: available cash balances, proceeds from asset sales, monetization of the Company's investments, outstanding or anticipated debt facilities, and debt and equity issuances. To the extent that the Company recognizes any taxable gains from the sale of assets, the Company may incur tax expense and be required to make tax payments, thereby reducing any cash proceeds. The Company believes it has sufficient cash from operating activities and cash on hand to fund its business.

As of December 31, 2019, the Company had a cash and cash equivalents balance of \$569.5 million of which \$60.8 million is held by the Company's subsidiaries.

	Years ended December 31,		
	2019	2018	2017
	amounts in thousands		
Cash flow information			
Net cash provided (used) by operating activities	\$ 88,605	82,888	304,864
Net cash provided (used) by investing activities.....	(130,682)	(32,276)	(78,123)
Net cash provided (used) by financing activities	126,195	(132,728)	(140,720)
	<u>\$ 84,118</u>	<u>(82,116)</u>	<u>86,021</u>

During the year ended December 31, 2019, the Company's primary uses of cash included capital expenditures, repurchases of GCI Liberty Series A common stock, settlement of a derivative instrument and repayment of debt, finance lease, and tower obligations. The repayment of debt included payment of \$325.0 million to fund the redemption of \$325.0 million aggregate outstanding principal amount of GCI, LLC's 6.75% Senior Notes due 2021. The Company's primary sources of cash in 2019 included cash from operations, borrowing \$400.0 million under the Company's margin loan, borrowing \$325.0 million as part of the newly issued 2024 Notes (as defined in note 9 in the accompanying consolidated financial statements) and proceeds from derivative instruments. During the year ended December 31, 2018, the Company's primary uses of cash included a \$1.1 billion distribution to its former parent in connection with the Transactions, \$254.0 million in repayments of debt, a \$132.7 million indemnification payment to Qurate Retail, \$111.6 million in repurchases of GCI Liberty Series A common stock, and a \$80.0 million derivative payment in connection with the Transactions. The Company's primary sources of cash in 2018 included cash from operations, borrowing \$1.5 billion under the Company's margin loan and exchangeable senior debentures, and cash from the acquisition of GCI Holdings on March 9, 2018.

Net cash used by investing activities consists primarily of cash paid for capital expenditures. The Company's significant recurring investing activity has been GCI Holdings' capital expenditures. The Company expects that this will continue in the future.

Proceeds from borrowings fluctuate from year to year based on the Company's liquidity needs. The Company may use excess cash to make optional repayments on its debt or repurchase its common stock depending on various factors, such as market conditions.

The projected uses of the Company's cash in 2020 are capital expenditures of approximately \$140 million, approximately \$131 million for interest payments on outstanding debt, approximately \$13 million for preferred stock dividends, repurchases of GCI Liberty Series A common stock under the approved share buyback program, and potential additional investments in existing or new businesses.

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

We have contingent liabilities related to legal and tax proceedings and other matters arising in the ordinary course of business. Although it is reasonably possible we 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.

Information concerning the amount and timing of required payments, both accrued and off-balance sheet, under our contractual obligations, is summarized below.

	Payments Due by Period				
	Total	Less Than 1 Year	1 to 3 Years	4 to 5 Years	More Than 5 Years
	amounts in thousands				
Consolidated contractual obligations					
Debt (1)	\$ 3,071,982	3,008	1,811,376	803,516	454,082
Preferred stock	178,002	—	—	—	178,002
Interest expense and preferred stock dividends (2) ..	672,251	143,790	214,278	125,830	188,353
Finance lease obligations, including interest	13,525	5,159	5,954	1,366	1,046
Tower obligations, including interest	174,970	7,797	16,065	16,713	134,395
Operating lease commitments	142,616	45,013	57,982	20,429	19,192
Purchase obligations	65,158	65,158	—	—	—
Total contractual obligations	\$ 4,318,504	269,925	2,105,655	967,854	975,070

(1) Amounts are reflected in the table at the outstanding principal amount, assuming the debt instrument will remain outstanding until the stated maturity date, and may differ from the amounts stated in our consolidated balance sheet to the extent debt instruments (i) were issued at a discount or premium or (ii) have elements which are reported at fair value in our consolidated balance sheets. Amounts do not assume additional borrowings or refinancings of existing debt.

(2) Amounts (i) are based on our outstanding debt at December 31, 2019, (ii) assume the interest rates on our variable rate debt remain constant at the December 31, 2019 rates and (iii) assume that our existing debt is repaid at maturity.

Critical Accounting Estimates

The preparation of the Company's financial statements in conformity with GAAP requires it 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 that the Company believes are critical to its 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 the Company's financial statements, have been discussed with the audit committee of the Company's board of directors.

Fair Value of Non-Financial Instruments. The Company's non-financial instrument valuations are primarily comprised of its determination of the estimated fair value allocation of net tangible and identifiable intangible assets acquired in business combinations, the Company's annual assessment of the recoverability of its goodwill and other nonamortizable intangibles, and the Company's evaluation of the recoverability of its other long-lived assets upon certain triggering events.

The Company periodically reviews the carrying value of its intangible assets with definite lives and other long-lived assets to be used in operations whenever events or changes in circumstances indicate that the carrying amount of the assets or asset groups might not be recoverable. Factors that would necessitate an impairment assessment include a significant adverse change in the extent or manner in which an asset is used, a significant adverse change in legal factors or the business climate that could affect the value of the asset group, or a significant decline in the observable market value of an asset group, among others. If such facts indicate a potential impairment, the recoverability of the asset group is assessed by determining whether the carrying value of the asset group exceeds the sum of the projected undiscounted cash flows expected to result from the use and eventual disposition of the asset group over the remaining economic life of the asset group. If the carrying amount of the asset group is greater than the expected undiscounted cash flows to be generated by such asset group, including its ultimate disposition, an impairment adjustment is recognized.

If the carrying value of the Company's amortizing intangible or long-lived assets exceeds their estimated fair value, the Company is required to write the carrying value down to fair value. Any such write down is included in impairment expense in the Company's consolidated statements of operations. A high degree of judgment is required to estimate the fair value of the Company's amortizing intangible and long-lived assets. The Company may use quoted market prices, prices for similar assets, present value techniques and other valuation techniques to prepare these estimates. The Company may need to make estimates of future cash flows and discount rates as well as other assumptions in order to implement these valuation techniques. Due to the high degree of judgment involved in our estimation techniques, any value ultimately derived from the Company's amortizing intangible or long-lived assets may differ from its estimate of fair value.

The Company utilizes the cost approach as the primary method used to establish fair value for its property and equipment in connection with business combinations. The cost approach considers the amount required to replace an asset by constructing or purchasing a new asset with similar utility, then adjusts the value in consideration of physical depreciation and functional and technological obsolescence as of the appraisal date. The cost approach relies on management's assumptions regarding current material and labor costs required to rebuild and repurchase significant components of the Company's property and equipment along with assumptions regarding the age and estimated useful lives of its property and equipment.

The accounting guidance permits entities to first perform a qualitative assessment to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired. If the qualitative assessment supports that it is more likely than not that the carrying value of the Company's indefinite-lived intangible assets, other than goodwill, exceeds its fair value, then a quantitative assessment is performed. At December 31, 2019, the Company performed a qualitative assessment of its cable certificates and concluded that it is more likely than not that the fair value exceeds the carrying value. At December 31, 2019, the Company determined that it was necessary to perform a quantitative impairment assessment of its wireless licenses for which an impairment of \$157.0 million was recorded. At December 31, 2018, the Company determined that it was necessary to perform a quantitative impairment assessment of its cable certificates and wireless licenses for which an impairment of \$65.0 million was recorded related to its cable certificates (see note 8 in the accompanying consolidated financial statements).

The Company utilizes an income approach as the primary method used to establish fair value for its customer relationships, cable certificates, and wireless licenses in connection with business combinations and annual impairment testing when deemed necessary. The income approach quantifies the expected earnings of the Company's customer relationships, cable certificates, and wireless licenses by isolating the after tax cash flows attributable to the respective asset and then discounting the cash flows to their present value. The income approach relies on management's assumptions such as projected revenue, market penetration, expenses, capital expenditures, customer trends, and a discount rate applied to the estimated after tax cash flows.

The Company performs an annual assessment of the recoverability of its goodwill during the fourth quarter, or more frequently, if events and circumstances indicate impairment may have occurred. The Company utilizes a qualitative assessment for determining whether the quantitative goodwill impairment analysis is necessary. The accounting guidance permits entities to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the quantitative goodwill impairment test. In evaluating goodwill on a qualitative basis, the Company reviews the business performance of each reporting unit and evaluates other relevant factors as identified in the relevant accounting guidance to determine whether it is more likely than not that an indicated impairment exists for any of its reporting units. The Company considers whether there are any negative macroeconomic conditions, industry specific conditions, market changes, increased competition, increased costs in doing business, management challenges, legal environments and how these factors might impact company specific performance in future periods. As part of the analysis, the Company also considers fair value determinations for certain reporting units that have been made at various points throughout the current and prior year for other purposes. At December 31, 2019 and 2018, the Company determined that it was necessary to perform a quantitative goodwill impairment assessment for the GCI Holdings reporting unit. The Company did not record an impairment for goodwill for the year ended December 31, 2019. An impairment was recorded in the amount of \$135.8 million (see note 8 in the accompanying consolidated financial statements) for the year ended December 31, 2018.

The fair value of goodwill is determined using an income approach. The Company's income approach model used for its goodwill valuation is consistent with that used for the cable certificates except that cash flows from the entire business enterprise are used for the goodwill valuation.

Income Taxes. The Company is 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 its financial statements or tax returns for each taxing jurisdiction in which it operates. This process requires the Company's management to make judgments regarding the timing and probability of the ultimate tax impact of the various agreements and transactions that it enters into. Based on these judgments, the Company 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 the Company operates, its 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 the Company's financial position.

Results of Operations - GCI Holdings, LLC

GCI Holdings provides a full range of wireless, data, video, voice, and managed services to residential, businesses, governmental entities, and educational and medical institutions primarily in Alaska. We have seen a general decrease in subscriber metrics primarily due to the recent recession in Alaska as discussed in the Overview section combined with macro trends such as cord cutting by video subscribers. The following table highlights selected key performance indicators used in evaluating GCI Holdings.

	December 31,		
	2019	2018	2017
Consumer			
Wireless:			
Revenue generating wireless lines in service ¹	176,200	180,400	181,800
Non-revenue generating wireless lines in service ²	6,100	12,300	15,000
Wireless lines in service ³	182,300	192,700	196,800
Data:			
Cable modem subscribers ⁴	127,000	125,700	124,900
Video:			
Basic subscribers ⁵	81,200	89,100	97,200
Homes passed ⁶	253,400	253,400	252,500
Voice:			
Total local access lines in service ⁷	39,900	44,500	48,900
Business			
Wireless:			
Wireless lines in service ³	20,500	21,500	22,600
Data:			
Cable modem subscribers ⁴	8,800	9,200	9,900
Voice:			
Total local access lines in service ⁷	34,500	36,500	38,500

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

² A non-revenue generating wireless line in service is defined as a data-only line with no monthly fee for services.

³ A wireless line in service is defined as a revenue generating wireless device.

⁴ A cable modem subscriber is defined by the purchase of cable modem service regardless of the level of service purchased. If one entity purchases multiple cable modem service access points, each access point is counted as a subscriber.

⁵ A basic subscriber is defined by the purchase of basic video service.

⁶ A home passed is defined as a dwelling unit that can be connected to GCI Holdings' network without the need of otherwise extending its network.

⁷ A local access line in service is defined as a revenue generating circuit or channel connecting a customer to the public switched telephone network.

As described in notes 1 and 4 to the accompanying consolidated financial statements, for accounting purposes, HoldCo is considered to have acquired GCI Liberty in the contribution. Although GCI Holdings' results are only included in the Company's results beginning on March 9, 2018, we believe a discussion of GCI Holdings' results for all periods presented promotes a better understanding of the overall results of its business. For comparison and discussion purposes the Company is presenting the pro forma results of GCI Holdings for the years ended December 31, 2018 and 2017, inclusive of acquisition accounting adjustments. The pro forma financial information was prepared based on the historical financial information of GCI Holdings and assuming the acquisition of GCI Holdings took place on January 1, 2017. The Company has made pro forma adjustments to the results for the years ended December 31, 2018 and 2017 to reflect the impact of the FCC's decision in regards to RHC funding as described above in the Rural Health Care Program section. The financial information below is presented for illustrative purposes only and does not purport to represent what the results of operations of GCI Holdings would actually have been had the business combination occurred on January 1, 2017, or to project the results of operations of GCI Holdings for any future periods. The pro forma adjustments are based on available information and certain assumptions that the Company's management believes are reasonable. The pro forma adjustments are directly attributable to the business combination including adjustments related to the amortization of acquired tangible and intangible assets, stock-based compensation, and the exclusion of transaction related costs; RHC funding as described above; and the new revenue standard and are expected to have a continuing impact on the results of operations of GCI Holdings.

GCI Holdings' operating results for the year ended December 31, 2019 and pro forma operating results for the years ended December 31, 2018 and 2017 are as follows:

	Years ended December 31,		
	2019	2018	2017
	amounts in thousands		
Revenue	\$ 869,662	875,290	894,909
Operating expenses (excluding stock-based compensation included below):			
Operating expense	(266,565)	(259,516)	(276,885)
Selling, general and administrative expenses	(346,219)	(348,903)	(333,023)
Adjusted OIBDA	256,878	266,871	285,001
Stock-based compensation	(14,907)	(6,088)	(14,230)
Impairment of intangibles and long-lived assets	(167,062)	(207,940)	—
Insurance proceeds and restructuring, net	5,758	—	—
Legal settlement	—	(3,600)	—
Depreciation and amortization	(263,508)	(241,687)	(240,206)
Operating income	<u>\$ (182,841)</u>	<u>(192,444)</u>	<u>30,565</u>

Revenue

The components of revenue are as follows:

	Years ended December 31,		
	2019	2018	2017
	amounts in thousands		
Consumer			
Wireless	\$ 168,086	166,847	169,601
Data	169,332	159,667	145,757
Video	83,946	89,553	99,609
Voice	17,111	20,601	21,858
Business			
Wireless	92,603	95,649	99,940
Data	277,519	278,315	290,194
Video	16,170	19,449	18,039
Voice	44,895	45,209	49,911
Total pro forma revenue	<u>\$ 869,662</u>	<u>875,290</u>	<u>894,909</u>

Consumer wireless revenue increased \$1.2 million and decreased \$2.8 million for the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior year periods. The increase in revenue in 2019 was primarily due to increased plan fee revenue of \$5.4 million driven by the absence in 2019 of the forgiveness of a month of service (described below) for the Company's wireless customers, which occurred in 2018, and subscribers' selection of plans with higher recurring monthly charges that offer higher usage limits. During the third quarter of 2018, the Company implemented a new billing system that included a transition of wireless customers from billing in arrears to billing in advance. To ease the transition for customers, the Company forgave one month of service for those customers who would have otherwise received an invoice for two months of service. The increase in revenue in 2019 was partially offset by a decrease in the number of revenue generating wireless subscribers, a decrease in USF high cost support ("High Cost Support") of \$2.4 million due to the previously disclosed end of High Cost Support for urban areas as of December 31, 2018, and a \$1.3 million decrease in the subsidy for Lifeline subscribers due to a reduction of the subsidy provided by the State of

Alaska. The decrease in revenue in 2018 was partially due to a \$4.2 million decrease in wireless plan fee revenue for the year ended December 31, 2018 as compared to the corresponding prior year period, which was primarily driven by a decrease in the number of subscribers and the forgiveness of a month of service for our wireless customers due to the implementation of the new billing system as discussed above. Additionally, there was a decrease of \$2.2 million in High Cost Support due to a scheduled decrease in cash received for High Cost Support for urban areas for 2018. The decreases discussed above were partially offset by a \$5.1 million increase in wireless equipment revenue in 2018, which was primarily driven by an increase in the number of higher priced wireless devices sold.

Consumer data revenue increased \$9.7 million and \$13.9 million for the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior year periods. The increase in 2019 was driven by subscribers' selection of plans with higher recurring monthly charges that offer higher speeds and higher usage limits. The increase in 2018 was also impacted by an increase in prices for lower tier cable modem plans, which has led to subscribers moving to plans with higher recurring monthly charges that offer higher speeds and higher usage limits.

Consumer video revenue decreased \$5.6 million and \$10.1 million for the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior year periods. The decreases in 2019 and 2018 were primarily due to a 9% and 8% decrease in the number of subscribers, respectively, partially offset by an increase in prices to video plans that occurred in the second quarter of 2019.

Consumer voice revenue decreased \$3.5 million and \$1.3 million for the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior year periods. The decreases in 2019 and 2018 were primarily due to a \$1.3 million and \$1.2 million decrease in High Cost Support, respectively, due to a scheduled decreases in funding for urban areas. Additionally, 2019 was impacted by a decrease in local plan fee revenue driven by a reduction in the number of customers.

Business wireless revenue decreased \$3.0 million and \$4.3 million for the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior year periods. The decreases in 2019 and 2018 were due to wholesale customers moving backhaul circuits off our network and a reduction of roaming traffic due to a wholesale customer's construction of its own facilities and wholesale customers enforcing limits on their customers roaming on the Company's network.

Business data revenue decreased \$0.8 million and \$11.9 million for the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior year periods. The decrease in 2019 was primarily due to a \$2.8 million decrease in professional services revenue driven by a decrease in special project work and a reduction of revenue from a healthcare customer whose funding was denied as discussed in the Rural Health Care Program section above. The decrease in 2019 was partially offset by a \$2.4 million increase in data and transport revenue driven by an increase in the price of business cable modems and higher sales to school and medical customers. The decrease in 2018 was primarily due to a \$7.3 million decrease in data and transport service revenue due to the reduction from the RHC Program as discussed above in the Rural Health Care Program section and a \$4.3 million decrease in professional services revenue due to a decrease in special project work.

Business video revenue decreased \$3.3 million and increased \$1.4 million for the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior year periods. The decrease in 2019 was primarily due to a decrease in political advertising revenue. The increase in 2018 was primarily due to an increase in political advertising revenue partially offset by a decrease in video plan fee revenue due to a decrease in business video subscribers.

Business voice revenue was relatively flat and decreased \$4.7 million for the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior year periods. The decrease in 2018 was primarily due to a \$2.1 million decrease in long distance revenue as a result of decreased long distance traffic and rate compression and a \$2.6 million decrease in local voice revenue due to a decrease in the number of business access lines in service.

Operating expenses increased \$7.0 million and decreased \$17.4 million for the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior year periods. The increase in 2019 was primarily due to a \$5.7 million increase in data transport costs driven by a transition from accounting for satellite transponders as operating leases instead of finance leases and a \$4.2 million increase in wireless network and roaming costs partially offset by a \$1.3 million

decrease in video distribution and programming costs primarily due to a decrease in the number of video subscribers and a \$1.2 million decrease in voice costs driven by network changes that allowed the Company to move circuits off of other carriers. The decrease in 2018 was primarily due to a \$3.9 million decrease in video distribution and programming costs primarily due to a decrease in the number of video subscribers; a \$5.1 million decrease in wireless costs due to a decrease in wireless distribution costs driven by construction of facilities that allowed the Company to move traffic to its network; a \$3.1 million decrease in professional services expense due to a decrease in special project work; and a \$2.7 million decrease in voice costs due to the decrease in long distance traffic and a reduction of local access lines in service.

Selling, general and administrative expenses decreased \$2.7 million and increased \$15.9 million for the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior year periods. The decrease in 2019 was driven by a \$21.7 million decrease in labor and contract labor costs, a \$3.7 million decrease in various costs due to cost cutting efforts and a \$1.6 million decrease in write-off costs related to obsolete inventory. The decrease in 2019 was partially offset by a \$17.0 million reserve recorded for RHC Program compliance issues (see note 16 in the accompanying consolidated financial statements) and a \$7.1 million increase in software related expense as a result of a transition from purchased software to software as a service arrangements. The increase in 2018 was primarily due to a \$4.0 million write-off of costs associated with an abandoned project, a \$3.3 million increase in labor costs driven by severance payments to employees who were laid off and annual merit increases, and a \$3.3 million increase in software contracts due to additional work as part of the billing system implementation.

Stock based compensation increased \$8.8 million and decreased \$8.1 million for the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior year periods. The increase in 2019 is due to awards granted in the fourth quarter of 2018 and first quarter of 2019. The decrease in 2018 is due to awards for which, based on purchase accounting, amortization was completely recognized during 2017.

Impairment of intangibles and long-lived assets was \$167.1 million and \$207.9 million for the years ended December 31, 2019 and 2018, respectively. The impairment in 2019 was primarily due to the impairment of wireless licenses due to increased uncertainty around long-term wireless revenue. The impairment in 2018 was primarily due to the impairment of goodwill and cable certificates as a result of unanticipated program revenue changes and certain other market factors impacting GCI Holdings' operating results.

Depreciation and amortization increased \$21.8 million and \$1.5 million for the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior year periods. The increases in 2019 and 2018 were primarily due to new assets placed in service since March 9, 2018, partially offset by assets which became fully depreciated since March 9, 2018 and lower amortization expense because of an accelerated recognition pattern for amortizing intangibles.

Quantitative and Qualitative Disclosures about Market Risk

The Company is exposed to market risk in the normal course of business due to its 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. The Company has established policies, procedures and internal processes governing our management of market risks and the use of financial instruments to manage its exposure to such risks.

The Company is exposed to changes in interest rates primarily as a result of its borrowing and investment activities, which 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 its long-term and short-term debt are expected to vary as a result of future requirements, market conditions and other factors. The Company manages its exposure to interest rates by maintaining what it believes is an appropriate mix of fixed and variable rate debt. The Company believes this best protects it from interest rate risk. The Company has achieved this mix by (i) issuing fixed rate debt that it believes 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 it deems appropriate. As of December 31, 2019, the Company's debt is comprised of the following amounts:

	Variable rate debt		Fixed rate debt	
	Principal amount	Weighted average interest rate	Principal amount	Weighted average interest rate
	dollar amounts in thousands			
GCI Holdings	\$ 519,732	4.2%	\$ 775,000	6.8%
Corporate and other	\$ 1,300,000	3.8%	\$ 477,250	1.8%

The Company is exposed to changes in stock prices primarily as a result of its significant holdings in publicly traded securities. The Company continually monitors changes in stock markets, in general, and changes in the stock prices of its holdings, specifically. The Company believes that changes in stock prices can be expected to vary as a result of general market conditions, technological changes, specific industry changes and other factors. The Company periodically uses equity collars and other financial instruments to manage market risk associated with certain investment positions. These instruments are recorded at fair value based on option pricing models.

At December 31, 2019, the fair value of the Company's equity securities was \$2.6 billion. Had the market price of such securities been 10% lower at December 31, 2019, the aggregate value of such securities would have been \$261 million lower. At December 31, 2019, the fair value of the Company's investment in Liberty Broadband was \$5.4 billion. Had the market price of such security been 10% lower at December 31, 2019, the fair value of such security would have been \$537 million lower. Additionally, the Company's investment in LendingTree (an equity method affiliate) is a publicly traded security which is not reflected at fair value in the Company's financial statements. This security is subject to market risk which is not directly reflected in our financial statements.

Consolidated Financial Statements and Supplementary Data

The Company's consolidated financial statements are included herein, beginning on page F-28.

Changes In and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Controls and Procedures.

Disclosure 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 not effective as of December 31, 2019 due to a material weakness in its internal control over financial reporting that is described below in "Management's Report on Internal Control Over Financial Reporting."

However, giving full consideration to the material weakness, the Company's management has concluded that the consolidated financial statements included in this Annual Report present fairly, in all material respects, the Company's financial position, results of operations and cash flows for the periods disclosed in conformity with U.S. generally accepted accounting principles ("GAAP"). The Company's independent registered accounting firm, KPMG LLP, has issued its report dated February 26, 2020, which expressed an unqualified opinion on those consolidated financial statements.

Management's Report on Internal Control Over Financial Reporting

See page F-22 for Management's Report on Internal Control Over Financial Reporting.

See page F-23 for KPMG LLP's report regarding the effectiveness of the Company's internal control over financial reporting.

Changes in Internal Control Over Financial Reporting

During the fourth quarter of 2019, the Company continued to review the design of its controls, make adjustments and continued to implement new controls to alleviate the noted control deficiencies. Other than these items, there has been no change in the Company's internal control over financial reporting that occurred during the quarter ended December 31, 2019 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Remediation Plan for Material Weakness in Internal Control Over Financial Reporting

In response to the material weakness identified in "Management's Report on Internal Control Over Financial Reporting," the Company, with oversight from the Audit Committee of the Board of Directors, developed a plan to remediate the material weakness at GCI Holdings. Remediation activities include:

- Continue to hire, train and retain individuals with appropriate skills and experience related to designing, operating and documenting internal control over financial reporting.
- Communicate expectations, monitor for compliance with expectations, and hold individuals accountable for their roles related to internal control over financial reporting.
- Design and implement a comprehensive and continuous risk assessment process to identify and assess financial statement risks and ensure that the financial reporting process and related internal controls are in place to respond to those risks.
- Enhance the design of and implement additional process-level control activities and ensure they are properly evidenced and operating effectively.

The Company believes the foregoing efforts will effectively remediate the material weakness described in "Management's Report on Internal Control Over Financial Reporting." Because the reliability of the internal control process requires repeatable execution, the successful on-going remediation of the material weakness will require on-going review and evidence of effectiveness prior to concluding that the controls are effective. The Company's remediation efforts are underway; however there is no assurance that the remediation efforts will be effective in the future or that additional material weaknesses will not develop or be identified.

Other Information.

None.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the Company is responsible for establishing and maintaining adequate internal control over the Company's financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

The Company's management assessed the effectiveness of internal control over financial reporting as of December 31, 2019, using the criteria in *Internal Control-Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has concluded that, as of December 31, 2019, the Company's internal control over financial reporting is not effective due to the material weakness described below.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. A material weakness in internal control over financial reporting exists at GCI Holdings, a wholly-owned subsidiary, as of December 31, 2019, due to:

- Insufficient staffing and training of certain control operators;
- Inadequate assessment of financial reporting risks, which in turn contributed to reliance on business process controls that were not designed and operating effectively to adequately mitigate existing risks;
- Breakdowns in communication of expectations and prioritization of control execution to certain control operators;
- Lack of accountability for effective control operation; and
- Insufficient monitoring activities to ensure that the components of internal control are present and functioning.

As a consequence, the information technology general controls around access to financially relevant systems were not consistently operating effectively to ensure that access to data and applications was adequately restricted to appropriate personnel. Additionally, certain business process controls were not appropriately designed to be responsive to existing risks, nor were they consistently operating effectively.

The control deficiencies did not result in any identified misstatements.

KPMG LLP has issued an adverse opinion on the effectiveness of the Company's internal control over financial reporting. Their report appears on page F-23 of this Annual Report.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
GCI Liberty, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited GCI Liberty, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, because of the effect of the material weakness, described below, on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2019, 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, 2019 and 2018, 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, 2019, and the related notes (collectively, the consolidated financial statements), and our report dated February 26, 2020 expressed an unqualified opinion on those consolidated financial statements.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. A material weakness has been identified at GCI Holdings, a wholly-owned subsidiary, and included in management's assessment related to:

- Insufficient staffing and training of certain control operators;
- Inadequate assessment of financial reporting risks, which in turn contributed to reliance on business process controls that were not designed and operating effectively to adequately mitigate existing risks;
- Breakdowns in communication of expectations and prioritization of control execution to certain control operators;
- Lack of accountability for effective control operation; and
- Insufficient monitoring activities to ensure that the components of internal control are present and functioning.

As a consequence, the information technology general controls around access to financially relevant systems were not consistently operating effectively to ensure that access to data and applications was adequately restricted to appropriate personnel. Additionally, certain business process controls were not appropriately designed to be responsive to existing risks, nor were they consistently operating effectively.

The material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2019 consolidated financial statements, and this report does not affect our report 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 26, 2020

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
GCI Liberty, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of GCI Liberty, Inc. and subsidiaries (the Company) as of December 31, 2019 and 2018, 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, 2019, 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, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2019, 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, 2019, 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 26, 2020 expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

Change in Accounting Principle

As discussed in Note 10 to the consolidated financial statements, the Company has changed its method of accounting for leases as of January 1, 2019 due to the adoption of Accounting Standards Codification Topic 842, Leases.

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.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Performance of incremental audit procedures over revenue and accounts receivable that are reliant on systems impacted by ineffective information technology general controls

As of December 31, 2019, the Company determined a material weakness in internal control existed due, in part, to ineffective system access information technology general controls (ITGCs) related to information technology (IT) systems that are significant to the revenue and accounts receivable processes. Automated and manual business process controls that were dependent on the affected ITGCs were also deemed ineffective because they could have been adversely impacted. Financial statement account balances and disclosures affected by this material weakness included revenue and accounts receivable.

We identified the performance of incremental audit procedures over revenue and accounts receivable that are reliant on IT systems impacted by ineffective ITGCs as a critical audit matter. A high degree of auditor judgment was required to design incremental audit procedures, including determining the revenue streams over which incremental procedures were performed. Further, in light of the complexity of the Company's IT environment, a high degree of auditor judgment was required to assess the sufficiency of the procedures performed and evidence obtained.

The primary procedures we performed to address this critical audit matter included the following. We used our judgment to determine the nature and extent of incremental procedures performed over revenue and accounts receivable that are reliant on IT systems impacted by ineffective ITGCs. This included determining the revenue streams over which those incremental procedures were performed. For each revenue stream where incremental procedures were performed, we:

- assessed the recorded revenue and accounts receivable by selecting a sample of transactions and compared the amounts recorded to underlying documentation, including contracts with customers, where available, as well as payment or other available evidence for services and products provided.
- increased the number of sample revenue and accounts receivable transactions selected for testing from what we would have otherwise selected if the Company's internal controls were designed and operating effectively during the entire year.

In addition, we evaluated the overall sufficiency of audit evidence obtained over revenue and accounts receivable that are reliant on IT systems impacted by ineffective ITGCs.

Evaluation of impairment analysis of the wireless licenses and the goodwill of the GCI Holdings reporting unit

As discussed in Note 8 to the consolidated financial statements, and disclosed in the consolidated balance sheet, the Company's wireless licenses balance as of December 31, 2019 was \$35 million. Additionally, the Company's goodwill balance as of December 31, 2019 was \$856 million of which \$830 million related to the GCI Holdings reporting unit. The Company performs impairment testing on an annual basis and whenever events or changes in circumstances indicate an impairment may have occurred. As a result of the annual impairment assessment, the Company recorded an impairment of wireless licenses of \$157 million and no impairment of its goodwill.

We identified the evaluation of the impairment analysis of the wireless licenses and goodwill of the GCI Holdings reporting unit as a critical audit matter. There was a high degree of subjective auditor judgment in applying and evaluating the results of our audit procedures over the estimation of fair value for the wireless licenses and the GCI Holdings reporting unit. Specifically, testing the forecasted revenue and discount rate assumptions used to determine the estimated fair values involved a high degree of subjectivity. In addition, these fair values were challenging to test due to the sensitivity of the fair value to changes in these assumptions.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's wireless licenses and goodwill impairment assessment process, including controls related to the development of the assumptions noted above. We evaluated the Company's forecasted revenue that was used in estimating the fair values, by comparing the forecast to historical actual results of the Company and to forecasted revenue growth rates of its peer companies. We compared the Company's historical revenue forecasts to actual results to assess the Company's ability to accurately forecast. We evaluated the revenue forecasts in consideration of planned business initiatives. In addition, we involved valuation professionals with specialized skills and knowledge, who assisted in:

- evaluating the forecasted revenue in the wireless licenses valuation, by comparing the revenue growth rate to publicly available market data and considering the forecasted revenue used in prior year valuations of the wireless licenses;
- evaluating the discount rates used in the impairment analyses by comparing them to discount rate ranges that were independently developed using publicly available market data for comparable entities; and
- assessing the estimates of the fair values of the wireless licenses and GCI Holdings reporting unit using the Company's forecasted revenue and discount rates.

Assessment of liabilities and disclosures related to noncompliance with the Rural Health Care Program

As discussed in Note 16 to the consolidated financial statements, the Company receives support from various Universal Services Fund (USF) programs, including the Rural Health Care (RHC) Program, which is administered by the Universal Service Administration Company. The USF programs are subject to interpretation and regulatory actions taken by the Federal Communications Commission (FCC). The Company became aware of potential RHC Program compliance issues in the fourth quarter of 2019 and accrued a loss of \$17 million for contracts that are deemed probable of not complying with the RHC Program rules. The Company also identified certain contracts where additional loss was reasonably possible and such loss could range from zero to \$44 million.

We identified the assessment of liabilities and disclosures related to noncompliance with the RHC Program as a critical audit matter. There was especially subjective auditor judgment involved in assessing the probability of loss, and in assessing the Company's determination of reliable estimates of such probable and reasonably possible losses related to these matters, including the sufficiency of audit evidence.

The primary procedures we performed to address this critical audit matter included the following. We inquired of and inspected minutes of meetings involving senior management of the Company and those charged with governance. We inspected correspondence with the FCC regarding developments in FCC regulatory compliance matters. We inquired of the Company's internal legal and external legal counsel and inspected a selection of customer contracts and related documents. We read letters received directly from the Company's external legal counsel. Based on these procedures, we assessed the probability of loss and the estimates made in determining the recorded liability and the related disclosures. In addition, we evaluated the sufficiency of audit evidence obtained over the liabilities and disclosures related to noncompliance with the RHC Program.

/s/ KPMG LLP

We have served as the Company's auditor since 2017.

Denver, Colorado
February 26, 2020

GCI LIBERTY, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2019 and 2018

	2019	2018
	amounts in thousands	
<i>Assets</i>		
Current assets:		
Cash and cash equivalents	\$ 569,520	491,257
Trade and other receivables, net of allowance for doubtful accounts of \$7,516 and \$7,555, respectively	114,435	182,600
Current portion of tax sharing receivable	—	36,781
Other current assets.....	43,868	40,100
Total current assets.....	727,823	750,738
Investments in equity securities (note 6)	2,605,293	1,533,517
Investments in affiliates, accounted for using the equity method (note 7)	167,643	177,030
Investment in Liberty Broadband measured at fair value (note 7).....	5,367,242	3,074,373
Property and equipment, net.....	1,090,901	1,184,606
Intangible assets not subject to amortization		
Goodwill (note 8).....	855,837	855,837
Cable certificates	305,000	305,000
Wireless licenses.....	35,000	190,000
Other	6,500	16,500
	1,202,337	1,367,337
Intangible assets subject to amortization, net (note 8)	391,979	436,006
Tax sharing receivable	84,534	65,701
Other assets, net.....	295,693	71,514
Total assets.....	\$ 11,933,445	8,660,822

(Continued)

See accompanying notes to consolidated financial statements.

GCI LIBERTY, INC. AND SUBSIDIARIES

Consolidated Balance Sheets (Continued)

December 31, 2019 and 2018

	2019	2018
	amounts in thousands, except share amounts	
<i>Liabilities and Equity</i>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 92,893	100,334
Deferred revenue	27,886	31,743
Current portion of debt, net of deferred financing costs (note 9).....	3,008	900,759
Indemnification obligation (note 5)	202,086	—
Other current liabilities	69,149	47,958
Total current liabilities	395,022	1,080,794
Long-term debt, net, including \$658,839 and \$462,336 measured at fair value (note 9)	3,263,210	1,985,275
Obligations under finance leases and tower obligations, excluding current portion (note 10)	97,507	122,245
Long-term deferred revenue	57,986	65,954
Deferred income tax liabilities	1,527,109	793,696
Preferred stock (note 12)	178,002	177,103
Derivative Instrument (note 5)	71,305	—
Indemnification obligation (note 5).....	—	78,522
Other liabilities	133,020	50,543
Total liabilities	5,723,161	4,354,132
<i>Equity</i>		
Stockholders' equity:		
Series A common stock, \$0.01 par value. Authorized 500,000,000 shares; issued and outstanding 101,306,716 and 102,058,816 shares at December 31, 2019 and 2018, respectively	1,013	1,021
Series B common stock, \$0.01 par value. Authorized 20,000,000 shares; issued and outstanding 4,437,593 and 4,441,609 shares at December 31, 2019 and 2018, respectively	44	44
Series C common stock, \$0.01 par value. Authorized 1,040,000,000 shares; no issued and outstanding shares at December 31, 2019 and 2018.....	—	—
Additional paid-in capital.....	3,221,885	3,251,957
Accumulated other comprehensive earnings (loss), net of taxes	(4,084)	168
Retained earnings.....	2,982,626	1,043,933
Total stockholders' equity	6,201,484	4,297,123
Non-controlling interests	8,800	9,567
Total equity	6,210,284	4,306,690
Commitments and contingencies		
Total liabilities and equity	\$ 11,933,445	8,660,822

See accompanying notes to consolidated financial statements.

GCI LIBERTY, INC. AND SUBSIDIARIES
Consolidated Statements of Operations
Years ended December 31, 2019, 2018 and 2017

	2019	2018	2017
	amounts in thousands, except per share amounts		
Revenue.....	\$ 894,733	739,762	23,817
Operating costs and expenses:			
Operating expense (exclusive of depreciation and amortization shown separately below)	285,331	227,192	11,541
Selling, general and administrative, including stock-based compensation (note 14).....	399,286	347,676	64,621
Depreciation and amortization expense.....	266,333	206,946	3,252
Impairment of intangibles and long-lived assets	167,062	207,940	—
Insurance proceeds and restructuring, net	(5,758)	—	—
	<u>1,112,254</u>	<u>989,754</u>	<u>79,414</u>
Operating income (loss)	(217,521)	(249,992)	(55,597)
Other income (expense):			
Interest expense (including amortization of deferred loan fees)	(153,803)	(119,296)	—
Share of earnings (losses) of affiliates, net (note 7)	(2,629)	25,772	7,001
Realized and unrealized gains (losses) on financial instruments, net (note 5)	3,002,400	(681,545)	637,164
Tax sharing agreement.....	26,646	(32,105)	—
Other, net	13,172	205	2,467
	<u>2,885,786</u>	<u>(806,969)</u>	<u>646,632</u>
Earnings (loss) before income taxes	2,668,265	(1,056,961)	591,035
Income tax (expense) benefit	(730,023)	183,307	133,522
Net earnings (loss).....	1,938,242	(873,654)	724,557
Less net earnings (loss) attributable to the non-controlling interests.....	(456)	(351)	(29)
Net earnings (loss) attributable to GCI Liberty, Inc. shareholders.....	<u>\$ 1,938,698</u>	<u>(873,303)</u>	<u>724,586</u>
Basic net earnings (loss) attributable to Series A and Series B GCI Liberty, Inc. shareholders per common share (note 2)	\$ 18.41	(8.09)	6.65
Diluted net earnings (loss) attributable to Series A and Series B GCI Liberty, Inc. shareholders per common share (note 2)	\$ 18.32	(8.09)	6.65

See accompanying notes to consolidated financial statements.

GCI LIBERTY, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Earnings (Loss)
Years ended December 31, 2019, 2018 and 2017

	2019	2018	2017
	amounts in thousands		
Net earnings (loss).....	\$ 1,938,242	(873,654)	724,557
Other comprehensive earnings (loss), net of taxes:			
Comprehensive earnings (loss) attributable to debt credit risk adjustments	(4,252)	168	—
Comprehensive earnings (loss).....	1,933,990	(873,486)	724,557
Less comprehensive earnings (loss) attributable to the non-controlling interests..	(456)	(351)	(29)
Comprehensive earnings (loss) attributable to GCI Liberty, Inc. shareholders	\$ 1,934,446	(873,135)	724,586

See accompanying notes to consolidated financial statements.

GCI LIBERTY, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Years ended December 31, 2019, 2018 and 2017

	2019	2018	2017
	amounts in thousands (See note 3)		
Cash flows from operating activities:			
Net earnings (loss)	\$ 1,938,242	(873,654)	724,557
Adjustments to reconcile net earnings (loss) to net cash from operating activities:			
Depreciation and amortization	266,333	206,946	3,252
Stock-based compensation expense	24,897	28,207	26,583
Share of (earnings) losses of affiliates, net	2,629	(25,772)	(7,001)
Realized and unrealized (gains) losses on financial instruments, net	(3,002,400)	681,545	(637,164)
Deferred income tax expense (benefit)	729,970	(182,724)	(133,522)
Intergroup tax payments	—	—	287,763
Impairment of intangibles and long-lived assets	167,062	207,940	—
Other, net	4,800	13,441	1,040
Change in operating assets and liabilities:			
Current and other assets	3,041	(34,698)	31,772
Payables and other liabilities	(45,969)	61,657	7,584
Net cash provided (used) by operating activities	88,605	82,888	304,864
Cash flows from investing activities:			
Cash and restricted cash from acquisition of GCI Holdings	—	147,957	—
Capital expended for property and equipment	(148,481)	(134,352)	(3,488)
Purchases of investments	—	(48,581)	(76,815)
Proceeds from derivative instrument	105,866	—	—
Settlement of derivative instrument	(105,866)	—	—
Other investing activities, net	17,799	2,700	2,180
Net cash provided (used) by investing activities	(130,682)	(32,276)	(78,123)
Cash flows from financing activities:			
Borrowings of debt	877,308	1,588,703	—
Repayment of debt, finance leases, and tower obligations	(688,901)	(254,033)	—
Contributions from (distributions to) former parent, net	—	(1,122,272)	(109,540)
Indemnification payment to Qurate Retail	—	(132,725)	—
Derivative payments	—	(80,001)	—
Repurchases of GCI Liberty common stock	(43,910)	(111,648)	—
Other financing activities, net	(18,302)	(20,752)	(31,180)
Net cash provided (used) by financing activities	126,195	(132,728)	(140,720)
Net increase (decrease) in cash, cash equivalents and restricted cash	84,118	(82,116)	86,021
Cash, cash equivalents and restricted cash at beginning of period	492,032	574,148	488,127
Cash, cash equivalents and restricted cash at end of period	\$ 576,150	492,032	574,148

See accompanying notes to consolidated financial statements.

GCI LIBERTY, INC. AND SUBSIDIARIES

Consolidated Statement of Equity

Years ended December 31, 2019, 2018, and 2017

	Series A common stock	Series B common stock	Parent's investment	Additional paid-in capital	Accumulated other comprehensive earnings (loss)	Retained earnings	Non-controlling interest in equity of subsidiaries	Total equity
	amounts in thousands							
Balances at January 1, 2017.....	\$ —	—	2,398,452	—	—	1,190,568	3,662	3,592,682
Net earnings (loss).....	—	—	—	—	—	724,586	(29)	724,557
Stock-based compensation	—	—	26,243	—	—	—	—	26,243
Withholding taxes on net share settlements of stock-based compensation	—	—	(27,793)	—	—	—	—	(27,793)
Contributions from (distributions to) former parent, net	—	—	(146,680)	—	—	—	—	(146,680)
Intergroup (payments) receipts.....	—	—	37,140	—	—	—	—	37,140
Other	—	—	18,078	—	—	(191)	—	17,887
Balances at December 31, 2017.....	—	—	2,305,440	—	—	1,914,963	3,633	4,224,036
Net earnings (loss).....	—	—	—	—	—	(873,303)	(351)	(873,654)
Other comprehensive earnings (loss)	—	—	—	—	168	—	—	168
Stock-based compensation	—	—	—	25,399	—	—	—	25,399
Series A GCI Liberty stock repurchases	(25)	—	—	(111,623)	—	—	—	(111,648)
Contribution of taxes in connection with HoldCo Split-Off.....	—	—	1,341,657	—	—	—	—	1,341,657
Contributions from (distributions to) former parent, net	—	—	(1,122,272)	(2,019)	—	2,019	—	(1,122,272)
Change in Capitalization in connection with HoldCo Split-Off.....	1,046	44	(2,524,825)	2,523,735	—	—	7,000	7,000
Issuance of GCI Liberty Stock in connection with the Transactions	—	—	—	1,111,206	—	—	—	1,111,206
Issuance of Indemnification Agreement.....	—	—	—	(281,255)	—	—	—	(281,255)
Distribution to non-controlling interests	—	—	—	—	—	—	(3,625)	(3,625)
Other	—	—	—	(13,486)	—	254	2,910	(10,322)
Balances at December 31, 2018.....	1,021	44	—	3,251,957	168	1,043,933	9,567	4,306,690
Net earnings (loss).....	—	—	—	—	—	1,938,698	(456)	1,938,242
Other comprehensive earnings (loss)	—	—	—	—	(4,252)	—	—	(4,252)
Stock-based compensation	—	—	—	26,019	—	—	—	26,019
Series A GCI Liberty stock repurchases	(10)	—	—	(43,900)	—	—	—	(43,910)
Issuance of common stock upon exercise of stock options	2	—	—	1,878	—	—	—	1,880
Withholding taxes on net share settlements of stock-based compensation	—	—	—	(11,088)	—	—	—	(11,088)
Other	—	—	—	(2,981)	—	(5)	(311)	(3,297)
Balances at December 31, 2019.....	\$ 1,013	44	—	3,221,885	(4,084)	2,982,626	8,800	6,210,284

See accompanying notes to consolidated financial statements.

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

(1) Basis of Presentation

On April 4, 2017, Liberty Interactive Corporation, now known as Qurate Retail, Inc. ("Qurate Retail"), entered into an Agreement and Plan of Reorganization (as amended, the "reorganization agreement" and the transactions contemplated thereby, the "Transactions") with General Communication, Inc. ("GCI"), an Alaska corporation and parent company of GCI Holdings, LLC ("GCI Holdings"), and Liberty Interactive LLC, a Delaware limited liability company and a direct wholly-owned subsidiary of Qurate Retail ("LI LLC"). Pursuant to the reorganization agreement, GCI amended and restated its articles of incorporation (which resulted in GCI being renamed GCI Liberty, Inc. ("GCI Liberty")) and effected a reclassification and auto conversion of its common stock. Following these events, Qurate Retail acquired GCI Liberty on March 9, 2018 through a reorganization in which certain Qurate Retail interests, assets and liabilities attributed to its Ventures Group (following the reattribution by Qurate Retail of certain assets and liabilities from its Ventures Group to its QVC Group), were contributed to GCI Liberty in exchange for a controlling interest in GCI Liberty (the "contribution"). Qurate Retail and LI LLC contributed to GCI Liberty their entire equity interests in Liberty Broadband Corporation ("Liberty Broadband"), Charter Communications, Inc. ("Charter"), and LendingTree, Inc. ("LendingTree"), the Evite, Inc. ("Evite") operating business and other assets and liabilities (collectively, "HoldCo"), in exchange for (a) the issuance to LI LLC of a number of shares of GCI Liberty Class A common stock and a number of shares of GCI Liberty Class B common stock equal to the number of outstanding shares of Qurate Retail's Series A Liberty Ventures common stock and Qurate Retail's Series B Liberty Ventures common stock on March 9, 2018, respectively, (b) cash and (c) the assumption of certain liabilities by GCI Liberty.

The contribution was treated as a reverse acquisition under the acquisition method of accounting in accordance with generally accepted accounting principles in the United States ("GAAP"). For accounting purposes, HoldCo is considered to have acquired GCI Liberty in the contribution based, among other considerations, upon the fact that in exchange for the contribution of HoldCo, Qurate Retail received a controlling interest in the combined company of GCI Liberty.

Following the contribution and acquisition of GCI Liberty, Qurate Retail effected a tax-free separation of its controlling interest in the combined company, GCI Liberty, to the holders of Qurate Retail's Liberty Ventures common stock in full redemption of all outstanding shares of such stock (the "HoldCo Split-Off"), in which each outstanding share of Qurate Retail's Series A Liberty Ventures common stock ("LVNTA") was redeemed for one share of GCI Liberty Class A common stock and each outstanding share of Qurate Retail's Series B Liberty Ventures common stock ("LVNTB") was redeemed for one share of GCI Liberty Class B common stock. In July 2018, the Internal Revenue Service ("IRS") completed its review of the HoldCo Split-Off and informed Qurate Retail that it agreed with the nontaxable characterization of the transactions. Qurate Retail received an Issue Resolution Agreement from the IRS documenting this conclusion.

On May 10, 2018, pursuant to the Agreement and Plan of Merger, dated as of March 22, 2018, GCI Liberty completed its reincorporation into Delaware by merging with its wholly owned Delaware subsidiary, which was the surviving corporation (the "Reincorporation Merger"). References to GCI Liberty or the Company prior to May 10, 2018 refer to GCI Liberty, Inc., an Alaska corporation and references to GCI Liberty after May 10, 2018 refer to GCI Liberty, Inc., a Delaware corporation.

The accompanying consolidated financial statements refer to the combination of GCI Holdings, non-controlling interests in Liberty Broadband, Charter and LendingTree, a controlling interest in Evite, and certain other assets and liabilities as "GCI Liberty", the "Company", "us", "we" and "our." Although HoldCo was reported as a combined company until the date of the HoldCo Split-Off, these financial statements present all periods as consolidated by the Company. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

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

The Company holds investments that are accounted for using the equity method. The Company does not control the decision making process or business management practices of these affiliates. Accordingly, the Company relies on management of these affiliates 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, the Company relies on audit reports that are provided by the affiliates' independent auditors on the financial statements of such affiliates. The Company is not aware, however, of any errors in or possible misstatements of the financial information provided by its equity affiliates that would have a material effect on its consolidated financial statements.

Split-Off from Qurate Retail

Following the HoldCo Split-Off, Qurate Retail and GCI Liberty operate as separate, publicly traded companies, and neither have any stock ownership, beneficial or otherwise, in the other. In connection with the HoldCo Split-Off, Qurate Retail, Liberty Media Corporation ("Liberty Media") (or its subsidiary) and GCI Liberty entered into certain agreements in order to govern certain of the ongoing relationships among the companies after the HoldCo Split-Off and to provide for an orderly transition. These agreements include an indemnification agreement, 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 Transactions and certain conditions to and provisions governing the relationship between GCI Liberty and Qurate Retail (for accounting purposes a related party of GCI Liberty) with respect to and resulting from the Transactions. The tax sharing agreement provides for the allocation and indemnification of tax liabilities and benefits between Qurate Retail and GCI Liberty and other agreements related to tax matters. Pursuant to the tax sharing agreement, GCI Liberty has agreed to indemnify Qurate Retail for taxes and tax-related losses resulting from the Holdco Split-Off to the extent such taxes or tax-related losses (i) result primarily from, individually or in the aggregate, the breach of certain restrictive covenants made by GCI Liberty (applicable to actions or failures to act by GCI Liberty and its subsidiaries following the completion of the Holdco Split-Off), or (ii) result from Section 355(e) of the Internal Revenue Code applying to the Holdco Split-Off as a result of the Holdco Split-Off being part of a plan (or series of related transactions) pursuant to which one or more persons acquire, directly or indirectly, a 50-percent or greater interest (measured by vote or value) in the stock of GCI Liberty (or any successor corporation). Pursuant to the services agreement, Liberty Media provides GCI Liberty with general and administrative services including legal, tax, accounting, treasury and investor relations support. See below for a description of an amendment to the services agreement entered into in December 2019. Under the facilities sharing agreement, GCI Liberty shares office space with Liberty Media and related amenities at its corporate headquarters. GCI Liberty reimburses Liberty Media for direct, out-of-pocket expenses incurred by Liberty Media in providing these services and for costs negotiated semi-annually.

Liberty Media is a related party of GCI Liberty for accounting purposes as a result of the services agreement. Under these agreements, amounts reimbursable to Liberty Media were approximately \$9.7 million and \$8.3 million for the years ended December 31, 2019 and 2018, respectively.

In addition, Qurate Retail and GCI Liberty have agreed to indemnify each other with respect to certain potential losses in respect of the HoldCo Split-Off. See note 5 for information related to the indemnification agreement.

In December 2019, the Company entered into an amendment to the services agreement with Liberty Media in connection with Liberty Media's entry into a new employment arrangement with Gregory B. Maffei, the Company's

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

President and Chief Executive Officer. Under the amended services agreement, components of his compensation will either be paid directly to him by each of the Company, Liberty TripAdvisor Holdings, Inc., Liberty Broadband, and Qurate Retail (collectively, the “Service Companies”) or reimbursed to Liberty Media, in each case, based on allocations among Liberty Media and the Service Companies set forth in the amended services agreement, currently set at 14% for the Company. The new agreement between Liberty Media and Mr. Maffei provides for a five year employment term which began on January 1, 2020 and ends December 31, 2024, with an aggregate annual base salary of \$3 million (with no contracted increase), an aggregate one-time cash commitment bonus of \$5 million, an aggregate annual target cash performance bonus of \$17 million, aggregate annual equity awards of \$17.5 million and aggregate equity awards granted in connection with his entry into his new agreement of \$90 million (the “upfront awards”).

(2) Summary of Significant Accounting Principles

Cash and Cash Equivalents

Cash equivalents consist of investments which are readily convertible into cash and have maturities of three months or less at the time of acquisition. Financial instruments, which potentially subject the Company to concentration of credit risk, consist primarily of cash and cash equivalents and corporate debt securities. The Company maintains some cash and cash equivalents balances with financial institutions that are in excess of Federal Deposit Insurance Corporation insurance limits.

Accounts Receivable and Allowance for Doubtful Receivables

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful receivables is the Company's best estimate of the amount of probable credit losses in its existing accounts receivable. The Company bases its estimates on the aging of its accounts receivable balances, financial health of specific customers, regional economic data, changes in its collections process, regulatory requirements and its customers' compliance with Universal Service Administrative Company rules. The Company reviews its allowance for doubtful receivables methodology at least annually.

Depending upon the type of account receivable the Company's allowance is calculated using a pooled basis with an allowance for all accounts greater than 120 days past due, a pooled basis using a percentage of related accounts, or a specific identification method. When a specific identification method is used, potentially uncollectible accounts due to bankruptcy or other issues are reviewed individually for collectability. Account balances are charged off against the allowance when it determines that it is probable the receivable will not be recovered. The Company does not have any off-balance-sheet credit exposure related to its customers.

Changes in the allowance for doubtful receivables during the years ended December 31, 2019, 2018 and 2017 are summarized below (amounts in thousands):

Description	Balance at beginning of year	Additions		Deductions	
		Charged to costs and expenses	Charged to other accounts	Write-offs net of recoveries	Balance at end of year
2019	\$ 7,555	10,139	—	4,522	13,172
2018	\$ —	8,741	—	1,186	7,555
2017	\$ 1,100	—	—	1,100	—

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

As of December 31, 2019, \$7.5 million and \$5.7 million of the allowance for doubtful receivables is recorded in Trade and other receivables, net and Other assets, net, respectively, in the consolidated balance sheets.

Investments

All marketable equity and debt securities held by the Company are carried at fair value, generally based on quoted market prices and changes in the fair value of such securities are reported in realized and unrealized gain (losses) on financial instruments in the accompanying consolidated statements of operations. The Company elected the measurement alternative (defined as the cost of the security, adjusted for changes in fair value when there are observable prices, less impairments) for its equity securities without readily determinable fair values.

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. In the event the Company is unable to obtain accurate financial information from an equity affiliate in a timely manner, the Company records its share of earnings or losses of such affiliate on a lag.

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 statements of operations through the Other, net line item. To the extent there is a difference between the Company's ownership percentage in the underlying equity of an equity method investee and the Company's carrying value, such difference is accounted for as if the equity method investee were a consolidated subsidiary.

The Company continually reviews its equity method investments to determine whether a decline in fair value below the carrying value is other than temporary. The primary factors the Company considers in its determination are the length of time that the fair value of the investment is below the Company's carrying value; the severity of the decline; and the financial condition, operating performance and near term prospects of the investee. In addition, the Company considers 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 the Company's intent and ability to hold the investment for a period of time sufficient to allow for a recovery in fair value. If the decline in fair value is deemed to be other than temporary, the carrying value of the equity method investment is written down to fair value. In situations where the fair value of an investment is not evident due to a lack of a public market price or other factors, the Company uses its best estimates and assumptions to arrive at the estimated fair value of such investment. The Company's assessment of the foregoing factors involves a high degree of judgment and accordingly, actual results may differ materially from the Company's estimates and judgments. Writedowns for equity method investments are included in share of earnings (losses) of affiliates.

The Company performs a qualitative assessment each reporting period for its equity securities without readily determinable fair values to identify whether an equity security could be impaired. When the Company's qualitative assessment indicates that an impairment could exist, it estimates the fair value of the investment and to the extent the fair value is less than the carrying value, it records the difference as an impairment in the consolidated statements of operations.

Derivative Instruments

The Company's derivative is recorded on the balance sheet at fair value. The Company's derivative is not designated as a hedge, and changes in the fair value of the derivative are recognized in earnings.

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

The fair value of the Company's derivative instrument is estimated using the Black-Scholes-Merton model. The Black-Scholes-Merton 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 obtains 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 is 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 is required in estimating the Black-Scholes-Merton model variables.

Property and Equipment

Property and equipment is stated at depreciated cost less impairments, if any. Construction costs of facilities are capitalized. Construction in progress represents transmission equipment and support equipment and systems not placed in service on December 31, 2019, that management intends to place in service during 2020. Depreciation is computed using the straight-line method based upon the shorter of the estimated useful lives of the assets or the lease term, if applicable.

Net property and equipment consists of the following:

	December 31,	
	2019	2018
	amounts in thousands	
Land and buildings (25 years)	\$ 118,973	105,525
Telephony transmission equipment and distribution facilities (5-20 years)	837,966	763,957
Cable transmission equipment and distribution facilities (5-30 years)	120,642	100,391
Support equipment and systems (3-20 years)	132,854	118,230
Customer premise equipment (2-20 years)	34,202	21,351
Fiber optic cable systems (15-25 years)	53,646	53,384
Other (5-15 years)	21,478	19,381
Property and equipment under finance leases	17,695	41,084
Construction in progress	95,386	113,819
	1,432,842	1,337,122
Less accumulated depreciation	336,691	145,321
Less accumulated depreciation on property and equipment under finance leases	5,250	7,195
Property and equipment, net	\$ 1,090,901	1,184,606

Depreciation of property and equipment under finance leases is included in depreciation and amortization expense in the consolidated statements of operations. Depreciation expense for the years ended December 31, 2019, 2018 and 2017 was \$204.2 million, \$153.5 million and \$0.2 million, respectively.

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

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

Material interest costs incurred during the construction period of non-software capital projects are capitalized. Interest is capitalized in the period commencing with the first expenditure for a qualifying capital project and ending when the capital project is substantially complete and ready for its intended use. Capitalized interest costs were \$4.2 million and \$3.9 million for the years ended December 31, 2019 and 2018, respectively.

Impairment of Long-lived Assets

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

Asset Retirement Obligations

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

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

Balance at January 1, 2018.....	\$	—
Liability acquired.....		38,686
Liability incurred.....		113
Accretion expense.....		1,662
Liability settled.....		—
Balance at December 31, 2018.....		<u>40,461</u>
Liability incurred.....		217
Accretion expense.....		1,596
Liability settled.....		(74)
Balance at December 31, 2019.....	\$	<u>42,200</u>

Certain of the Company's network facilities are on property that requires it to have a permit and the permit contains provisions requiring the Company to remove its network facilities in the event the permit is not renewed. The Company

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

expects to continually renew its permits and therefore cannot estimate any liabilities associated with such agreements. A remote possibility exists that the Company would not be able to successfully renew a permit, which could result in it incurring significant expense in complying with restoration or removal provisions.

Intangible Assets

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

The Company has Software as a Service ("SaaS") arrangements which are accounted for as service agreements, and are not capitalized. Internal and other third party costs for SaaS arrangements are expensed as incurred. Data migration costs for such arrangements are expensed consistent with the same type of costs for internally developed and modified software. Additionally, configuration costs paid to the vendor are recorded as a prepaid expense and expensed over the term of the SaaS arrangement.

Intangible assets with estimable useful lives are amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment upon certain triggering events. Intangible assets with estimable useful lives are being amortized over 1 to 20 year periods with a weighted-average life of 13.80 years.

Goodwill, cable certificates (certificates of convenience and public necessity), wireless licenses and other intangible assets with indefinite useful lives are not amortized, but instead are tested for impairment at least annually. Cable certificates represent certain perpetual operating rights to provide cable services. Wireless licenses represent the right to utilize certain radio frequency spectrum to provide wireless communications services. Goodwill represents the excess of cost over fair value of net assets acquired in connection with a business acquisition. The Company's annual impairment assessment of its indefinite-lived intangible assets is performed during the fourth quarter of each year.

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

The quantitative goodwill impairment test compares the estimated fair value of a reporting unit to its carrying value and to the extent the carrying value is greater than the fair value, the difference is recorded as an impairment in the consolidated statements of operations. Developing estimates of fair value requires significant judgments, including making assumptions about appropriate discount rates, perpetual growth rates, relevant comparable market multiples, public trading prices and the amount and timing of expected future cash flows. The cash flows employed in the Company's valuation

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

analyses are based on management's best estimates considering current marketplace factors and risks as well as assumptions of growth rates in future years. There is no assurance that actual results in the future will approximate these forecasts.

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

See note 8 for information on impairments recorded during the years ended December 31, 2019 and 2018.

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (the "FASB") issued new accounting guidance on revenue from contracts with customers. The Company adopted the new guidance, which established Accounting Standards Codification Topic 606 ("ASC 606"), effective January 1, 2018, under the modified retrospective transition method. The impact of the new guidance on Evite was not material to the consolidated financial statements. GCI Holdings adopted the new guidance prior to its acquisition by HoldCo. As a result, there was no impact to the Company's consolidated financial statements related to GCI Holdings' adoption of the new guidance.

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

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

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

Nature of Services and Products

Wireless

Wireless revenue is generated by providing access to, and usage of the Company's network by consumer, business, and wholesale carrier customers. Additionally, the Company generates revenue by selling wireless equipment such as handsets and tablets. In general, access revenue is billed in advance, recorded as deferred revenue on the balance sheet, and recognized as the associated services are provided to the customer. Equipment sales revenue associated with the sale of wireless devices and accessories is generally recognized when the products are delivered to and control transfers to the

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

customer. Consideration received from the customer is allocated to the service and products based on stand-alone selling prices when purchased together.

New and existing wireless customers have the option to participate in Upgrade Now, a program that provides eligible customers with the ability to purchase certain wireless devices in installments over a period of up to 24 months. Participating customers have the right to trade-in the original equipment for a new device after making the equivalent of 12 monthly installment payments, provided their handset is in good working condition. Upon upgrade, the outstanding balance of the wireless equipment installment plan is exchanged for the used handset. The Company accounts for this upgrade option as a right of return with a reduction of Revenue and Operating expense for handsets expected to be upgraded based on historical data.

Data

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

Video

Video revenue is generated primarily from residential and business customers that subscribe to the Company's cable video plans. Video revenue is billed in advance, recorded as deferred revenue on the balance sheet, and recognized as the associated services are provided to the customer.

Voice

Voice revenue is for fixed monthly fees for voice plans as well as usage based fees for long-distance service usage. Voice plan fees are billed in advance, recorded as deferred revenue on the balance sheet, and recognized as the associated services are provided to the customer. Usage based fees are recognized as services are provided.

Arrangements with Multiple Performance Obligations

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

Significant Judgments

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

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

revenue) in the period of the transaction price change. Variable consideration has been constrained to reduce the likelihood of a significant revenue reversal.

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

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

Remaining Performance Obligations

The Company expects to recognize revenue in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2019 of \$253.1 million in 2020, \$178.5 million in 2021, \$119.4 million in 2022, \$39.1 million in 2023 and \$61.5 million in 2024 and thereafter.

The Company applies certain practical expedients as permitted under ASC 606 and does not disclose information about remaining performance obligations that have original expected durations of one year or less, information about revenue remaining from usage based performance obligations that are recognized over time as-invoiced, or variable consideration allocated to wholly unsatisfied performance obligations.

Contract Balances

The Company had receivables of \$246.9 million and \$198.8 million at December 31, 2019 and 2018, respectively, the long-term portion of which are included in Other assets, net. The Company had deferred revenue of \$41.0 million and \$31.7 million at December 31, 2019 and 2018, respectively, the long-term portion of which are included in Other liabilities. The receivables and deferred revenue are from contracts with customers and exclude receivables and deferred revenue that are out of the scope of ASC 606. The Company's customers generally pay for services in advance of the performance obligation and therefore these prepayments are recorded as deferred revenue. The deferred revenue is recognized as revenue in the accompanying consolidated statements of operations as the services are provided. Changes in the contract liability balance for the Company during 2019 was not materially impacted by other factors.

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

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

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

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

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

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

	Years ended December 31,	
	2019	2018
	amounts in thousands	
GCI Holdings		
Consumer Revenue		
Wireless.....	\$ 118,425	94,713
Data	169,332	130,631
Video	83,928	72,826
Voice	16,479	14,792
Business Revenue		
Wireless.....	76,795	63,481
Data	273,847	223,121
Video	16,170	16,786
Voice	25,740	19,820
Evite.....	25,071	23,920
Lease, grant, and revenue from subsidies	88,946	79,672
Total	<u>\$ 894,733</u>	<u>739,762</u>

Lease, Grant, and Revenue from Subsidies

Universal Service Fund

GCI Holdings receives support from each of the various Universal Service Fund ("USF") programs: high cost, low income, rural health care, and schools and libraries. The programs are subject to change by regulatory actions taken by the Federal Communications Commission ("FCC") or legislative actions, therefore, changes to the programs could result in a material decrease in revenue that the Company has recorded. Revenue recognized from the programs was 24% and 23% of the Company's revenue for the year ended December 31, 2019 and the period following the date of the Transactions through December 31, 2018, respectively. The Company had USF net receivables of \$151.2 million and \$91.3 million at December 31, 2019 and 2018, respectively. See note 16 for more information regarding the rural health care receivables.

Stock-Based Compensation

As more fully described in note 14, the Company has granted to certain directors, employees and employees of its subsidiaries, restricted shares ("RSAs"), restricted stock units ("RSUs") and options to purchase shares of GCI Liberty's common stock (collectively, "Awards"). The Company measures the cost of employee services received in exchange for an equity classified Award (such as stock options, RSAs and RSUs) 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). The Company measures the cost of employee services received in exchange for a liability classified Award based on the current fair value of the Award, and remeasures the fair value of the Award at each reporting date. The Company recognizes forfeitures as they occur.

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

Stock compensation expense was \$24.9 million, \$28.2 million and \$26.6 million for the years ended December 31, 2019, 2018, and 2017, respectively, included in Selling, general and administrative expense in the accompanying consolidated statements of operations.

Income Taxes

The Company accounts for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying value amounts and income tax basis 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 is more likely than not such net deferred tax assets will not be realized. 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.

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.

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 ("WASO") 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. Potentially dilutive shares are excluded from the computation of diluted EPS during periods in which losses are reported since the result would be antidilutive.

The total number of Series A and Series B common shares outstanding on March 9, 2018, 109,004,250, is being used in the calculation of both basic and diluted earnings per share for all periods prior to the date of the HoldCo Split-Off.

Series A and Series B Common Stock

	Year ended December 31, 2019	March 9, 2018 through December 31, 2018
	number of shares in thousands	
Basic WASO	105,328	107,924
Potentially dilutive shares.....	489	—
Diluted WASO	105,817	107,924
Antidilutive shares excluded from diluted WASO, including potentially dilutive shares, as a result of the Company's net loss attributable to GCI Liberty, Inc. shareholders ...	—	1,127

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

Reclassifications

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

Estimates

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

The Company has investments that are accounted for using the equity method. The Company does not control the decision making process or business management practices of these affiliates. Accordingly, the Company relies on management of these affiliates 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, the Company relies on audit reports that are provided by the affiliates' independent auditors on the financial statements of such affiliates. The Company is not aware, however, of any errors in or possible misstatements of the financial information provided by its equity affiliates that would have a material effect on the Company's consolidated financial statements.

New Accounting Pronouncements Not Yet Adopted

In August 2018, the FASB issued new guidance which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The guidance will be effective for the Company in the first quarter of 2020 with early adoption permitted. The Company is currently assessing the impact that adopting this new accounting standard will have on its consolidated financial statements.

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

(3) Supplemental Disclosures to Consolidated Statements of Cash Flows

	Years ended December 31,		
	2019	2018	2017
	amounts in thousands		
Cash paid for acquisition of GCI Holdings:			
Property and equipment	\$ —	1,211,392	—
Intangible assets not subject to amortization.....	—	1,538,544	—
Intangible assets subject to amortization.....	—	468,737	—
Receivables and other assets	—	254,436	—
Liabilities assumed.....	—	(2,233,177)	—
Deferred tax assets (liabilities).....	—	(276,683)	—
Fair value of equity consideration	—	(1,111,206)	—
Cash and restricted cash paid (received) for acquisitions, net of cash acquired	\$ —	(147,957)	—
Cash paid for interest, net of amounts capitalized	\$ 155,977	132,103	6
Non-cash additions for purchases of property and equipment.....	\$ 1,571	15,916	—

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

	Years ended December 31,		
	2019	2018	2017
	amounts in thousands		
Cash and cash equivalents	\$ 569,520	491,257	573,210
Restricted cash included in other current assets	6,630	775	938
Total cash and cash equivalents and restricted cash at end of period.....	\$ 576,150	492,032	574,148

(4) Acquisition

The Company accounted for the Transactions contemplated under the reorganization agreement using the acquisition method of accounting. Under this method, HoldCo is the acquirer of GCI Liberty. The acquisition price was \$1.1 billion (level 1). The application of the acquisition method resulted in the assignment of purchase price to the GCI Liberty assets acquired and liabilities assumed based on estimates of their acquisition date fair values (primarily level 3). The assets acquired and liabilities assumed, and as discussed within this note, are those assets and liabilities of GCI Liberty prior to the completion of the Transactions. The determination of the fair values of the acquired assets and liabilities (and the determination of estimated lives of depreciable tangible and identifiable intangible assets) requires significant judgment.

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

The acquisition price allocation for GCI Liberty is as follows (amounts in thousands):

Cash and cash equivalents including restricted cash	\$	147,957
Receivables.....		171,014
Property and equipment.....		1,211,392
Goodwill.....		966,044
Intangible assets not subject to amortization		572,500
Intangible assets subject to amortization		468,737
Other assets.....		83,422
Deferred revenue		(92,561)
Debt, including capital leases		(1,707,002)
Other liabilities		(251,692)
Deferred income tax liabilities.....		(276,683)
Preferred stock.....		(174,922)
Non-controlling interest.....		(7,000)
	<u>\$</u>	<u>1,111,206</u>

Goodwill is calculated as the excess of the consideration transferred over the identifiable net assets acquired and represents the future economic benefits expected to arise from other intangible assets acquired that do not qualify for separate recognition, including assembled workforce, value associated with future customers, continued innovation and non-contractual relationships. Amortizable intangible assets of \$468.7 million were acquired and are comprised of a tradename with an estimated useful life of approximately 10 years, customer relationships with a weighted average useful life of approximately 16 years and right-to-use assets with a weighted average useful life of 8 years. Approximately \$170.0 million of the acquired goodwill will be deductible for income tax purposes. The determination of the acquisition date fair value of the acquired assets and assumed liabilities is final.

Since the date of the acquisition, included in net earnings (loss) attributable to GCI Liberty shareholders for the year ended December 31, 2018 is \$307.9 million in losses related to GCI Holdings. The unaudited pro forma revenue, net earnings and basic and diluted net earnings per common share of GCI Liberty, prepared utilizing the historical financial statements of HoldCo, giving effect to acquisition accounting related adjustments made at the time of acquisition, as if the acquisition discussed above occurred on January 1, 2017, are as follows:

	Years ended December 31,	
	2018	2017
	amounts in thousands, except per share amounts	
Revenue.....	\$ 899,210	918,726
Net earnings (loss).....	\$ (872,306)	713,377
Net earnings (loss) attributable to GCI Liberty shareholders	\$ (871,839)	713,882
Basic net earnings (loss) attributable to Series A and Series B GCI Liberty, Inc. shareholders per common share.....	\$ (8.08)	6.55
Diluted net earnings (loss) attributable to Series A and Series B GCI Liberty, Inc. shareholders per common share.....	\$ (8.08)	6.55

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

The pro forma results include adjustments directly attributable to the business combination including adjustments related to the amortization of acquired tangible and intangible assets, revenue, interest expense, stock-based compensation, and the exclusion of transaction related costs. The results also include the impact of the FCC's decision to reduce rates paid to the Company under the Rural Health Care Program and the new revenue standard. The pro forma information is not representative of the Company's future results of operations nor does it reflect what the Company's results of operations would have been if the acquisition had occurred previously and the Company consolidated the results of GCI Liberty during the periods presented.

(5) 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, other than quoted market prices included within Level 1, 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, 2019			December 31, 2018		
	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	\$ 533,484	533,484	—	384,071	384,071	—
Equity securities	\$ 2,600,008	2,600,008	—	1,529,901	1,529,901	—
Investment in Liberty Broadband	\$ 5,367,242	5,367,242	—	3,074,373	3,074,373	—
Derivative instrument liability	\$ 71,305	—	71,305	20,340	—	20,340
Indemnification obligation	\$ 202,086	—	202,086	78,522	—	78,522
Exchangeable senior debentures	\$ 658,839	—	658,839	462,336	—	462,336

On June 6, 2017, Qurate Retail purchased 450,000 LendingTree shares and executed a 2-year variable forward with respect to 642,850 LendingTree shares. The variable forward was executed at the LendingTree closing price on June 6, 2017 of \$170.70 per share and has a floor price of \$128.03 per share and a cap price of \$211.67 per share. The fair value of the variable forward was derived from a Black-Scholes-Merton model using observable market data as the significant inputs. On April 29, 2019, the Company terminated its variable forward and entered into a new 3-year variable forward with respect to 642,850 LendingTree shares. The variable forward was executed at the LendingTree closing price on April 29, 2019 of \$376.35 per share and has a floor price of zero and has a cap price of \$254.00 per share. The fair value of the variable forward was derived from a Black-Scholes-Merton model using observable market data as the significant inputs.

Pursuant to an indemnification agreement, GCI Liberty has agreed to indemnify LI LLC for certain payments made to a holder of LI LLC's 1.75% exchangeable debentures due 2046 (the "1.75% Exchangeable Debentures"). An indemnity obligation in the amount of \$281.3 million was recorded upon completion of the HoldCo Split-Off. In June 2018, Qurate

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

Retail repurchased 417,759 bonds of the 1.75% Exchangeable Debentures for approximately \$457.0 million, including accrued interest, and the Company made a payment under the indemnification agreement to Qurate Retail in the amount of \$132.7 million. The remaining indemnification liability due to LI LLC pertains to the holder's ability to exercise its exchange right according to the terms of the 1.75% Exchangeable Debentures on or before October 5, 2023. Such amount will equal the difference between the exchange value and par value of the 1.75% Exchangeable Debentures at the time the exchange occurs. The indemnification obligation recorded in the consolidated balance sheets as of December 31, 2019 represents the fair value of the estimated exchange feature included in the 1.75% Exchangeable Debentures primarily based on observable market data as significant inputs (Level 2). As of December 31, 2019, a holder of the 1.75% Exchangeable Debentures has the ability to exchange and, accordingly, such indemnification obligation is included as a current liability in the Company's consolidated balance sheets. Additionally, as of December 31, 2019, 332,241 bonds of the 1.75% Exchangeable Debentures remain outstanding.

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

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

	Years ended December 31,		
	2019	2018	2017
	amounts in thousands		
Equity securities	\$ 1,074,736	(274,393)	258,629
Investment in Liberty Broadband	2,292,869	(560,413)	473,342
Derivative instruments	(50,965)	75,970	(94,807)
Indemnification obligation	(123,564)	70,007	NA
Exchangeable senior debentures	(190,676)	7,284	NA
	<u>\$ 3,002,400</u>	<u>(681,545)</u>	<u>637,164</u>

The Company has elected to account for its exchangeable debt using the fair value option. Accordingly, a portion of the unrealized gain (loss) recognized on the Company's exchangeable debt is presented in other comprehensive income as it relates to instrument specific credit risk and any other changes in fair value are presented in the accompanying consolidated statements of operations.

(6) Investments in Equity Securities

Investments in equity securities, the majority of which are carried at fair value, are summarized as follows:

	December 31,	
	2019	2018
	amounts in thousands	
Charter (a)	\$ 2,599,253	1,526,984
Other investments (b)	6,040	6,533
	<u>\$ 2,605,293</u>	<u>1,533,517</u>

(a) A portion of the Charter equity securities are considered covered shares and subject to certain contractual restrictions in accordance with the indemnification agreement. See note 5 for additional discussion of the indemnification agreement.

(b) The Company has elected the measurement alternative for a portion of these securities.

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

(7) Investments in Affiliates Accounted for Using the Equity Method

Investment in LendingTree

The Company has various investments accounted for using the equity method. The following table includes the Company's carrying amount and percentage ownership of the more significant investments in affiliates at December 31, 2019 and the carrying amount at December 31, 2018:

	December 31, 2019		December 31, 2018
	Percentage ownership	Market value	Carrying amount
dollars in thousands			
LendingTree (a)	26.5%	\$ 1,045,044	\$ 166,465
Other	various	NA	1,178
			\$ 167,643
			177,030

(a) Both the Company's ownership interest in LendingTree and the Company's share of LendingTree's earnings (losses) are reported on a three month lag. The market value disclosed is as of December 31, 2019.

The Company's share of LendingTree's earnings (losses) was \$(1.6) million, \$21.1 million, and \$7.0 million for the years ended December 31, 2019, 2018, and 2017, respectively.

Investment in Liberty Broadband

On May 18, 2016, Qurate Retail completed a \$2.4 billion investment in Liberty Broadband Series C non-voting shares (for accounting purposes a related party of the Company) in connection with the merger of Charter and Time Warner Cable Inc. ("TWC"). The proceeds of this investment were used by Liberty Broadband to fund, in part, its acquisition of \$5.0 billion of stock in the new public parent company, Charter, of the combined enterprises. Qurate Retail, along with third party investors, all of whom invested on the same terms as Qurate Retail, purchased newly issued shares of Liberty Broadband Series C common stock at a per share price 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 the investment agreements were executed in May 2015. Qurate Retail, as part of the merger described above, exchanged, in a tax-free transaction, its shares of TWC common stock for shares of Charter Class A common stock, on a one-for-one basis, and Qurate Retail granted to Liberty Broadband a proxy and a right of first refusal with respect to the shares of Charter Class A common stock held by Qurate Retail following the exchange, which proxy and right of first refusal was assigned to GCI Liberty in connection with the completion of the Transactions.

As of December 31, 2019, the Company has a 23.5% economic ownership interest in Liberty Broadband. Due to overlapping boards of directors and management, the Company has been deemed to have significant influence over Liberty Broadband for accounting purposes, even though the Company does not have any voting rights. The Company has elected to apply the fair value option for its investment in Liberty Broadband (Level 1) as it is believed that investors value this investment based on the trading price of Liberty Broadband. The Company recognizes changes in the fair value of its investment in Liberty Broadband in realized and unrealized gains (losses) on financial instruments, net in the consolidated statements of operations. Summarized financial information for Liberty Broadband is as follows:

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

	December 31,	
	2019	2018
	amounts in thousands	
Current assets	\$ 52,133	84,574
Investment in Charter, accounted for using the equity method	12,194,674	12,004,376
Other assets	9,535	9,487
Total assets	12,256,342	12,098,437
Long-term debt	572,944	522,928
Deferred income tax liabilities	999,757	965,829
Other liabilities	15,695	11,062
Equity	10,667,946	10,598,618
Total liabilities and shareholders' equity	\$ 12,256,342	12,098,437

	Years ended December 31,		
	2019	2018	2017
	amounts in thousands		
Revenue	\$ 14,859	22,256	13,092
Operating expenses, net	(44,136)	(34,270)	(38,570)
Operating income (loss)	(29,277)	(12,014)	(25,478)
Share of earnings (losses) of affiliates	286,401	166,146	2,508,991
Gain (loss) on dilution of investment in affiliate	(79,329)	(43,575)	(17,872)
Realized and unrealized gains (losses) on financial instruments, net	1,170	3,659	3,098
Other income (expense), net	(23,807)	(22,339)	(18,139)
Income tax benefit (expense)	(37,942)	(21,924)	(416,933)
Net earnings (loss)	\$ 117,216	69,953	2,033,667

(8) Goodwill and Intangible Assets

Goodwill and Indefinite Lived Assets

Changes in the carrying amount of goodwill are as follows:

	GCI Holdings	Corporate and other	Total
	amounts in thousands		
Balance at January 1, 2018	\$ —	25,569	25,569
Acquisitions	966,044	—	966,044
Impairment	(135,776)	—	(135,776)
Balance at December 31, 2018	\$ 830,268	25,569	855,837
Impairment	—	—	—
Balance at December 31, 2019	\$ 830,268	25,569	855,837

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

As presented in the accompanying consolidated balance sheets, cable certificates and wireless licenses are the other significant indefinite lived intangible assets.

Intangible Assets Subject to Amortization

	December 31, 2019			December 31, 2018		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
	amounts in thousands					
Customer relationships	\$ 408,267	(95,167)	313,100	\$ 408,267	(55,417)	352,850
Other amortizable intangibles.....	139,721	(60,842)	78,879	122,759	(39,603)	83,156
Total	<u>\$ 547,988</u>	<u>(156,009)</u>	<u>391,979</u>	<u>\$ 531,026</u>	<u>(95,020)</u>	<u>436,006</u>

Amortization expense for intangible assets with finite useful lives was \$62.1 million and \$53.5 million for the year ended December 31, 2019 and 2018. Amortization expense for amortizable intangible assets for each of the five succeeding fiscal years is estimated to be (amounts in thousands):

	Years ending December 31,
2020	\$ 53,961
2021	\$ 43,720
2022	\$ 37,558
2023	\$ 34,178
2024	\$ 30,490

Impairments

During the year ended December 31, 2019, the Company recorded an impairment loss of \$157.0 million related to its wireless licenses due to increased uncertainty around long-term wireless revenue. The fair value of the wireless licenses was determined using an income approach (level 3).

Due to unanticipated program revenue changes and certain other market factors impacting GCI Holdings operating results, impairment losses of \$135.8 million and \$65.0 million were recorded during the year ended December 31, 2018 related to goodwill and cable certificates, respectively, related to the GCI Holdings reporting unit. The fair value of the cable certificates and the GCI Holdings reporting unit was determined using an income approach (Level 3).

As of December 31, 2019, the GCI Holdings and Corporate and Other segments have accumulated goodwill impairment losses of \$135.8 million and \$55.7 million, respectively. Based on the quantitative assessments performed during the fourth quarter and the resulting impairment loss recorded, the estimated fair value of the wireless license does not significantly exceed its carrying value as of December 31, 2019.

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

(9) Debt

Debt is summarized as follows:

	Outstanding principal	Carrying value	
	December 31, 2019	December 31, 2019	December 31, 2018
	amounts in thousands		
Margin Loan Facility	\$ 1,300,000	1,300,000	900,000
Exchangeable senior debentures	477,250	658,839	462,336
Senior notes	775,000	796,138	803,287
Senior credit facility	512,666	512,666	715,124
Wells Fargo note payable	7,066	7,066	7,554
Deferred financing costs	—	(8,491)	(2,267)
Total debt	<u>\$ 3,071,982</u>	<u>3,266,218</u>	<u>2,886,034</u>
Debt classified as current, net of deferred financing costs		<u>(3,008)</u>	<u>(900,759)</u>
Total long-term debt		<u>\$ 3,263,210</u>	<u>1,985,275</u>

Margin Loan

On December 29, 2017, Broadband Holdco, LLC ("Broadband Holdco"), a wholly owned subsidiary of, at such time, Qurate Retail, and now the Company, entered into a margin loan agreement with various lender parties consisting of a term loan in an aggregate principal amount of \$1.0 billion (the "Margin Loan"). 42,681,842 shares of Liberty Broadband Series C common stock were previously pledged by Broadband Holdco as collateral for the loan. The Margin Loan had a term of two years with an interest rate of LIBOR plus 1.85% and an undrawn commitment fee of up to 1.0% per annum. Deferred financing costs incurred on the Margin Loan are reflected in Long-term debt, net in the consolidated balance sheet. In connection with the completion of the Transactions, Broadband Holdco borrowed the full principal amount of the Margin Loan. A portion of the proceeds of the Margin Loan were used to make a distribution to Qurate Retail of \$1.1 billion to be used within one year for the repurchase of QVC Group stock (now the Qurate Retail common stock) or to pay down certain debt at Qurate Retail, and for the payment of fees and other costs and expenses, in each case, pursuant to the terms of the reorganization agreement. The distributed loan proceeds constituted a portion of the cash reattributed to the QVC Group.

On October 5, 2018 (the "Closing Date"), Broadband Holdco entered into Amendment No. 1 (the "Amendment") to the Margin Loan. Pursuant to the Amendment, lenders under the Margin Loan have agreed to, among other things, provide commitments (the "Revolving Commitments") for a new revolving credit facility in an aggregate principal amount of up to \$200.0 million (the "Revolving Credit Facility" and, the loans thereunder, the "Revolving Loans"). The Revolving Credit Facility established under the Amendment is in addition to the existing term loan credit facility under the Margin Loan (the "Term Loan Facility"). On the Closing Date, Broadband Holdco drew down on the full amount of the commitments under the Revolving Credit Facility and applied all of the proceeds to prepay, on the Closing Date, a portion of the loans outstanding under the Term Loan Facility (the "Term Loan Prepayment"). After giving effect to the initial borrowing of Revolving Loans and Term Loan Prepayment on the Closing Date, \$800.0 million of loans under the Term Loan Facility were outstanding and \$200.0 million of Revolving Loans were outstanding. Subsequent to the Closing Date, the Company repaid \$100.0 million of the Revolving Credit Facility. The Amendment also amended certain covenants in the Margin Loan to permit, among other things, Broadband Holdco to enter into a subordinated revolving note with GCI Liberty and certain additional investments.

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

On November 25, 2019 (the "Amendment No. 2 Closing Date"), Broadband Holdco entered into Amendment No. 2 to the Margin Loan Agreement ("Amendment No. 2" and, together with the Margin Loan and the Amendment, the "Margin Loan Agreement"). Pursuant to Amendment No. 2, lenders under the Margin Loan have agreed to, among other things, extend the maturity date of the Margin Loan to December 29, 2021 and provide commitments for a new delayed draw term loan facility in an aggregate principal amount of \$300.0 million ("Delayed Draw Term Loan Facility" and, together with the Revolving Credit Facility and the Term Loan Facility, the "Margin Loan Facility" and the loans thereunder, the "Loans"). The Delayed Draw Term Loan Facility is in addition to the existing Term Loan Facility and Revolving Credit Facility. After giving effect to Amendment No. 2 and the Interest True Up (as defined below), on the Amendment No. 2 Closing Date, \$800.0 million of Loans under the Term Loan Facility were outstanding and \$100.0 million of Loans under the Revolving Credit Facility were outstanding. No borrowings under the Delayed Draw Term Loan Facility were made at the closing of Amendment No. 2. On the Amendment No. 2 Closing Date, Broadband Holdco paid (i) all accrued and unpaid interest on the Loans outstanding under the Term Loan Facility and Revolving Credit Facility and (ii) all accrued and unpaid fees with respect to the Margin Loan Agreement (the "Interest True Up"). 42,681,842 shares of Liberty Broadband Series C common stock with a value of \$5.4 billion were pledged by Broadband Holdco as collateral for the loan as of December 31, 2019.

Broadband Holdco is permitted to use the proceeds of the Loans for any purpose not prohibited under the Margin Loan Agreement, including, without limitation, (i) to make dividends and distributions, (ii) for the purchase of margin stock, (iii) to make investments not prohibited under the Margin Loan Agreement, and/or (iv) otherwise for general corporate purposes, including, without limitation, for payment of interest and fees and other costs and expenses.

The Loans will mature on December 29, 2021 (the "maturity date") and accrue interest at a rate equal to the 3-month LIBOR rate plus a per annum spread of 1.85%, subject to certain conditions and exceptions. Undrawn Revolving Commitments shall be available to Broadband Holdco from the Amendment No. 2 Closing Date to but excluding the earlier of (i) the date that is one month prior to the maturity date and (ii) the date of the termination of such Revolving Commitments pursuant to the terms of the Margin Loan Agreement. The obligations under the Margin Loan Facility, are secured by first priority liens on the shares of Liberty Broadband owned by Broadband Holdco and certain other cash collateral provided by Broadband Holdco. In addition, the Revolving Credit Facility, the Term Loan Facility and the Delayed Draw Term Loan Facility are subject to the same affirmative and negative covenants and events of default.

Subsequent to the Amendment No. 2 Closing Date, on December 27, 2019, Broadband Holdco borrowed \$100.0 million under the Revolving Credit Facility and \$300.0 million under the Delayed Draw Term Loan Facility. As of December 31, 2019, \$1,300.0 million in borrowings were outstanding under the Margin Loan Facility.

Exchangeable Senior Debentures

On June 18, 2018, GCI Liberty issued 1.75% exchangeable senior debentures due 2046 ("Exchangeable Senior Debentures"). Upon an exchange of debentures, GCI Liberty, at its option, may deliver Charter Class A common stock, cash or a combination of Charter Class A common stock and cash. Initially, 2,6989 shares of Charter Class A common stock are attributable to each \$1,000 principal amount of debentures, representing an initial exchange price of approximately \$370.52 for each share of Charter Class A common stock. A total of 1,288,051 shares of Charter Class A common stock are attributable to the debentures. Interest is payable quarterly on March 31, June 30, September 30 and December 31 of each year. The debentures may be redeemed by GCI Liberty, in whole or in part, on or after October 5, 2023. Holders of debentures also have the right to require GCI Liberty to purchase their debentures on October 5, 2023. The redemption and purchase price will generally equal 100% of the adjusted principal amount of the debentures plus accrued and unpaid interest.

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

Senior Notes

On June 6, 2019, GCI, LLC, a wholly-owned subsidiary of the Company, issued \$325.0 million of 6.625% Senior Notes due 2024 at par ("2024 Notes"). The 2024 Notes are unsecured and the net proceeds were used to fund the redemption of \$325.0 million aggregate outstanding principal amount of GCI, LLC's 6.75% Senior Notes due 2021. Interest on the 2024 Notes and GCI, LLC's 6.875% Senior Notes due 2025 (collectively, the "Senior Notes"), is payable semi-annually in arrears. The Senior Notes are redeemable at the Company's option, in whole or in part, at a redemption price defined in the respective indentures, and accrued and unpaid interest (if any) to the date of redemption. The Senior Notes are stated net of an aggregate unamortized premium of \$21.1 million at December 31, 2019. Such premium is being amortized to interest expense in the accompanying consolidated statements of operations.

Senior Credit Facility

On December 27, 2018, GCI, LLC, amended and restated the Fifth Amended and Restated Credit Agreement dated as of March 9, 2018 and refinanced the revolving credit facility and term loan A with a new revolving credit facility, leaving the existing Term Loan B in place (the "Senior Credit Facility"). The Senior Credit Facility provides a \$240.7 million term loan B ("Term Loan B") and a \$550.0 million revolving credit facility.

GCI, LLC's Senior Credit Facility Total Leverage Ratio (as defined in the Senior Credit Facility) may not exceed 6.50 to one and the Secured Leverage Ratio (as defined in the Senior Credit Facility) may not exceed 4.00 to one.

The revolving credit facility borrowings that are LIBOR loans bear interest at a per annum rate equal to the applicable LIBOR plus a margin that varies between 1.50% and 2.75% depending on the total leverage ratio. The full principal revolving credit facility included in the Senior Credit Facility will mature on December 27, 2023 or August 6, 2021 if the Term Loan B is not refinanced or repaid in full prior to such date.

The interest rate for the Term Loan B is LIBOR plus 2.25%. The Term Loan B requires principal payments of 0.25% of the original principal amount on the last day of each calendar quarter with the full amount maturing on February 2, 2022.

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

As of December 31, 2019, there is \$237.7 million outstanding under the Term Loan B, \$275.0 million outstanding under the revolving portion of the Senior Credit Facility and \$8.1 million in letters of credit under the Senior Credit Facility, which leaves \$266.9 million available for borrowing.

Wells Fargo Note Payable

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

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

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

Debt Covenants

GCI, LLC is subject to covenants and restrictions under its Senior Notes and Senior Credit Facility. The Company and GCI, LLC are in compliance with all debt maintenance covenants as of December 31, 2019.

Five Year Maturities

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

2020	\$	3,008
2021		1,578,031
2022		233,344
2023		477,871
2024		325,646
2025 and thereafter		454,082
Total debt	\$	<u>3,071,982</u>

Fair Value of Debt

The fair value of the Senior Notes was \$824.8 million at December 31, 2019.

Due to the variable rate nature of the Margin Loan, Senior Credit Facility and Wells Fargo Note Payable, the Company believes that the carrying amount approximates fair value at December 31, 2019.

(10) Leases

In February 2016 and subsequently, the FASB issued new guidance which revises the accounting for leases ("ASC 842"). Under the new guidance, entities that lease assets are required to recognize assets and liabilities on the balance sheet related to the rights and obligations created by those leases regardless of whether they are classified as finance or operating leases. In addition, new disclosures are required to meet the objective of enabling users of the financial statements to better understand the amount, timing, and uncertainty of cash flows arising from leases. The Company adopted this guidance on January 1, 2019 and elected the optional transition method that allowed for a cumulative-effect adjustment in the period of adoption. Results for reporting periods beginning after January 1, 2019 are presented under the new guidance, while prior period amounts were not adjusted and continue to be reported under the accounting standards in effect for those periods.

The Company elected certain of the available transition practical expedients, including those that permit it to not reassess (1) whether any expired or existing contracts are or contain leases, (2) the lease classification for any expired or existing leases, and (3) any initial direct costs for any existing leases as of the effective date. The Company did not elect the hindsight practical expedient, which permits entities to use hindsight in determining the lease term and assessing impairment. The most significant impact of the new guidance was the recognition of right-of-use ("ROU") assets and lease liabilities for operating leases. In addition, the Company elected the practical expedient to account for the lease and non-lease components as a single lease component and will not recognize ROU assets or lease liabilities for short-term leases, which are those leases with a term of twelve months or less at the lease commencement date.

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

The Company recognized \$107.3 million of ROU assets, \$28.0 million of short-term operating lease liabilities and \$79.3 million of long-term operating lease liabilities in the accompanying consolidated balance sheet upon the adoption of the new standard.

In 2016 and 2017, GCI Holdings sold certain tower sites and entered into a master lease agreement in which it leased back space on those tower sites. At the time, GCI Holdings determined that it was precluded from applying sales-leaseback accounting. Upon adoption of ASC 842, GCI Holdings considered whether this transaction would have resulted in a completed sale-leaseback transaction and concluded that the transaction did not meet the criteria and should continue to be accounted for in the same manner as previously determined.

The Company has entered into finance lease agreements with satellite providers for transponder capacity to transmit voice and data traffic in rural Alaska. The Company is also party to finance lease agreements for an office building and certain retail store locations. The Company also leases office space, land for towers and communication facilities, satellite transponders, fiber capacity, and equipment. These leases are classified as operating leases. Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future lease payments using our incremental borrowing rate at the commencement date of the lease. During the twelve months ended December 31, 2019, the Company amended its lease agreement with a satellite provider that resulted in a \$22.5 million reduction to the finance lease liability and a \$16.0 million reduction to fixed assets, resulting in a gain of \$6.5 million that is included in Other, net on the consolidated statements of operations.

The Company has leases with remaining lease terms that range from less than one year up to 31 years. Certain of the Company's leases may include an option to extend the term of the lease with such options to extend ranging from 3 years up to 39 years. The Company also has the option to terminate certain of its leases early with such options to terminate ranging from as early as 30 days up to 18 years from December 31, 2019.

The components of lease cost during the year ended December 31, 2019 were as follows:

		Year ended December 31, 2019
Operating lease cost (1)	\$	48,481
Finance lease cost		
Depreciation of leased assets.....	\$	4,997
Interest on lease liabilities		1,196
Total finance lease cost	\$	6,193

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

For the year ended December 31, 2018, the Company recorded depreciation expense on finance leases (previously referred to as capital leases) and operating lease expense of \$7.2 million and \$46.7 million, respectively.

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

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

	Year ended December 31, 2019
Weighted-average remaining lease term (years):	
Finance leases	3.5
Operating leases	4.9
Weighted-average discount rate:	
Finance leases	5.1%
Operating leases	5.0%

Supplemental balance sheet information related to leases was as follows:

	December 31, 2019 amounts in thousands
Operating leases:	
Operating lease ROU assets, net (1)	\$ 123,831
Current operating lease liabilities (2)	\$ 39,756
Operating lease liabilities (3)	80,811
Total operating lease liabilities	<u>\$ 120,567</u>
Finance Leases:	
Property and equipment, at cost	\$ 17,695
Accumulated depreciation	(5,250)
Property and equipment, net	<u>\$ 12,445</u>
Current obligations under finance leases (4)	\$ 4,640
Obligations under finance leases	7,281
Total finance lease liabilities	<u>\$ 11,921</u>

(1) Operating lease ROU assets, net are included within the Other assets, net line item in the accompanying consolidated balance sheets.

(2) Current operating lease liabilities are included within the Other current liabilities line item in the accompanying consolidated balance sheets.

(3) Operating lease liabilities are included within the Other liabilities line item in the accompanying consolidated balance sheets.

(4) Current obligations under finance leases are included within the Other current liabilities line item in the accompanying consolidated balance sheets.

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

Supplemental cash flow information related to leases was as follows:

		Year ended December 31, 2019
		amounts in thousands
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases.....	\$	46,192
Operating cash flows from finance leases	\$	1,141
Financing cash flows from finance leases	\$	7,717
ROU assets obtained in exchange for lease obligations		
Operating leases	\$	39,515
Finance leases	\$	—

Future lease payments under finance leases, operating leases and tower obligations with initial terms of one year or more at December 31, 2019 consisted of the following:

	Finance Leases	Operating Leases	Tower Obligations
		amounts in thousands	
2020	\$ 5,159	45,013	7,797
2021	3,981	35,862	7,953
2022	1,973	22,120	8,112
2023	678	14,855	8,274
2024	688	5,574	8,439
Thereafter	1,046	19,192	134,395
Total lease payments	13,525	142,616	174,970
Less: imputed interest	(1,604)	(22,049)	(83,581)
Total lease liabilities	\$ 11,921	120,567	91,389

(11) 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, the most significant of which was a reduction to the U.S. federal corporate tax rate from 35 percent to 21 percent. The Company reflected the income tax effects of those aspects of the Tax Act for which the accounting was known as of December 31, 2017 and made immaterial revisions to such amounts during the allowed one year measurement period. As of December 31, 2018, the Company had completed its analysis of the tax effects of the Tax Act.

Holdco was included in the federal combined income tax return of Qurate Retail prior to the HoldCo Split-Off. For periods prior to the HoldCo Split-Off, the tax provision included in these financial statements was prepared on a stand-alone basis, as if the Company was not part of Qurate Retail. Certain HoldCo income tax related balances as of the date of the HoldCo Split-Off were recorded as equity contributions from Qurate Retail in the net amount of \$1.3 billion as shown in the consolidated statement of equity. Subsequent to the HoldCo Split-Off, GCI Liberty's consolidated tax return will include HoldCo. Although the acquisition of GCI Liberty was accounted for as a reverse acquisition under GAAP, the consolidated income tax return of GCI Liberty for 2018 included a full year of GCI Liberty's financials results (including activity prior to the Transactions) and the partial year of financial results of HoldCo for the period subsequent to the HoldCo Split-Off.

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

Income tax benefit (expense) consists of:

	Years ended December 31,		
	2019	2018	2017
	amounts in thousands		
Current:			
Federal	\$ (30)	607	—
State and local	(23)	(24)	—
	<u>(53)</u>	<u>583</u>	<u>—</u>
Deferred:			
Federal	(542,259)	190,931	160,150
State and local	(187,711)	(8,207)	(26,628)
	<u>(729,970)</u>	<u>182,724</u>	<u>133,522</u>
Income tax benefit (expense)	<u>\$ (730,023)</u>	<u>183,307</u>	<u>133,522</u>

Income tax benefit (expense) differs from the amounts computed by applying the U.S. federal income tax rate of 21% for the years ended December 31, 2019 and 2018 and 35% for the year ended December 31, 2017 as a result of the following:

	Years ended December 31,		
	2019	2018	2017
	amounts in thousands		
Computed expected tax benefit (expense)	\$ (560,336)	221,962	(206,862)
State and local income taxes, net of federal income taxes	(158,349)	74,105	(17,001)
Nontaxable equity contribution	(20,353)	7,960	—
Executive compensation	(2,437)	(7,114)	—
Change in state tax rate due to acquisition	—	(117,496)	—
Change in state tax rate	10,078	37,073	—
Change in tax rate due to Tax Act	—	—	347,979
Deductible stock compensation	3,394	(131)	14,116
Goodwill impairment	—	(28,513)	—
Change in valuation allowance affecting tax expense	(40)	(189)	(384)
Other, net	(1,980)	(4,350)	(4,326)
Income tax benefit (expense)	<u>\$ (730,023)</u>	<u>183,307</u>	<u>133,522</u>

For the year ended December 31, 2019, income tax expense in excess of expected federal tax expense is primarily due to state income tax expense.

For the year ended December 31, 2018, the income tax benefit was lower than the U.S. statutory tax rate of 21% primarily due to a change in the effective state tax rate used to measure deferred taxes due to the acquisition as discussed in

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

notes 1 and 4 and a goodwill impairment that is not deductible for tax purposes, partially offset by a change in the state effective tax rate used to measure deferred taxes resulting from a state law change.

For the year ended December 31, 2017, the most significant reconciling item is a net tax benefit for the effect of the change in the U.S. federal corporate tax rate from 35% to 21% on deferred taxes.

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

	December 31,	
	2019	2018
	amounts in thousands	
Deferred tax assets:		
Loss and capital carryforwards	\$ 179,473	153,931
Deferred revenue	20,026	23,716
Accrued stock compensation	3,889	3,598
Debt	44,843	6,209
Operating lease liability	33,656	—
Other accrued liabilities	9,578	20,108
Other future deductible amounts	35,489	19,189
Deferred tax assets	326,954	226,751
Valuation allowance	(1,366)	(1,326)
Net deferred tax assets	325,588	225,425
Deferred tax liabilities		
Investments	1,439,140	573,016
Fixed assets	209,094	232,899
Intangible assets	169,834	213,206
Operating lease ROU assets	34,629	—
Deferred tax liabilities	1,852,697	1,019,121
Net deferred tax liabilities	\$ 1,527,109	793,696

During the year ended December 31, 2019, there was an increase in the valuation allowance of \$40,000 all of which affected tax expense.

At December 31, 2019, the Company had federal and state net operating losses and interest expense carryforwards for income tax purposes aggregating approximately \$179.5 million (on a tax effected basis). Of the \$179.5 million, \$63.7 million are carryforwards with no expiration. The future use of the remaining carryforwards of \$115.8 million are subject to limitation and expire at certain future dates. Based on current projections, \$1.4 million of these carryforwards may expire unused and accordingly are subject to a valuation allowance. The carryforwards that are expected to be utilized will begin to expire in 2020.

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

As of December 31, 2019, the Company had not recorded tax reserves related to unrecognized tax benefits for uncertain tax positions.

As of December 31, 2019, none of GCI's tax years prior to the HoldCo Split-Off are under audit. Qurate Retail's tax years prior to 2016 are closed for federal income tax purposes and the IRS has completed its examination of Qurate Retail's 2016 and 2017 tax years. Qurate Retail's 2018 tax year is being examined currently as part of the IRS's Compliance Assurance Process program. Various states are currently examining Qurate Retail's prior years' state income tax returns.

(12) Stockholders' Equity

Preferred Stock

GCI Liberty Series A Cumulative Redeemable Preferred Stock (the "Preferred Stock") was issued as a result of the auto conversion that occurred on March 8, 2018. The Company is required to redeem all outstanding shares of Preferred Stock out of funds legally available, at the liquidation price plus all unpaid dividends (whether or not declared) accrued from the most recent dividend payment date through the redemption date, on the first business day following the twenty-first anniversary of the March 8, 2018 auto conversion. There were 7,500,000 shares of Preferred Stock authorized and 7,202,917 shares issued and outstanding at December 31, 2019. An additional 42,500,000 shares of preferred stock of the Company are authorized and are undesignated as to series. The Preferred Stock is accounted for as a liability on the Company's consolidated balance sheets because it is mandatorily redeemable. As a result, all dividends paid on the Preferred Stock are recorded as interest expense in the Company's consolidated statements of operations.

The liquidation price is measured per share and shall mean the sum of (i) \$25, plus (ii) an amount equal to all unpaid dividends (whether or not declared) accrued with respect to such share have been added to and then remain part of the liquidation price as of such date.

The holders of shares of Preferred Stock are entitled to receive, when and as declared by the GCI Liberty Board of Directors, out of legally available funds, preferential dividends that accrue and cumulate as provided in the restated GCI Liberty certificate of incorporation.

Dividends on each share of Preferred Stock accrued on a daily basis at an initial rate of 5.00% per annum of the liquidation price, and increased to 7.00% per annum of the liquidation price effective July 16, 2018 as a result of the Reincorporation Merger in the State of Delaware in May 2018.

Accrued dividends are payable quarterly on each dividend payment date, which is January 15, April 15, July 15, and October 15 of each year, commencing on the first such date following the auto conversion, which occurred immediately after the market closed on March 8, 2018. If GCI Liberty fails to pay cash dividends on the Preferred Stock in full for any four consecutive or non-consecutive dividend periods then the dividend rate shall increase by 2.00% per annum of the liquidation price until cured. The Company paid a cash dividend of approximately \$0.44 per share of Preferred Stock on January 15, 2019, a cash dividend of approximately \$0.44 per share of Preferred Stock on April 15, 2019, a cash dividend of approximately \$0.44 per share of Preferred Stock on July 15, 2019, and a cash dividend of approximately \$0.44 per share of Preferred Stock on October 15, 2019. On December 6, 2019, the Company declared a quarterly cash dividend of approximately \$0.44 per share of Preferred Stock which was paid on January 15, 2020 to shareholders of record of the Preferred Stock at the close of business on December 31, 2019.

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

Common Stock

The Company's Series A common stock and Series B common stock are identical in all respects, except that each share of Series A common stock has one vote per share and each share of Series B common stock has ten votes per share. Each share of Series B common stock outstanding is convertible, at the option of the holder, into one share of Series A common stock.

Purchases of Common Stock

During the years ended December 31, 2019 and 2018, the Company repurchased 1,006,243 shares of Series A common stock for aggregate cash consideration of \$43.9 million and 2,397,710 shares of Series A common stock for aggregate cash consideration of \$111.6 million, respectively.

All of the foregoing shares were repurchased pursuant to a previously announced share repurchase program and have been retired and returned to the status of authorized and available for issuance.

(13) Variable Interest Entities

New Markets Tax Credit Entities

GCI entered into several arrangements under the New Markets Tax Credit ("NMTC") program with US Bancorp to help fund various projects that extended terrestrial broadband service for the first time to rural Northwestern Alaska communities via a high capacity hybrid fiber optic and microwave network. The NMTC program was provided for in the Community Renewal Tax Relief Act of 2000 (the "Act") to induce capital investment in qualified lower income communities. The Act permits taxpayers to claim credits against their federal income taxes for up to 39% of qualified investments in the equity of community development entities ("CDEs"). CDEs are privately managed investment institutions that are certified to make qualified low-income community investments.

Each of the transactions has an investment fund, which is a special purpose entity created to effect the financing arrangement. In each of the transactions, the Company loaned money to the investment fund and US Bancorp invested money in the investment fund. The investment fund would then contribute the funds from the Company's loan and US Bancorp's investment to a CDE. The CDE, in turn, would loan the funds to the Company's wholly owned subsidiary, Unicom, Inc. ("Unicom") as partial financing for the projects.

US Bancorp is entitled to substantially all of the benefits derived from the NMTCs. All of the loan proceeds to Unicom, net of syndication and arrangement fees, were restricted for use on the projects. Restricted cash of \$6.6 million and \$0.8 million was held by Unicom at December 31, 2019 and 2018, respectively, and is included in the Company's consolidated balance sheets. The Company completed construction of the projects partially funded by these transactions.

These transactions include put/call provisions whereby the Company may be obligated or entitled to repurchase US Bancorp's interest in each investment fund for a nominal amount. The Company believes that US Bancorp will exercise the put options at the end of the compliance periods for each of the transactions. The NMTCs are subject to 100% recapture for a period of seven years as provided in the Internal Revenue Code of 1986, as amended. The Company is required to be in compliance with various regulations and contractual provisions that apply to the NMTC arrangements. Non-compliance with applicable requirements could result in projected tax benefits not being realized by US Bancorp. As of December 31, 2019, the Company has agreed to indemnify US Bancorp for any loss or recapture of NMTCs totaling \$12.5 million until such time as its obligation to deliver tax benefits is relieved. There have been no credit recaptures as of December 31, 2019. The value attributed to the put/calls is nominal.

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

The Company has determined that each of the investment funds are variable interest entities ("VIEs"). The consolidated financial statements of each of the investment funds include the CDEs. The ongoing activities of the VIEs – collecting and remitting interest and fees and NMTC compliance – were all considered in the initial design and are not expected to significantly affect economic performance throughout the life of the VIEs. Management considered the contractual arrangements that obligate the Company to deliver tax benefits and provide various other guarantees to US Bancorp; US Bancorp's lack of a material interest in the underlying economics of the project; and the fact that the Company is obligated to absorb losses of the VIEs. The Company concluded that it is the primary beneficiary of each and consolidated the VIEs in accordance with the accounting standard for consolidation.

In September 2018, October 2019 and December 2019, US Bancorp exercised its put option for the NMTC transactions that were entered into in August 2011, October 2012 and December 2012, respectively. The exercise of the put options resulted in the Company obtaining ownership of the investment fund. Upon obtaining ownership of the investment fund, the Company settled the loans and obtained legal ownership of the VIEs associated with those respective NMTC transactions.

The assets and liabilities of the consolidated VIEs were \$32.0 million and \$21.8 million, respectively, as of December 31, 2019 and \$89.0 million and \$63.0 million, respectively, as of December 31, 2018.

The assets of the VIEs serve as the sole source of repayment for the debt issued by these entities. US Bancorp does not have recourse to the Company or its other assets, with the exception of customary representations and indemnities it has provided. The Company is not required and does not currently intend to provide additional financial support to these VIEs. While these subsidiaries are included in its consolidated financial statements, these subsidiaries are separate legal entities and their assets are legally owned by them and not available to the Company's creditors.

The following table summarizes the key terms of each of the NMTC transactions:

Transaction Date	Loan to Investment Fund	Interest Rate on Loan to Investment Fund	Maturity Date	US Bancorp Investment	Loan to Unicom	Interest Rate on Loan(s) to Unicom	Expected Put Option Exercise
March 21, 2017	\$6.7 million	1%	March 21, 2040	\$3.3 million	\$9.8 million	0.7%	March 2024
December 22, 2017	\$10.4 million	1%	December 22, 2047	\$5.1 million	\$14.7 million	0.7% to 1.2%	December 2024
October 2, 2019	\$4.8 million	1%	October 2, 2049	\$2.2 million	\$6.7 million	1.8%	October 2026

(14) Stock-Based Compensation

GCI Liberty - Incentive Plan

Pursuant to the GCI Liberty, Inc. 2018 Omnibus Incentive Plan, the Company may grant Awards to be made in respect of a maximum of 8.0 million shares of GCI Liberty common stock. Awards generally vest over 1-5 years and have a term of 7-10 years. GCI Liberty issues new shares upon exercise of equity awards.

GCI Liberty - Grants of Stock Options

During the year ended December 31, 2019, the Company granted to its non-employee directors and its employees 57,000 options to purchase shares of GCI Liberty Series A common stock. Such options had a weighted average grant-date fair value ("GDFV") of \$18.71 per share and cliff vest in one year for non-employee directors and between three and five years for employees. During the year ended December 31, 2018, the Company granted to its non-employee directors 10,000 options to purchase shares of GCI Liberty Series A common stock. Such options had a weighted average GDFV of \$14.09 per

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

share and generally cliff vest in one year. During the year ended December 31, 2017, the Company granted to its non-employee directors and its employees 188,000 options to purchase shares of LVNTA. Such options had a weighted average GDFV of \$16.52 per share and vest in one year for non-employee directors and between three and five years for employees.

Also during the year ended December 31, 2019 the Company granted 22,000 options to purchase shares of GCI Liberty Series B common stock to the Company's CEO. Such options had a GDFV of \$18.27 per share and cliff vested immediately upon grant. During the years ended December 31, 2018 and 2017, and in connection with the Company's CEO's employment agreement, the Company granted 143,000 and 269,000 options, respectively, to purchase shares of LVNTB to the Company's CEO. Such options had a GDFV of \$16.55 and \$15.41 per share, respectively, and cliff vested at the end of their respective grant year.

In connection with the Option Exchange (see below), the Company granted 946,000 and 1.1 million options to purchase shares of LVNTA and LVNTB, respectively. Such options have an incremental weighted average GDFV of \$8.53 and \$6.94, respectively.

In addition to the stock option grants to the Company's CEO, the Company granted 51,000 performance-based restricted stock units ("RSUs") of GCI Liberty Series B common stock in 2019. The RSUs had a GDFV of \$53.78 per share at the time they were granted and cliff vest one year from the month of grant, subject to the satisfaction of certain performance objectives and based on an amount determined by the compensation committee. Performance objectives, which are subjective, are considered in determining the timing and amount of the compensation expense. The probability of satisfying the performance objectives is assessed at the end of each reporting period.

During the fourth quarter of 2017, prior to the HoldCo Split-Off, Qurate Retail entered into a series of transactions with certain of its officers, associated with certain outstanding stock options, in order to recognize tax deductions in 2017 versus future years (the "Option Exchange"). On December 26, 2017 (the "Grant Date"), pursuant to the approval of the Compensation Committee of its Board of Directors, Qurate Retail effected the acceleration of (i) each unvested in-the-money option to acquire shares of LVNTA and (ii) each unvested in-the-money option to acquire shares of LVNTB, in each case, held by certain of its officers (collectively, the "Eligible Optionholders"). Following this acceleration, also on the Grant Date, each Eligible Optionholder exercised, on a net settled basis, all of his outstanding in-the-money vested and unvested options to acquire LVNTA shares and LVNTB shares (the "Eligible Options"), and:

- with respect to each vested Eligible Option, Qurate Retail granted the Eligible Optionholder a vested new option with substantially the same terms and conditions as the exercised vested Eligible Option, except that the exercise price for the new option was, in the case of options to acquire shares of LVNTA, the closing price on the Grant Date per LVNTA share and, in the case of options to acquire shares of LVNTB, the fair market value on the Grant Date of the LVNTB shares as determined pursuant to the incentive plan under which the awards were granted; and
- with respect to each unvested Eligible Option:
 - in satisfaction of the exercise, on a net settled basis, of the unvested Eligible Options, Qurate Retail granted the Eligible Optionholder a number of restricted LVNTA or LVNTB shares (the "Restricted Shares") with a vesting schedule identical to that of the unvested Eligible Options so exercised, and the Eligible Optionholder made an election under Section 83(b) of the Internal Revenue Code with respect to such Restricted Shares; and
 - Qurate Retail granted the Eligible Optionholder a new option (the "Unvested New Option") to acquire the same series of common stock and with substantially the same terms and conditions, including with respect to vesting and expiration, as the unvested Eligible Option exercised as set forth above, except that the

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

number of LVNTA or LVNTB shares subject to such Unvested New Option was equal to the number of shares subject to the unvested Eligible Option minus the number of Restricted Shares received upon exercise of such unvested Eligible Option. The exercise price of such new option was, in the case of a LVNTA option, the closing price on the Grant Date per share of LVNTA, or, in the case of a LVNTB option, the fair market value on the Grant Date of the LVNTB shares as determined pursuant to the incentive plan under which the Unvested New Options were granted.

The Option Exchange was considered a modification under ASC 718 — Stock Compensation, with the following impacts on compensation expense. The unamortized value of the unvested Eligible Options that were exercised, which was \$13.5 million for LVNTA and LVNTB combined, will be expensed over the vesting period of the Restricted Shares attributable to the exercise of those options. The grant of new vested options resulted in incremental compensation expense in the fourth quarter of 2017 of \$9.2 million for LVNTA and LVNTB combined. The grant of Unvested New Options resulted in incremental compensation expense totaling \$6.4 million for LVNTA and LVNTB combined, which will be amortized over the vesting periods of those options.

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-Merton Model. The Company estimates the expected term of the Awards based on historical exercise and forfeiture data. For grants made in 2019, 2018 and 2017, the range of expected terms was 2.0 to 6.4 years. The volatility used in the calculation for Awards is based on the historical volatility of GCI Liberty's stock and the implied volatility of publicly traded GCI Liberty options. For grants made in 2019, 2018 and 2017 the range of volatilities was 24.8% to 31.6%. The Company uses a zero dividend rate and the risk-free rate for Treasury Bonds with a term similar to that of the subject options.

GCI Liberty - Outstanding Awards

The following tables present the number and weighted average exercise price ("WAEP") of Awards to purchase GCI Liberty 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			
	Awards (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (millions)
Outstanding at January 1, 2019	1,650	\$ 47.61		
Granted.....	57	\$ 71.09		
Exercised.....	(1,054)	\$ 47.49		
Forfeited/Cancelled.....	(49)	\$ 55.65		
Outstanding at December 31, 2019	604	\$ 48.67	4.4 years	\$ 13
Exercisable at December 31, 2019	403	\$ 46.75	4.2 years	\$ 10

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

	Series B			
	Awards (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (millions)
Outstanding at January 1, 2019	1,223	\$ 56.10		
Granted.....	22	\$ 58.11		
Exercised.....	—	\$ —		
Forfeited/Cancelled.....	—	\$ —		
Outstanding at December 31, 2019	1,245	\$ 56.14	3.1 years	\$ 22
Exercisable at December 31, 2019	1,245	\$ 56.14	3.1 years	\$ 22

As of December 31, 2019, the total unrecognized compensation cost related to unvested options and RSAs was approximately \$2.5 million and \$18.2 million, respectively. Such amounts will be recognized in the Company's consolidated statements of operations over a weighted average period of approximately 1.6 years and 2.5 years, respectively.

As of December 31, 2019, GCI Liberty reserved for issuance upon exercise of outstanding stock options approximately 600 thousand shares of GCI Liberty Series A common stock and 1.2 million shares of GCI Liberty Series B common stock.

GCI Liberty - Exercises

The aggregate intrinsic value of all options exercised during the years ended December 31, 2019, 2018 and 2017 was \$20.9 million, \$0.8 million and \$71.9 million, respectively. The aggregate intrinsic value of options exercised for the year ended December 31, 2017 includes approximately \$56.3 million related to the intrinsic value of options exercised as a result of the Option Exchange.

GCI Liberty - Restricted Shares

As of December 31, 2019, GCI Liberty had approximately 748,000 and 83,000 unvested RSAs and RSUs of GCI Liberty common stock and preferred stock, respectively, held by certain directors, officers and employees of the Company. These Series A common stock, Series B common stock and Series A Cumulative Redeemable Preferred unvested RSAs, along with the Series A common stock unvested RSUs of GCI Liberty had a weighted average GDFV of \$48.22 per share.

The aggregate fair value of all restricted shares of GCI Liberty common and preferred stock that vested during the years ended December 31, 2019, 2018 and 2017 was \$17.2 million, \$21.9 million and \$2.3 million, respectively.

(15) Employee Benefit Plans

Subsidiaries of the Company sponsor 401(k) plans, which provide their employees an opportunity to make contributions to a trust for investment in GCI Liberty common stock, as well as other mutual funds. The Company's subsidiaries make matching contributions to their plans based on a percentage of the amount contributed by employees. Employer cash contributions to all plans aggregated \$10.6 million, \$11.0 million and \$0.2 million, respectively, for the years ended December 31, 2019, 2018 and 2017, respectively.

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

(16) Commitments and Contingencies

Guaranteed Service Levels

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

Litigation, Disputes, and Regulatory Matters

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

Rural Health Care Program

GCI Holdings receives support from various Universal Service Fund USF programs including the USF Rural Health Care ("RHC") Program. The USF programs are subject to change by regulatory actions taken by the FCC, interpretations of or compliance with USF program rules, or legislative actions. Changes to any of the USF programs that GCI Holdings participates in could result in a material decrease in revenue and accounts receivable, which could have an adverse effect on GCI Holdings' business and the Company's financial position, results of operations or liquidity. The following paragraphs describe certain separate matters related to the RHC Program that impact or could impact the revenue earned and receivables recognized by the Company. As of December 31, 2019, the Company had net accounts receivables from the RHC Program in the amount of \$118.8 million, which is included in Other assets, net and \$12.0 million, which is included in Trade and other receivables in the consolidated balance sheets.

In November 2017, the Universal Service Administrative Company ("USAC") requested further information in support of the rural rates charged to a number of GCI Holdings' RHC customers in connection with the funding requests for the year that runs July 1, 2017 through June 30, 2018. On October 10, 2018, GCI Holdings received a letter from the FCC's Wireline Competition Bureau ("Bureau") notifying it of the Bureau's decision to reduce the rural rates charged to RHC customers for the funding year that ended on June 30, 2018 by approximately 26% resulting in a reduction of total support payments of \$27.8 million. The FCC also informed GCI Holdings that the same cost methodology used for the funding year that ended on June 30, 2018 would be applied to rates charged to RHC customers in subsequent funding years. In response to the letter from the Bureau, GCI Holdings filed an Application for Review of the Bureau's decision with the FCC. In the third quarter of 2018, GCI Holdings recorded a \$19.1 million reduction in its receivables balance as part of its acquisition accounting and recorded a reduction in revenue for the funding year that ended on June 30, 2018 of approximately \$8.6 million. GCI Holdings has reduced RHC Program revenue by a similar rate as to the funding year that ended on June 30, 2018, which based on a current run rate would approximate \$7.0 million per quarter through the funding year that ended June 30, 2019 and would approximate \$8 million per quarter through the funding year that will end June 30, 2020 until it can reach a final resolution with the FCC regarding the funding amounts.

On March 15, 2018, USAC announced that the funding requests for the year that runs July 1, 2017 through June 30, 2018 exceeded the funding available for the RHC Program. Since that time, on June 25, 2018, the FCC issued an order resulting in an increase of the annual RHC Program funding cap from \$400.0 million to \$571.0 million and applied it to the funding year that ended on June 30, 2018. The FCC also determined that it would annually adjust the RHC Program funding cap for inflation, beginning with the funding year ending on June 30, 2019 and carry-forward unused funds from past funding years for use in future funding years. As a result, aggregate funding is expected to be available to pay in full the approved funding under the RHC Program for the funding years ended on June 30, 2018 and 2019. On June 10, 2019, the FCC released

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

a public notice noting that the funding cap for the funding year ending on June 30, 2020 is \$594 million, also noting that USAC projects that \$83 million in unused funds will be available for use in the funding year ending on June 30, 2020. On February 14, 2020, USAC informed the FCC that it had identified an additional \$162.7 million of unused funds available for use in future years, and that it had begun issuing commitments fully funding qualified single year requests in the Telecom and Healthcare Connect portions of the RHC Program for the funding year ending on June 30, 2020.

In addition, on March 23, 2018, GCI Holdings received a separate letter of inquiry and request for information from the Enforcement Bureau of the FCC relating to the period beginning January 1, 2015 and including all future periods, to which it is in the process of responding. This includes inquiry into the rates charged by GCI Holdings that are still pending, and presently it is unable to assess the ultimate resolution of this rate inquiry. Other aspects related to the Enforcement Bureau's review of GCI Holdings' compliance with program rules are discussed separately below. The ongoing uncertainty in program funding, as well as the uncertainty associated with the rate review, could have an adverse effect on its business, financial position, results of operations or liquidity.

On November 30, 2018, GCI Holdings received multiple funding denial notices from USAC, denying requested funding from the RHC Program operated by a rural health customer (the "Customer") for the funding year that ended on June 30, 2018. In November 2017, USAC requested information from the Customer related to bidding process documentation for two separate service contracts GCI Holdings has with the Customer. Although the Customer timely responded, USAC found that bids previously received were not submitted with the original funding request and/or that bidding information submitted was related to the wrong bidding year. The Customer appealed this decision in early 2019 and on May 6, 2019 USAC denied the Customer's appeal. The Customer then appealed USAC's decision to the Bureau on July 5, 2019. As of March 31, 2019, GCI Holdings had accounts receivable of approximately \$21.3 million outstanding associated with these two service contracts, which is dependent upon receipt of funding from USAC. Given that USAC denied the Customer's appeal as specifically outlined in the May 6, 2019 letter received by the Customer, the Company determined at the time it was probable that GCI Holdings incurred a loss and an accounts receivable reserve was recorded in the amount of \$21.3 million and an associated bad debt expense was recorded during the first quarter of 2019 and included within Selling, general, and administrative expense in the consolidated statements of operations. Additionally, because of the uncertainty of the Customer's future appeals process and uncertainty relating to the Company's ability to recover payment directly from the Customer, the Company no longer believed revenue associated with the two service contracts should be recognized. Historical annual revenue associated with the two service contracts was approximately \$12 million in total and was expected to be the same in future periods. Revenue has not been recognized beyond the first quarter of 2019.

On February 19, 2020, the Bureau issued an FCC order that granted the Customer's appeal for the two service contracts that were originally denied funding by USAC. In the order, the FCC has directed USAC to reverse its previous funding denials. Because the FCC order provides the Company with additional information subsequent to December 31, 2019 about the resolution of a contingency that existed as of year-end, the Company has recognized the impact of the FCC order in its consolidated financial statements. Such impact resulted in the reversal of the previously recorded \$21.3 million accounts receivable reserve and associated bad debt expense included within Selling, general, and administrative expense in the consolidated statements of operations.

The Company also considered whether it should recognize revenue in 2019 related to the two service contracts for the period where it previously had not recognized revenue because of the uncertainty around its ability to collect consideration from the Customer. Because the Company was unable to conclude at any time prior to December 31, 2019 that collection of consideration under the two service contracts was probable, the Company concluded that revenue should not be recognized for any period subsequent to the first quarter of 2019 in accordance with the applicable revenue recognition criteria. The Company will reevaluate the applicable revenue recognition criteria in the first quarter of 2020 to determine whether it can (i) begin recognizing revenue associated with the Customer's two service contracts and (ii) recognize revenue

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

for the period in 2019 when the Company ceased recognizing revenue because of the uncertainty relating to its ability to recover payment directly from the Customer. Although the Company has not recognized revenue beyond the first quarter of 2019 related to the Customer's two service contracts, the Company has continued to provide service to the Customer and such fact will be considered in the revenue recognition analysis in the first quarter of 2020.

On August 20, 2019, the FCC released an order adopting changes to the RHC Program that will revise the manner in which support issued under the RHC Program will be calculated and approved. Some of these changes will become effective beginning with the funding year ending June 30, 2021, while others will apply beginning with the funding year ending June 30, 2022. On October 21, 2019, GCI Holdings appealed the order to the United States Court of Appeals for the District of Columbia Circuit. On December 6, 2019, that appeal was held in abeyance for nine months due to pending Petitions for Reconsideration filed by other parties at the FCC. The proposed methodology for calculating and approving support under these changes relies on information that has not yet been collected and analyzed by USAC, and therefore GCI Holdings cannot assess at this time the substance, impact on funding, or timing of these changes adopted by the FCC.

In the fourth quarter of 2019, the Company became aware of potential RHC Program compliance issues related to certain of GCI Holdings' currently active and expired contracts with certain of its RHC customers. The Company and its external experts performed significant and extensive procedures to determine whether GCI Holdings' currently active and expired contracts with its RHC customers would be deemed to be in compliance with the RHC Program rules. Based on these procedures, the Company accrued a loss of approximately \$17.0 million for contracts that are deemed probable of not complying with the RHC Program rules. The Company recorded the estimated loss as an expense within Selling, general, and administrative in the consolidated statements of operations. The Company also identified certain contracts where additional loss was reasonably possible and such loss could range from zero to \$44.0 million. An accrual was not made for the amount of the reasonably possible loss in accordance with the applicable accounting guidance. GCI Holdings could also be assessed fines and penalties but such amounts could not be reasonably estimated. GCI Holdings has notified the FCC of its potential compliance issues and will continue to work with the FCC to resolve such matters.

(17) Information About the Company's Operating Segments

The Company, through its interests in subsidiaries and other companies, is primarily engaged in the broadband communications services industry. The Company identifies its reportable segments as (A) those consolidated companies that represent 10% or more of its consolidated annual revenue, annual Adjusted OIBDA (as defined below) or total assets and (B) those equity method affiliates whose share of earnings represent 10% or more of the Company's annual pre-tax earnings.

The Company evaluates performance and makes decisions about allocating resources to its operating segments based on financial measures such as revenue, Adjusted OIBDA (as defined below), and subscriber metrics.

For the year ended December 31, 2019 the Company has identified the following subsidiary as a reportable segment:

- GCI Holdings-provides a full range of wireless, data, video, voice, and managed services to residential, businesses, governmental entities, and educational and medical institutions primarily in Alaska.

For presentation purposes the Company is providing financial information for Liberty Broadband. While the Company's equity method investment in Liberty Broadband does not meet the reportable segment threshold defined above, the Company believes that the inclusion of such information is relevant to users of these financial statements.

- Liberty Broadband-an equity method affiliate of the Company, accounted for at fair value, has a non-controlling interest in Charter, and a wholly-owned subsidiary, Skyhook Wireless, Inc. ("Skyhook"). Charter is the second largest cable operator in the United States and a leading broadband communications services company providing

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

video, Internet and voice services. Skyhook provides a Wi-Fi based location platform focused on providing positioning technology and contextual location intelligence solutions.

The Company'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 consolidated subsidiaries included in the segments are the same as those described in the Company's summary of significant accounting policies.

For segment reporting purposes, the Company defines Adjusted OIBDA as revenue less cost of sales, operating expenses, and selling, general and administrative expenses (excluding stock-based compensation). The Company believes this measure is an important indicator of the operational strength and performance of its businesses by identifying those items that are not directly a reflection of each business' performance or indicative of ongoing business trends. In addition, this measure allows management to view operating results 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, insurance proceeds 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 income, cash flow provided by operating activities and other measures of financial performance prepared in accordance with GAAP.

Performance Measures

	Years ended December 31,					
	2019		2018		2017	
	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA
	amounts in thousands					
GCI Holdings	\$ 869,662	256,878	715,842	217,832	—	—
Liberty Broadband.....	14,859	(16,891)	22,256	(3,528)	13,092	(16,416)
Corporate and other	25,071	(21,865)	23,920	(24,731)	23,817	(25,762)
	909,592	218,122	762,018	189,573	36,909	(42,178)
Eliminate Liberty Broadband	(14,859)	16,891	(22,256)	3,528	(13,092)	16,416
	\$ 894,733	235,013	739,762	193,101	23,817	(25,762)

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

Other Information

	December 31, 2019			December 31, 2018		
	Total assets	Investments in affiliates	Capital expenditures	Total assets	Investments in affiliates	Capital expenditures
	amounts in thousands					
GCI Holdings	\$ 3,162,753	585	147,022	3,343,372	719	131,029
Liberty Broadband.....	12,256,342	12,194,674	500	12,098,437	12,004,376	41
Corporate and other.....	8,770,692	167,058	1,459	5,317,450	176,311	3,323
	24,189,787	12,362,317	148,981	20,759,259	12,181,406	134,393
Eliminate Liberty Broadband	(12,256,342)	(12,194,674)	(500)	(12,098,437)	(12,004,376)	(41)
Consolidated	\$ 11,933,445	167,643	148,481	8,660,822	177,030	134,352

The following table provides a reconciliation of Adjusted OIBDA to Operating income (loss) and Earnings (loss) before income taxes:

	Years ended December 31,		
	2019	2018	2017
	amounts in thousands		
Adjusted OIBDA.....	\$ 235,013	193,101	(25,762)
Stock-based compensation	(24,897)	(28,207)	(26,583)
Depreciation and amortization.....	(266,333)	(206,946)	(3,252)
Impairment of intangibles and long-lived assets	(167,062)	(207,940)	—
Insurance proceeds and restructuring, net.....	5,758	—	—
Operating income (loss)	(217,521)	(249,992)	(55,597)
Interest expense	(153,803)	(119,296)	—
Share of earnings (loss) of affiliates, net	(2,629)	25,772	7,001
Realized and unrealized gains (losses) on financial instruments, net	3,002,400	(681,545)	637,164
Tax sharing agreement.....	26,646	(32,105)	—
Other, net	13,172	205	2,467
Earnings (loss) before income taxes.....	\$ 2,668,265	(1,056,961)	591,035

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

(18) Quarterly Financial Information (Unaudited)

The following is a summary of unaudited quarterly results of operations for the years ended December 31, 2019 and 2018:

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>
	amounts in thousands, except per share amounts			
<u>2019</u>				
Revenue	\$ 217,736	217,566	227,044	232,387
Operating income (loss).....	\$ (32,644)	(16,253)	(4,174)	(164,450)
Net earnings (loss)	\$ 678,486	459,044	89,294	711,418
Net earnings (loss) attributable to GCI Liberty, Inc. shareholders ...	\$ 678,543	459,044	89,322	711,789
Basic net earnings (loss) attributable to Series A and Series B GCI Liberty, Inc. shareholders per common share.....	\$ 6.47	4.38	0.85	6.75
Diluted net earnings (loss) attributable to Series A and Series B GCI Liberty, Inc. shareholders per common share.....	\$ 6.41	4.34	0.84	6.72
<u>2018 (1)</u>				
Revenue	\$ 61,204	233,490	210,146	234,922
Operating income (loss).....	\$ (7,369)	(593)	(19,869)	(222,161)
Net earnings (loss)	\$ (170,731)	(303,480)	317,256	(716,699)
Net earnings (loss) attributable to GCI Liberty, Inc. shareholders ...	\$ (170,692)	(303,326)	317,383	(716,668)
Basic net earnings (loss) attributable to Series A and Series B GCI Liberty, Inc. shareholders per common share.....	\$ (1.58)	(2.82)	2.95	(6.72)
Diluted net earnings (loss) attributable to Series A and Series B GCI Liberty, Inc. shareholders per common share.....	\$ (1.58)	(2.82)	2.91	(6.72)

(1) As of March 9, 2018, the Company's financial condition and results of operations include the activities of GCI Holdings, which are further described in notes 1 and 4.

GCI LIBERTY, INC. CORPORATE DATA

Board of Directors

John C. Malone
Chairman of the Board
GCI Liberty, Inc.

Ronald A. Duncan
Chief Executive Officer
GCI Holdings, LLC

Gregg L. Engles
Founder and Chief Executive Officer
Capitol Peak Partners

Donne F. Fisher
President
Fisher Capital Partners, Ltd.

Richard R. Green
Retired President and Chief Executive Officer
CableLabs®

Sue A. Hamilton
Principal
Hamilton Media LLC

Gregory B. Maffei
President and Chief Executive Officer
GCI Liberty, Inc.

Executive Committee

John C. Malone
Gregory B. Maffei

Compensation Committee

Sue A. Hamilton (Chairman)
Gregg L. Engles
Richard R. Green

Audit Committee

Gregg L. Engles (Chairman)
Richard R. Green
Sue A. Hamilton

Nominating & Corporate Governance Committee

Richard R. Green (Chairman)
Gregg L. Engles
Sue A. Hamilton

Senior Officers

John C. Malone
Chairman of the Board

Gregory B. Maffei
President and Chief Executive Officer

Renee L. Wilm
Chief Legal Officer

Albert E. Rosenthaler
Chief Corporate Development Officer

Courtnee A. Chun
Chief Portfolio Officer

Brian J. Wendling
Chief Accounting Officer and Principal Financial Officer

Corporate Secretary
Katherine C. Jewell

Corporate Headquarters
12300 Liberty Boulevard
Englewood, CO 80112
(720) 875-5900

Stock Information

Series A Common Stock (GLIBA) and Series A Cumulative Redeemable Preferred Stock (GLIBP) trade on the NASDAQ Global Select Market.

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

CUSIP Numbers

GLIBA – 36164 V305
GLIBB – 36164 V404
GLIBP – 36164 V503

Transfer Agent

GCI Liberty, Inc.
Shareholder Services
c/o Broadridge Corporate Issuer Solutions
P.O. Box 1342
Brentwood, NY 11717
Phone: (888) 789-8606
Toll Free: (303) 562-9275
<https://shareholder.broadridge.com/gci>

Investor Relations

Courtnee A. Chun
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(833) 618-8602

On the Internet

Visit the GCI Liberty, Inc. website at www.gciliberty.com

Financial Statements

GCI Liberty, Inc. 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 GCI Liberty, Inc. website.



OUR ENVIRONMENT

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

ELECTRONIC DELIVERY



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

- If you are a registered stockholder, please visit www.proxyvote.com 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.

► GCI 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 2019 statistics, voluntary receipt of e-delivery resulted in the following environmental savings:



Using approximately 18 fewer tons of wood, or 106 fewer trees



Using approximately 113 million fewer BTUs, or the equivalent to 135 residential refrigerators operated/year



Using approximately 79,900 fewer pounds of greenhouse gases, including carbon dioxide, or the equivalent to 7.3 cars/year



Saving approximately 95,100 gallons of water, or the equivalent to 4 swimming pools



Saving approximately 5,240 pounds of solid waste



Reducing hazardous air pollutants by approximately 7.1 pounds

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

2020 ANNUAL MEETING OF STOCKHOLDERS



Tuesday, May 19, 2020



8:30 a.m. Mountain Time

The 2020 Annual Meeting of Stockholders will be held via the Internet as a virtual meeting. See our Proxy Statement for additional information.

