



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 29, 2019

Dear Stockholder:

You are cordially invited to attend the 2019 annual meeting of stockholders of GCI Liberty, Inc. (**GCI Liberty**) to be held at 8:00 a.m., local time, on June 24, 2019, at the corporate offices of GCI Liberty, 12300 Liberty Boulevard, Englewood, Colorado 80112, telephone (720) 875-5900.

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,

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

Gregory B. Maffei
President and Chief Executive Officer

The proxy materials relating to the annual meeting will first be made available on or about May 3, 2019.

GCI LIBERTY, INC.

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

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

to be Held on June 24, 2019

NOTICE IS HEREBY GIVEN of the annual meeting of stockholders of GCI Liberty, Inc. (**GCI Liberty**) to be held at 8:00 a.m., local time, on June 24, 2019, at the corporate offices of GCI Liberty, 12300 Liberty Boulevard, Englewood, Colorado 80112, telephone (720) 875-5900, to consider and vote on the following proposals:

1. A proposal (which we refer to as the **election of directors proposal**) to elect John C. Malone and Richard R. Green to continue serving as Class I members of our board until the 2022 annual meeting of stockholders or their earlier resignation or removal; and
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, 2019.

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 April 25, 2019, 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.

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.

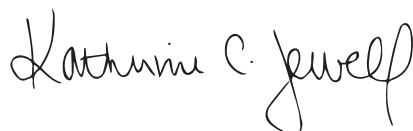
Our board of directors has unanimously approved each proposal and recommends that you vote "**FOR**" the election of each director nominee and "**FOR**" the auditors ratification proposal.

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

Important Notice Regarding the Availability of Proxy Materials For the Annual Meeting of Stockholders to be Held on June 24, 2019: our Notice of Annual Meeting of Stockholders, Proxy Statement, and 2018 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 29, 2019

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

TABLE OF CONTENTS

PROXY STATEMENT SUMMARY

THE ANNUAL MEETING	1
Electronic Delivery	1
Time, Place and Date	1
Purpose	1
Quorum	1
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
Revoking a Proxy	3
Solicitation of Proxies	3
Other Matters to Be Voted on at the Annual Meeting	3

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	4
Security Ownership of Certain Beneficial Owners ..	4
Security Ownership of Management	6
Changes in Control	8

PROPOSALS OF OUR BOARD	9
PROPOSAL 1—THE ELECTION OF DIRECTORS PROPOSAL	9
Board of Directors	9
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

MANAGEMENT AND GOVERNANCE MATTERS	17
Executive Officers	17
Section 16(a) Beneficial Ownership Reporting Compliance	17
Code of Ethics	18
Director Independence	18
Board Composition	18
Board Leadership Structure	18
Board Role in Risk Oversight	18
Committees of the Board of Directors	19
Board Meetings	23
Director Attendance at Annual Meetings	23
Stockholder Communication with Directors	23
Executive Sessions	23

EXECUTIVE COMPENSATION	24
Compensation Discussion and Analysis	24
Summary Compensation Table	30
Executive Compensation Arrangements	31
Equity Incentive Plans	32
Grants of Plan-Based Awards	34
Outstanding Equity Awards at Fiscal Year-End ..	35
Option Exercises and Stock Vested	37
Potential Payments Upon Termination or Change-in-Control	38

DIRECTOR COMPENSATION	42
------------------------------------	----

DIRECTOR COMPENSATION TABLE	44
--	----

EQUITY COMPENSATION PLAN INFORMATION ..	45
--	----

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	46
---	----

STOCKHOLDER PROPOSALS	50
------------------------------------	----

ADDITIONAL INFORMATION	51
-------------------------------------	----

PROXY STATEMENT SUMMARY

2019 ANNUAL MEETING OF STOCKHOLDERS

WHEN

8:00 a.m., local time, on June 24, 2019

WHERE

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

RECORD DATE

5:00 p.m., New York City time, on
April 25, 2019

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

ITEMS OF BUSINESS

1. Election of directors proposal—To elect John C. Malone and Richard R. Green to continue serving as Class I members of our board until the 2022 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, 2019.

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

WHO MAY VOTE

Holders of shares of GLIBA, GLIBB and GLIBP

ANNUAL MEETING AGENDA AND VOTING RECOMMENDATIONS

Proposal	Voting Recommendation	Page Reference (for more detail)
Election of directors proposal	✓ FOR EACH NOMINEE	9
Auditors ratification proposal	✓ FOR	14

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 2019 Annual Meeting of Stockholders to be held at 8:00 a.m., local time, on June 24, 2019, at the corporate offices of GCI Liberty, 12300 Liberty Boulevard, Englewood, Colorado 80112, or at any adjournment or postponement of the annual meeting. At the annual meeting, we will ask you to consider and vote on the proposals described in the accompanying Notice of Annual Meeting of Stockholders. The proposals are described in more detail in this proxy statement. We are soliciting proxies from holders of our Series A common stock, par value \$0.01 per share (**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 8:00 a.m., local time, on June 24, 2019, at the corporate offices of GCI Liberty, 12300 Liberty Boulevard, Englewood, Colorado 80112, telephone (720) 875-5900.

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 John C. Malone and Richard R. Green to continue serving as Class I members of our board until the 2022 annual meeting of stockholders or their earlier resignation or removal; and
- the auditors ratification proposal, to ratify the selection of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2019.

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 and entitled to vote at the annual meeting must be represented at the annual meeting either in person or by proxy. For purposes of determining a quorum, your shares will be included as represented at the meeting even if you indicate on your proxy that you abstain from voting. If a broker, who is a record holder of shares, indicates on a form of proxy that the broker does not have discretionary authority to vote those shares on a

particular proposal or proposals, or if those shares are voted in circumstances in which proxy authority is defective or has been withheld, those shares (**broker non-votes**) will nevertheless be treated as present for purposes of determining the presence of a quorum. See “—Voting Procedures for Shares Held in Street Name—Effect of Broker Non-Votes” below.

WHO MAY VOTE

Holders of shares of GLIBA, GLIBB and GLIBP, as recorded in our stock register as of 5:00 p.m., New York City time, on April 25, 2019 (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 the auditors ratification 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.

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**” the auditors ratification proposal.

SHARES OUTSTANDING

As of the record date, an aggregate of approximately 101,079,000 shares of GLIBA, 4,441,000 shares of GLIBB and 7,215,000 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, 1,566, 57 and 666 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 in person at the annual meeting, by telephone or through the Internet. Alternatively, they may give a proxy by completing, signing, dating and returning the proxy card by mail. Instructions for voting by using the telephone or the Internet are printed on the proxy voting instructions attached to the proxy card. In order to vote through the Internet, holders should have their proxy cards available so they can input the required information from the proxy card, and log onto the Internet website address shown on the proxy card. When holders log onto the Internet website address, they will receive instructions on how to vote their shares. The telephone and Internet voting procedures are designed to authenticate votes cast by use of a personal identification number, which will be provided to each voting stockholder separately. Unless subsequently revoked, shares of our 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**” the auditors ratification 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**” the auditors ratification proposal.

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

VOTING PROCEDURES FOR SHARES HELD IN STREET NAME

General

If you hold your shares in the name of a broker, bank or other nominee, you should follow the instructions provided by your broker, bank or other nominee when voting your shares or to grant or revoke a proxy. The rules and regulations of the New York Stock Exchange and The Nasdaq Stock Market LLC (**Nasdaq**) prohibit brokers, banks and other nominees from voting shares on behalf of their clients with respect to numerous matters, including, in our case, the election of directors proposal. 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.

REVOKING A PROXY

If you submitted a proxy prior to the start of the annual meeting, you may change your vote by voting in person at the annual meeting or by delivering a signed proxy revocation or a new signed proxy with a later date to 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 June 23, 2019 for shares held directly and 11:59 p.m., New York City time, on June 19, 2019 for shares held in the Liberty Media 401(k) Savings Plan or the Employee Stock Purchase Plan (the **GCI 401(k) Plan**) adopted by GCI Liberty, Inc., an Alaska corporation (**Old GCI Liberty**).

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 paper 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.

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 28, 2019 and, in the case of percentage ownership information, is based upon (1) 101,046,645 shares of GLIBA, (2) 4,441,109 shares of GLIBB and (3) 7,215,832 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⁾	90.5	
	GLIBP	10 ⁽¹⁾	*	
Gregory B. Maffei c/o GCI Liberty, Inc. 12300 Liberty Boulevard Englewood, CO 80112	GLIBA	1,807,099 ⁽¹⁾	1.8	8.4
	GLIBB	1,151,220 ⁽¹⁾	21.5	
	GLIBP	—	—	
Ronald A. Duncan c/o GCI Liberty, Inc. 12300 Liberty Boulevard Englewood, CO 80112	GLIBA	1,480,362 ⁽¹⁾	1.5	1.1
	GLIBB	—	—	
	GLIBP	476,104 ⁽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	10,582,924 ⁽⁴⁾	10.5	7.2
	GLIBB	—	—	
	GLIBP	—	—	
FPR Partners, LLC 199 Fremont Street, Suite 2500 San Francisco, CA 94105	GLIBA	8,746,670 ⁽⁵⁾	8.7	5.9
	GLIBB	—	—	
	GLIBP	—	—	
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	GLIBA	8,460,160 ⁽⁶⁾	8.4	5.7
	GLIBB	—	—	
	GLIBP	—	—	
Eagle Capital Management LLC 499 Park Avenue, 17th Floor New York, NY 10022	GLIBA	5,890,527 ⁽⁷⁾	5.8	4.0
	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 and shared dispositive power over 1,689,008.58 shares.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

- (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. 1 to Schedule 13G, filed February 14, 2019, 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 2,103,245 shares and sole dispositive power over 10,582,924 shares and New Horizons has sole voting power over 7,479,877 shares.
- (5) Based on Schedule 13G, filed February 14, 2019, 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 8,746,670 shares and Mr. Raab and Mr. Peck have shared voting power and shared dispositive power over 8,746,670 shares.
- (6) Based on Amendment 7 to Schedule 13G, filed February 11, 2019, by The Vanguard Group (**Vanguard**), which states that, with respect to GLIBA, Vanguard has sole voting power over 47,624 shares, sole dispositive power over 8,410,620 shares, shared voting power over 11,522 shares and shared dispositive power over 49,540 shares.
- (7) Based on Schedule 13G, filed February 14, 2019, by Eagle Capital Management LLC (**Eagle Capital**), which states that, with respect to GLIBA, Eagle Capital has sole voting power over 5,060,467 shares and sole dispositive power over 5,890,527 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 28, 2019, and, in the case of percentage ownership information, is based upon (1) 101,046,645 shares of GLIBA, (2) 4,441,109 shares of GLIBB and (3) 7,215,832 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. The table also includes performance-based restricted stock units that have been certified as earned by our compensation committee on or before February 28, 2019 that will be settled in shares of our common stock within 60 days of such date. Shares of common stock issuable upon exercise or conversion of options, warrants and convertible securities that were exercisable or convertible on or within 60 days after February 28, 2019 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 28, 2019. 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⁾	90.5	
	GLIBP	**	*	
Gregory B. Maffei President, Chief Executive Officer and Director	GLIBA	1,807 ⁽⁴⁾⁽⁵⁾⁽⁶⁾	1.8	8.4
	GLIBB	1,151 ⁽⁵⁾	21.5	
	GLIBP	—	—	
Ronald A. Duncan Director and Chief Executive Officer, GCI Holdings, LLC	GLIBA	1,480 ⁽⁷⁾⁽¹⁰⁾	1.5	1.1
	GLIBB	—	—	
	GLIBP	476 ⁽⁷⁾	6.6	
Gregg L. Engles Director	GLIBA	2	*	*
	GLIBB	—	—	
	GLIBP	—	—	
Donne F. Fisher Director	GLIBA	57	*	*
	GLIBB	**	*	
	GLIBP	8	*	
Richard R. Green Director	GLIBA	2 ⁽⁸⁾	*	*
	GLIBB	—	—	
	GLIBP	—	—	

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Name	Title of Series or Class	Amount and Nature of Beneficial Ownership (in thousands)	Percent of Series (%)	Voting Power (%)
Sue Ann Hamilton Director	GLIBA	2	*	*
	GLIBB	—	—	
	GLIBP	—	—	
Richard N. Baer Chief Legal Officer	GLIBA	22 ⁽⁵⁾⁽⁹⁾	*	*
	GLIBB	—	—	
	GLIBP	—	—	
Mark D. Carleton Chief Financial Officer	GLIBA	53 ⁽⁵⁾⁽⁹⁾	*	*
	GLIBB	—	—	
	GLIBP	3	*	
Albert E. Rosenthaler Chief Corporate Development Officer	GLIBA	98 ⁽⁴⁾⁽⁵⁾⁽⁹⁾	*	*
	GLIBB	—	—	
	GLIBP	—	—	
Peter Pounds Former Senior Vice President, Chief Financial Officer, Secretary and Treasurer of Old GCI Liberty	GLIBA	72 ⁽¹⁰⁾	*	*
	GLIBB	—	—	
	GLIBP	35	*	
All directors and executive officers (as a group (11 persons))	GLIBA	4,201 ⁽¹⁾⁽²⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾⁽⁸⁾⁽⁹⁾⁽¹⁰⁾	4.1	35.5
	GLIBB	5,173 ⁽¹⁾⁽³⁾⁽⁵⁾	96.8	
	GLIBP	522 ⁽⁷⁾	7.2	

* Less than one percent

** Less than 1,000 shares

- (1) Includes 79,243 GLIBA shares and 123,847 GLIBB shares held by Mr. Malone's wife, Mrs. Leslie Malone, as to which shares Mr. Malone has disclaimed beneficial ownership.
- (2) Includes (i) 527,746 GLIBA shares pledged to Fidelity Brokerage Services, LLC (**Fidelity**) in connection with a margin loan facility extended by Fidelity and (ii) 79,243 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 as follows:

	GLIBA
Gregory B. Maffei	870
Albert E. Rosenthaler	1,845
Total	<u>2,715</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 28, 2019.

	GLIBA	GLIBB
Richard N. Baer	2,659	—
Mark D. Carleton	30,418	—
Gregory B. Maffei	873,998	904,825
Albert E. Rosenthaler	44,111	—
Total	<u>951,186</u>	<u>904,825</u>

- (6) Includes 574,210 GLIBA shares held by a grantor retained annuity trust.
- (7) Includes the following: (a) 2,178 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) 917,229 shares of GLIBA and 332,022 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 a trust of which Mr. Duncan's daughter is the

50% beneficiary and for which Mr. Duncan is the General Manager and has voting and dispositive power; (d) 9,450 shares of GLIBA and 3,000 shares of GLIBP owned by the Neoma Lowndes Trust which Ms. Miller is a 50% beneficiary and for which Mr. Duncan is the trustee with sole voting and dispositive power; (e) 56,828 shares of GLIBA and 18,041 shares of GLIBP held by Dani Bowman, of which Mr. Duncan disclaims beneficial ownership; and (f) 188,930 shares of GLIBA and 20,721 shares of GLIBP held by a grantor retained annuity trust. Includes 1,403,985 shares of GLIBA and 452,327 shares of GLIBP pledged as security for certain margin loan facilities as of February 1, 2019.

- (8) Includes 354 shares of GLIBA held by Dr. Green's spouse.
- (9) Includes performance-based restricted stock units that had been certified as earned by our compensation committee and that will be settled in shares of our common stock within 60 days after February 28, 2019, as follows:

	GLIBA
Richard N. Baer	4,171
Mark D. Carleton	3,114
Albert E. Rosenthaler	3,114
Total	<u>10,399</u>

- (10) Includes restricted stock units that will be settled in shares of our common stock within 60 days after February 28, 2019, as follows:

	GLIBA
Ronald A. Duncan	4,654
Peter Pounds	1,406
Total	<u>6,060</u>

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 I directors, whose term will expire at the 2019 annual meeting, are John C. Malone and Richard R. Green. These directors are nominated for election to our board to continue serving as Class I directors, and we have been informed that Messrs. Malone and Green are each willing to continue serving as a director of our company. The term of the Class I directors who are elected at the annual meeting will expire at the annual meeting of our stockholders in the year 2022. Our Class II directors, whose term will expire at the annual meeting of stockholders in the year 2020, are Ronald A. Duncan and Donne F. Fisher. 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.

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

John C. Malone

- *Age:* 78
- 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, Inc. (formerly named Liberty Interactive Corporation, **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 Tele-Communications, Inc. (**TCI**) from November 1996 until March 1999, when it was acquired by AT&T Corp., and as Chief Executive Officer of TCI from January 1994 to March 1997.
- *Other Public Company Directorships:* Mr. Malone has served as (i) Chairman of the Board of Liberty Media Corporation (**Liberty Media**) (including its predecessor) since August 2011 and as a director since December 2010, (ii) the Chairman of the Board of Liberty Broadband Corporation (**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, Liberty Media International, Inc. (**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 (**DHC**), from May 2005 to September 2008 and as Chairman of the Board from March 2005 to September 2008, (v) Chairman of the Board of Liberty Expedia Holdings, Inc. (**Liberty Expedia**) since November 2016, (vi) a director of Liberty Latin America Ltd. since December 2017 and (vii) 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) a director of Lions Gate Entertainment Corp. from March 2015 to September 2018, (ii) a director of Charter

Communications, Inc. (**Charter**) from May 2013 to July 2018, (iii) a director of Expedia, Inc. from December 2012 to December 2017, having previously served as a director from August 2005 to November 2012, (iv) the Chairman of the Board of Liberty TripAdvisor Holdings, Inc. (**Liberty TripAdvisor**) from August 2014 to June 2015, (v) a director of Sirius XM Holdings Inc. (**Sirius XM**) from April 2009 to May 2013, (vi) a director of Ascent Capital Group, Inc. from January 2010 to September 2012, (vii) a director of Live Nation Entertainment, Inc. (**Live Nation**) from January 2010 to February 2011, (viii) Chairman of the Board of DIRECTV and its predecessors from February 2008 to June 2010 and (ix) 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:* 81
- 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.

Directors Whose Term Expires in 2020

Ronald A. Duncan

- *Age:* 66
- A director of our company.
- *Professional Background:* Mr. Duncan is a co-founder of our predecessor, 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: 80
- 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 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 from November 2014 to June 2015 and served as a director of 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 LMI from May 2004 to June 2005 and as a director of 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: 58
- 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 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 since April 2013 and as a director since March 2009, (ii) the Chairman of the Board of 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 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:* 58
- 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, she serves as Executive Vice President—Distribution and Business Development for AXS TV LLC, a partnership between founder Mark Cuban, AEG, Ryan Seacrest Media, Creative Artists Agency and CBS, and she represents The Mark Cuban Companies/Radical Ventures as board observer for Philo, Inc., a privately held technology company. 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 graduate of Carleton College in Northfield, Minnesota.
- *Other Public Company Directorships:* Ms. Hamilton has served as a director of FTD since December 2014.
- *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:* 61
- 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 Liberty Expedia since November 2016. He has also served as a director of Danone since April 2017. Mr. Engles previously served as 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. He also served as 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.

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. Malone and Green as a Class I 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, 2019.

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, 2019.

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 (**Liberty LLC**), 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 SEC on March 14, 2018 and requested that GT furnish us with a letter addressed to the Securities and Exchange Commission (**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 (i) KPMG LLP for the audit of our consolidated financial statements for 2018 and fees billed for other services rendered by KPMG LLP for 2018 and (ii) GT for the audit of Old GCI Liberty's consolidated financial statements for 2017 and fees billed for other services rendered by GT for 2017.

	2018	2017
Audit fees ⁽¹⁾	\$3,998,000	1,435,000
Audit related fees ⁽²⁾	—	135,000
Audit and audit related fees	3,998,000	1,570,000
Tax fees	—	—
Total fees	<u>\$3,998,000</u>	<u>1,570,000</u>

(1) Consists of fees for our and Old GCI Liberty's annual financial statement audit, quarterly financial statement reviews, reviews of other filings by the company with the SEC, audit of Old GCI Liberty's internal control over financial reporting and for services that are normally provided by an auditor in connection with statutory and regulatory filings or engagements.

(2) Consists of fees for Form S-4 filings in 2017 and the audit of the GCI 401(k) Plan and review of the related annual report on Form 11-K filed with the SEC during 2018 and 2017.

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

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

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

- audit services as specified in the policy, including (i) financial audits of our company and our subsidiaries, (ii) services associated with registration statements, periodic reports and other documents filed or issued in connection with securities offerings (including comfort letters and consents), (iii) attestations of management reports on our internal controls and (iv) consultations with management as to accounting or disclosure treatment of transactions;
- audit related services as specified in the policy, including (i) due diligence services, (ii) financial statement audits of employee benefit plans, (iii) consultations with management as to the accounting or disclosure treatment of transactions, (iv) attest services not required by statute or regulation, (v) certain audits incremental to the audit of our consolidated financial statements, (vi) closing balance sheet audits related to dispositions, and (vii) general assistance with implementation of the requirements of certain Securities and Exchange Commission 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 Financial Officer or Senior Vice President and Controller, an individual project involving the provision of pre-approved services is likely to result in fees in excess of \$50,000, or if individual projects under \$50,000 are likely to 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 2018 were approved in accordance with the terms of the policy in place.

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.**

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
Richard N. Baer Age: 62	Mr. Baer has served as Chief Legal Officer of our company since March 2018, Qurate Retail, Liberty Media, Liberty TripAdvisor and Liberty Broadband since January 2016 and Liberty Expedia since March 2016. He previously served as Senior Vice President and General Counsel of Qurate Retail and Liberty Media from January 2013 to December 2015, Liberty TripAdvisor from July 2013 to December 2015 and Liberty Broadband from June 2014 to December 2015. Previously, Mr. Baer served as Executive Vice President and Chief Legal Officer of UnitedHealth Group Incorporated from May 2011 to December 2012. He served as Executive Vice President and General Counsel of Qwest Communications International Inc. from December 2002 to April 2011 and Chief Administrative Officer from August 2008 to April 2011.
Albert E. Rosenthaler Age: 59	Mr. Rosenthaler has served as Chief Corporate Development Officer of our company since March 2018, and Qurate Retail, Liberty Media, Liberty TripAdvisor, Liberty Broadband and Liberty Expedia since October 2016. He previously served as 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.
Mark D. Carleton Age: 58	Mr. Carleton has served as Chief Financial Officer of our company since March 2018. He previously served as Treasurer of our company from March 2018 to May 2018. He has also served as Chief Financial Officer of Qurate Retail, Liberty Media and Liberty Broadband since October 2016. He previously served as Chief Development Officer of Qurate Retail, Liberty Media, Liberty Broadband and Liberty TripAdvisor from January 2016 to September 2016, as a Senior Vice President of Qurate Retail from November 2014 to December 2015, Liberty Media from January 2013 to December 2015 and Liberty Broadband from October 2014 to December 2015, and as a Senior Vice President of predecessors of Liberty Media from December 2003 to January 2013. Prior to that time, Mr. Carleton served as a partner at KPMG LLP.

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.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended (the **Exchange Act**), requires our executive officers and directors, and persons who own more than ten percent of a registered class of our equity securities, to file reports of ownership and changes in ownership with the SEC. Officers, directors and greater than ten-percent stockholders are required by SEC regulation to furnish us with copies of all Section 16 forms they file.

Based solely on a review of the copies of the Forms 3, 4 and 5 and amendments to those forms furnished to us during our most recent fiscal year and written representations made to us by our executive officers and directors, we believe that, during the year ended December 31, 2018, all Section 16(a) filing requirements applicable to our officers, directors and greater than ten-percent beneficial owners were met, with the exception of three Form 4 filings reporting five transactions by Mark Carleton that were filed on an untimely basis.

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.

In connection with the Transactions, Stephen M. Brett, Jerry A. Edgerton, Scott M. Fisher, William P. Glasgow, Mark W. Kroloff, Stephen R. Mooney, James M. Schneider, Bridget L. Baker and Eric L. Zinterhofer resigned as members of Old GCI Liberty’s board of directors (the **Legacy Board**) as of March 9, 2018, at 8:00 a.m., New York City time (the **contribution effective time**). The Legacy Board believed that each of its members satisfied the definition of an “Independent Director,” with the exception of Mr. Duncan. The term “Independent Director” as used by the Legacy Board meant an individual, other than one of Old GCI Liberty’s executive officers or employees, and other than any other individual having a relationship which in the opinion of the board would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Accordingly, the Legacy Board believed that each of Stephen M. Brett, Jerry A. Edgerton, Scott M. Fisher, William P. Glasgow, Mark W. Kroloff, Stephen R. Mooney, James M. Schneider, Bridget L. Baker and Eric L. Zinterhofer was an “Independent Director.”

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. Stephen M. Brett, Bridget L. Baker, Jerry A. Edgerton, Stephen R. Mooney and James M. Schneider had also served as members of the compensation committee during their tenure on the Legacy Board. See “—Director Independence” above.

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 will provide us with administrative, executive and management services. The compensation committee will evaluate the services fee under the services agreement on at least an annual basis. In addition, the compensation committee may approve incentive awards or other forms of compensation to employees of Liberty Media who are providing services to our company, which employees include our executive officers.

If we engage a Chief Executive Officer, Chief Financial Officer, Chief Legal Officer, Chief Tax Officer or Chief Corporate Development Officer to perform services for our company outside the services agreement, the compensation committee will review and approve corporate goals and objectives relevant to the compensation of any such person. The compensation committee also oversees the compensation of the 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 outside consultants 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 2018 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. All of the members of the Legacy Board, other than Ronald A. Duncan, had also served as members of the nominating & corporate governance committee during their tenure on the Legacy Board. See “—Director Independence” above.

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

The nominating and corporate governance committee will consider candidates for director recommended by any stockholder provided that such recommendations are properly submitted. Eligible stockholders wishing to recommend a candidate for nomination as a director should send the recommendation in writing to the Corporate Secretary, 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.

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

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

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

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

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

The members of our nominating and corporate governance committee have determined that Messrs. Malone and Green, 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. Scott M. Fisher, William P. Glasgow and Stephen R. Mooney had also served as members of the audit committee during their tenure on the Legacy Board. See “—Director Independence” above.

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 Public Company Accounting Oversight Board Auditing Standard No. 1301, Communications with Audit Committees, including that firm’s judgment about the quality of our accounting principles, as applied in its financial reporting.

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

Based on the reviews, discussions and other considerations referred to above, our audit committee recommended to our board of directors that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2018 (the **2018 Form 10-K**), which was filed on February 28, 2019 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 2018, there were six meetings of our full board of directors, no meetings of our executive committee, three meetings of our compensation committee, one meeting of our nominating and corporate governance committee and seven meetings of our audit committee. Additionally, during 2018, there were no meetings of the full Legacy Board, no meetings of the Legacy Board's executive committee, one meeting of the Legacy Board's compensation committee, no meetings of the Legacy Board's nominating & corporate governance committee and one meeting of the Legacy Board's 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. Four of the seven directors then serving attended our 2018 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 2018, the independent directors of our company, then serving, met at three executive sessions without management participation.

Any interested party who has a concern regarding any matter that it wishes to have addressed by our independent directors, as a group, at an upcoming executive session may send its concern in writing addressed to independent directors of 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.

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;
- Mark D. Carleton, our Chief Financial Officer;
- Richard N. Baer, our Chief Legal Officer;
- Albert E. Rosenthaler, our Chief Corporate Development Officer;
- Ronald A. Duncan, the Chief Executive Officer of GCI Holdings and the former Chief Executive Officer of Old GCI Liberty; and
- Peter J. Pounds, Senior Vice President, Chief Financial Officer, Secretary and Treasurer of GCI Holdings and the former Senior Vice President, Chief Financial Officer and Secretary of Old GCI Liberty.

On March 9, 2018, following the completion of the Transactions, Messrs. Maffei, Carleton, Baer and Rosenthaler were appointed to their current executive positions at our company, and their 2018 compensation was determined by the respective compensation committees of Liberty Media, Qurate Retail and our company. In connection with the completion of the Transactions, Messrs. Duncan and Pounds resigned from their executive positions with Old GCI Liberty and Messrs. Duncan and Pounds assumed the role of CEO and CFO, respectively, of our subsidiary, GCI Holdings. Messrs. Duncan's and Pounds' 2018 compensation was determined by our compensation committee following the completion of the Transactions.

COMPENSATION DISCUSSION AND ANALYSIS

GCI Liberty Executives' Compensation—Messrs. Maffei, Baer, Carleton and Rosenthaler

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 semi-annual review (and at least an annual review by our compensation committee). Liberty Media employees, including Messrs. Maffei, Baer, Carleton and Rosenthaler, who provide services to our company pursuant to the Services Agreement, are not separately compensated by our company other than with respect to equity awards with respect to our common stock. See “—Changes for 2019—Equity Awards to Messrs. Maffei, Baer, Carleton and Rosenthaler” below for information concerning equity awards that were granted to these named executive officers in 2019.

For the year ended December 31, 2018, we accrued management fees payable to Liberty Media under the services agreement of \$5.9 million.

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

Mr. Maffei did not make any determinations with respect to 2018 compensation because no compensation was paid by the company in 2018 to Messrs. Baer, Carleton and Rosenthaler. As a result of the management fee paid to Liberty Media, the compensation committee does not currently expect to provide any cash compensation to these named executive officers; 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 these named executive officers. It is expected that our chief executive officer, in making any recommendations to our compensation committee, will evaluate the performance and contributions of each of these named executive officers, given his respective area of responsibility, and, in doing so, will consider various qualitative factors such as:

- the executive officer's experience and overall effectiveness;
- the executive officer's performance 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.

Elements of 2018 Executive Compensation

Messrs. Maffei, Baer, Carleton and Rosenthaler did not receive any equity incentive compensation from our company during 2018. The equity awards held by these named executive officers 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. Please see “—Changes for 2019—Equity Awards to Messrs. Maffei, Baer, Carlton and Rosenthaler—2018 Above-Target Awards” for information pertaining to Mr. Maffei’s 2018 above-target stock option award in our GLIBB shares that was granted in March 2019 and our compensation committee’s plan to grant equity awards in the future to these named executive officers.

Equity Incentive Compensation

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

The 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, RSUs, stock appreciation rights and performance awards. We expect that our compensation committee will prefer to grant 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.

Prior to the Transactions, the Qurate Retail compensation committee (and prior to September 2011 when Liberty Media’s former parent company was split off from its former parent company, Liberty Interactive, the Liberty Interactive compensation committee) determined to make larger grants (equaling approximately four to five years’ value of the annual grants made in years prior to 2009) that vest between four and five and three-quarters 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 and performance-based RSU awards were granted to Qurate Retail’s executive officers prior to the Transactions, including Messrs. Maffei, Baer, Carleton and Rosenthaler, and, accordingly, the multi-year stock option grants and performance-based RSU awards were adjusted in connection with the Transactions pursuant to the anti-dilution provisions of the incentive plans under which they were granted. The performance-based RSUs granted to Messrs. Maffei, Baer, Carleton and Rosenthaler would vest based in part on the Qurate Retail compensation committee’s evaluation of the performance of the businesses and assets contributed to GCI Liberty in connection with the Transactions.

Old GCI Liberty Executives’ Compensation—Messrs. Duncan and Pounds

Compensation Process and Principles

As discussed above, on March 9, 2018, Mr. Duncan became Chief Executive Officer of GCI Holdings and Mr. Pounds became Chief Financial Officer of GCI Holdings when their resignations from their respective executive positions at Old GCI Liberty became effective. Following the completion of the Transactions, our compensation committee determined the compensation of Messrs. Duncan and Pounds for the remainder of 2018 and considered:

- each element of their respective compensation packages, including base salary, bonus, equity compensation, perquisites and other personal benefits;
- GCI Holdings’ financial performance compared to internal forecasts and budgets;

- individual performance and the performance of the groups reporting to Mr. Duncan and Mr. Pounds; and
- the competitive nature of the compensation packages offered based on general industry knowledge of the media, and telecommunications industries and, use of survey information provided by Mercer (US) Inc.

Prior to approving Messrs. Duncan's and Pounds' 2018 compensation, our compensation committee also considered the recommendation of Mr. Maffei with respect to Mr. Duncan's compensation and the recommendation of Mr. Maffei and Mr. Duncan with respect to Mr. Pounds' compensation. We currently expect to enter into long-term employment arrangements this year with each of Mr. Duncan and Mr. Pounds that will establish the elements and amounts of their respective compensation packages.

Elements of 2018 Executive Compensation

For 2018, the elements of Messrs. Duncan and Pounds' compensation were:

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

Base Salary. Mr. Duncan's and Mr. Pounds' 2018 base salaries remained the same as their 2017 base salaries. Our compensation committee believes base salary should be a relatively smaller portion of Messrs. Duncan's and Pounds' overall compensation package, thereby aligning their 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.

2018 Performance-based Bonuses. Because the Transactions were not completed until March 2018 and 2018 was a transitional year, our compensation committee did not establish pre-determined performance criteria for payout of bonuses in 2018. Therefore, our compensation committee determined to pay a discretionary bonus to each of Mr. Duncan and Mr. Pounds based on their 2018 performance and the achievement of GCI Holdings' 2018 objectives and plan. In determining the amounts to be paid, our compensation committee reviewed GCI Holdings' Adjusted EBITDA growth and revenue growth. Our compensation committee also reviewed GCI Holdings' 2018 capital expenditures. For purposes of the bonus determination, Adjusted EBITDA is defined as earnings before interest, taxes, depreciation, amortization and certain purchase price adjustments. In addition, our compensation committee considered input from Mr. Maffei with respect to the bonus paid in 2019 to Mr. Duncan for his 2018 performance. Our compensation committee also considered input from Mr. Maffei and Mr. Duncan on the bonus paid in 2019 to Mr. Pounds for his 2018 performance. Our compensation committee then approved a payment to Mr. Duncan of \$489,159, which was 41% of his maximum bonus of \$1,207,741, and approved a payment to Mr. Pounds of \$147,765, which was 44% of his maximum bonus of \$334,375.

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 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 Messrs. Duncan and Pounds in December 2018. All of the 56,134 multi-year RSUs granted to Mr. Duncan will cliff vest on January 5, 2023, and all of the 15,990 multi-year RSUs granted to Mr. Pounds will cliff vest on November 15, 2022.
- **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 expects to grant annual performance-based RSUs to Messrs. Duncan and Pounds. Because the Transactions were not completed until March 2018 and 2018 was a transitional year, our compensation committee did not establish a performance-based RSU program in 2018. Instead, our compensation committee reviewed the 2018 performance of Mr. Duncan and Mr. Pounds on the same criteria as used in the 2018 performance-based bonus program described above under “—Old GCI Liberty Executives' Compensation—Messrs. Duncan and Pounds—Elements of 2018 Executive Compensation—2018 Performance-based Bonuses.” Our compensation committee then determined to grant and vest 4,654 RSUs for Mr. Duncan's 2018 performance and grant and

vest 1,406 RSUs for Mr. Pounds' 2018 performance. As a result, Mr. Duncan received 41% of the maximum number of 2018 RSUs for which he was eligible to receive in 2018, and Mr. Pounds received 44% of the maximum number of 2018 RSUs for which he was eligible to receive in 2018.

Perquisites. Messrs. Maffei, Baer, Carleton and Rosenthaler did not receive any perquisites from our company in 2018.

Old GCI Liberty's executive officers, including Messrs. Duncan and Pounds, received certain perquisites during 2018 that the Old GCI Liberty's compensation committee (the **Legacy CC**) believed were reasonable and appropriate and consistent with Old GCI Liberty's awareness of perquisites offered by similar publicly traded companies. The perquisites assisted in attracting and retaining Old GCI Liberty's executive officers and, in the case of certain perquisites, promoted health, safety and efficiency of the executive officers. These perquisites continued to be provided after the closing of the Transactions and are described below.

- **Use of Company Aircraft.** Old GCI Liberty permitted employees, including Messrs. Duncan, Pounds and its other executive officers, to use company aircraft for personal travel for themselves and their guests. Such travel generally was limited to a space available basis on flights that were otherwise business-related, and the additional variable cost to Old GCI Liberty (such as fuel, catering, and landing fees) was de minimus. Where the additional variable cost to Old GCI Liberty occurred on such a flight solely for the personal purposes of Mr. Duncan, Mr. Pounds or their guests, that cost is included in the Summary Compensation Table entry for Mr. Duncan or Mr. Pounds, as the case may be. 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 Old GCI Liberty 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 or Mr. Pounds. When employees, including Messrs. Duncan and Pounds, used company aircraft for such travel they were attributed with taxable income in accordance with regulations pursuant to the Code. Old GCI Liberty 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 respective entries in the Summary Compensation Table. See "—Summary Compensation Table."
- **Enhanced Disability Benefits.** Old GCI Liberty provided its senior executive officers with enhanced long-term and short-term disability benefits. The long-term disability benefit provided a supplemental replacement income benefit of 60% of average monthly compensation capped at \$10,000 per month, and the short-term disability benefit provided a supplemental replacement income benefit of 66⅔% of average monthly compensation, capped at \$2,300 per week.
- **Miscellaneous.** Aside from benefits offered to its employees generally, Old GCI Liberty provided miscellaneous other benefits to Mr. Duncan and/or Mr. Pounds, including:
 - a success sharing incentive program offered to all of Old GCI Liberty's employees that shared 15% of the excess Adjusted EBITDA over the highest previous year (**Success Sharing**);
 - use of our company retreat facilities; and
 - in Mr. Duncan's case, board fees for his service on Old GCI Liberty's board of directors. The Legacy CC believed that it was appropriate to pay board fees to Mr. Duncan given the additional oversight responsibilities and the accompanying liability incumbent upon members of the board. In determining the appropriate amount of overall compensation payable to Mr. Duncan in his capacity as Old GCI Liberty's chief executive officer, the Legacy CC considered the board fees that were payable to Mr. Duncan.

Shareholder Advisory Votes on Executive Compensation

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.

Changes for 2019

Equity Awards to Messrs. Maffei, Baer, Carleton and Rosenthaler

2019 Performance-based RSUs. As discussed above, Messrs. Maffei, Baer, Carleton and Rosenthaler perform management services for our company pursuant to the services agreement. As a result, we have not separately compensated these named executive officers for these services. In addition, our company has not incurred any of the costs of the equity awards granted by Liberty Media to its executive officers who provide services to our company. Following a review of this practice, our compensation committee determined to grant the equity awards to Messrs. Maffei, Baer, Carleton and Rosenthaler 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. 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.

In March 2019, our compensation committee determined to grant RSUs with respect to 51,429 GLIBB shares to Mr. Maffei, and RSUs with respect to GLIBA shares (collectively, the **2019 RSUs**) to Messrs. Baer (4,821), Carleton (3,600) and Rosenthaler (3,600). Mr. Maffei will determine the extent to which the 2019 RSUs will vest for Messrs. Baer, Carleton and Rosenthaler and recommend such payout to our compensation committee. Our compensation committee will also consult with the Liberty Media compensation committee regarding Mr. Maffei's performance and vesting of his 2019 RSUs. However, notwithstanding this joint effort, our compensation committee retains sole discretion with respect to approving the extent to which these named executive officers' 2019 RSUs will vest.

2018 Above-Target Awards. In addition, after consultation with the Liberty Media compensation committee, our compensation committee awarded Mr. Maffei above-target awards for his performance in 2018. As a result of the discussions with the Liberty Media compensation committee, the Liberty Media compensation committee, the Qurate Retail compensation committee and our compensation committee awarded Mr. Maffei above-target awards with a grant value aggregating \$2.7 million. The compensation committees split the grant value by each granting an additional 15% of the target number of restricted stock units and stock options granted to Mr. Maffei in March 2018 pursuant to the Liberty Media and Qurate Retail performance equity programs. Accordingly, our compensation committee approved the grant of 21,457 GLIBB stock options to Mr. Maffei, relating to awards of Qurate Retail's former Series B Liberty Ventures common stock (**LVNTB**) on an as-converted basis as a result of the Transactions. It is expected that the stock options will be granted and will vest in May 2019. The stock options will have a seven-year term.

Arrangements with Messrs. Duncan and Pounds

Duncan Aircraft Arrangement. Our compensation committee approved providing Mr. Duncan with 80 hours of personal flight time for 2019. See "Certain Relationships and Related Transactions—Duncan Leases—Duncan Aircraft Usage Arrangement" for more information.

Employment Agreements. Messrs. Duncan and Pounds currently do not have employment agreements with GCI Holdings or our company. We anticipate entering into agreements with these executives in 2019.

Policy on Restatements

In those instances where we grant equity-based incentive compensation, we expect to include in the related agreement with the executive a right, in favor of our company, to require the executive to repay or return to the company any cash, stock or other incentive compensation (including proceeds from the disposition of shares

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

SUMMARY COMPENSATION TABLE

Name and Principal Position (as of 12/31/18)	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) ⁽¹⁾	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Gregory B. Maffei ⁽²⁾ President and Chief Executive Officer	2018	—	—	—	—	—	—	—	—
	2017	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2016	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Richard N. Baer ⁽²⁾ Chief Legal Officer	2018	—	—	—	—	—	—	—	—
	2017	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2016	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mark D. Carleton ⁽²⁾ Chief Financial Officer	2018	—	—	—	—	—	—	—	—
	2017	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2016	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Albert E. Rosenthaler ⁽²⁾ Chief Corporate Development Officer	2018	—	—	—	—	—	—	—	—
	2017	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2016	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Ronald A. Duncan ⁽³⁾ Chief Executive Officer of GCI Holdings; and Former Chief Executive Officer of Old GCI Liberty	2018	925,000	489,159	3,153,385	—	—	—	108,762 ⁽⁴⁾	4,676,306
	2017	925,000	—	1,188,789	—	981,747	—	127,840 ⁽⁴⁾	3,223,376
	2016	925,000	—	1,118,454	—	833,632	—	83,000 ⁽⁴⁾	2,960,086
Peter J. Pounds ⁽⁵⁾ Chief Financial Officer of GCI Holdings; and Former Senior Vice President, Chief Financial Officer and Secretary of Old GCI Liberty	2018	400,000	147,765	1,512,014	—	—	—	18,560 ⁽⁴⁾	2,078,339
	2017	400,000	35,384 ⁽⁶⁾	468,134	—	184,899	—	25,000 ⁽⁴⁾	1,113,417
	2016	400,000	5,280 ⁽⁶⁾	1,845,581	—	206,982	—	18,279 ⁽⁴⁾	2,476,122

- (1) This column reflects the grant date fair values of awards of restricted stock granted to Messrs. Duncan and Pounds during 2018, 2017 and 2016 and Messrs. Duncan's and Pounds' 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 13 to our consolidated financial statements for the year ended December 31, 2018 (which are included in our 2018 Form 10-K).
- (2) Messrs. Maffei, Baer, Carleton and Rosenthaler joined our company in March 2018 and are named executive officers of our company for the first time.
- (3) In connection with the completion of the Transactions, Mr. Duncan resigned as Chief Executive Officer of Old GCI Liberty and assumed the role of Chief Executive Officer of GCI Holdings.
- (4) The "All Other Compensation" amounts reported for Messrs. Duncan and Pounds consisted of:

Name	Year	GCI 401(k) Plan (\$) ^(a)	Board Fees (\$)	Success Sharing (\$) ^(b)	Life Insurance Premiums (\$)	Use of Company Retreat Facilities (\$) ^(c)	Total (\$)
Ronald A. Duncan	2018	18,500	32,500	—	762	57,000	108,762
	2017	18,000	65,000	—	—	44,840	127,840
	2016	18,000	65,000	—	—	—	83,000
Peter J. Pounds	2018	18,500	—	—	60	—	18,560
	2017	18,000	—	—	—	7,000	25,000
	2016	18,000	—	279	—	—	18,279

- (a) Represents matching contributions by 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 2018, 2017 and 2016, the match was based upon the lesser of \$18,500, \$18,000 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) See "—Compensation Discussion and Analysis—Old GCI Liberty Executives' Compensation—Messrs. Duncan and Pounds—Elements of 2018 Executive Compensation—Perquisites."
- (c) The allocated cost of using Old GCI Liberty's remote fishing retreat for personal guests or family members.
- (5) In connection with the completion of the Transactions, Mr. Pounds resigned as Senior Vice President, Chief Financial Officer and Secretary of Old GCI Liberty and assumed the role of Chief Financial Officer GCI Holdings.
- (6) Represents compensation paid pursuant to Old GCI Liberty's 2017 and 2016 annual incentive compensation programs in excess of Mr. Pounds' target payment under the programs.

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 2018 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.

On March 9, 2018, the Transactions were completed, which significantly changed how we compensate our executive officers, including our chief executive officer, and our employee population, with the addition of new employees from Qurate Retail and Evite, Inc. (**Evite**). To identify our new median employee, we first determined our employee population as of December 31, 2018 (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, on that date. Using information from our payroll records and Form W-2s, we then measured each employee's gross wages for calendar year 2018, 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 2018. 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. We then compared the new median employee's total compensation against the total compensation of Mr. Maffei, who was our chief executive officer on the determination date. Because Mr. Maffei did not receive any compensation from our company during 2018, we did not annualize his compensation. 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	\$ 0
Median Employee Total Annual Compensation	\$70,926
Ratio of Chief Executive Officer to Median Employee Total Annual Compensation	0:1

EXECUTIVE COMPENSATION ARRANGEMENTS

Gregory B. Maffei

In connection with the completion of the Transaction, Mr. Maffei's option awards to purchase shares of LVNT stock, including his December 2014 grant of term options to purchase LVNTB shares from Qurate Retail, and his unvested award of restricted LVNTB shares 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 and his award of restricted LVNTB shares was exchanged for an award of restricted GLIBB shares (collectively, the **Legacy Maffei Awards**).

Upon a change in control (as defined in Mr. Maffei's Employment Agreement with Qurate Retail) prior to Mr. Maffei's termination or in the event of Mr. Maffei's termination for death or disability, all of his unvested Legacy Maffei Awards will become vested and exercisable, as applicable. If Mr. Maffei is terminated for cause, all of his unvested Legacy Maffei Awards will terminate immediately. If Mr. Maffei is terminated by our company without cause or if he terminates his employment for good reason, then each unvested tranche of each type of Legacy Maffei Awards will vest pro rata based on the number of days elapsed in the vesting period for such tranche since the grant date plus 548 calendar days; however, in the event (i) all members of the Malone Group (as defined in Mr. Maffei's Employment Agreement with Qurate Retail) cease to beneficially own securities of our company representing at least 20% of our company's voting power, (ii) within 90 to 210 days of clause (i) Mr. Maffei's employment is terminated by our company without cause or by Mr. Maffei for good reason and (iii) at the time of clause (i) Mr. Maffei does not beneficially own securities of our company representing at least 20% of our company's voting power, then all unvested Legacy Maffei Awards will vest in full as of the date of Mr. Maffei's termination. If Mr. Maffei terminates his employment without good reason, then a portion of each unvested tranche of each type of

Legacy Maffei Awards will vest pro rata based on the number of days elapsed in the vesting period for such tranche since the grant date. In the event of a change in control prior to Mr. Maffei's termination, all of the Legacy Maffei Awards options will remain exercisable until the end of the term. If Mr. Maffei is terminated for cause prior to December 31, 2019 (without a prior change in control occurring), then all vested Legacy Maffei Awards options will expire on the 90th day following such termination. In all other events of termination or if Mr. Maffei has not been terminated prior to December 31, 2019, all vested Legacy Maffei Awards options will expire at the end of the term.

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, 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, 2018, (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.

Amended and Restated 1986 Stock Option Plan of General Communication, Inc.

The Amended and Restated 1986 Stock Option Plan of General Communication, Inc. (the **Old GCI Stock Option Plan**) was initially adopted in 1986 and was administered by the Legacy CC. Under the Old GCI Stock Option Plan, Old GCI Liberty was authorized to grant restricted stock awards with respect to Old GCI Liberty's Class A common stock and Class A-1 common stock (collectively, **GNCMA**) and options to purchase shares of GNCMA to selected officers, directors and other employees of, and consultants or advisors to, Old GCI Liberty and its subsidiaries. Old GCI Liberty did not issue any stock options after 2010. The selection of grantees for awards under the plan was made by the Legacy CC.

The number of shares of GNCMA allocated to the Old GCI Stock Option Plan was 15.7 million shares. The number of shares for which options or awards could be granted was subject to adjustment upon the occurrence of stock dividends, stock splits, mergers, consolidations and certain other changes in corporate structure or capitalization. In connection with the Transactions, restricted stock awards with respect to our common stock were issued in connection with adjustments made to the outstanding restricted stock awards with respect to shares of GNCMA which had been granted to various directors, officers and employees and consultants of Old GCI Liberty and certain of its subsidiaries pursuant to the anti-dilution adjustment provisions of the Old GCI Stock Option Plan.

Upon the adoption of the 2018 incentive plan, no additional grants were permitted under the Old GCI Stock Option Plan.

GRANTS OF PLAN-BASED AWARDS

The following table contains information regarding plan-based incentive awards granted during the year ended December 31, 2018 to the named executive officers. Only Messrs. Duncan and Pounds received grants during 2018.

Name	Grant 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 (#)	Grant Date Fair Value of Stock and Option Awards (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)		
Gregory B. Maffei	—	—	—	—	—	—	—	—	
Richard N. Baer	—	—	—	—	—	—	—	—	
Mark D. Carleton	—	—	—	—	—	—	—	—	
Albert E. Rosenthaler	—	—	—	—	—	—	—	—	
Ronald A. Duncan									
GNCMA	3/1/2018	—	—	—	—	—	—	7,500 ⁽¹⁾	288,225
GNCMA	3/1/2018	—	—	—	—	—	—	7,919 ⁽²⁾	304,327
GLIBA	12/10/2018	—	—	—	—	—	—	56,134 ⁽³⁾	2,560,833
Peter J. Pounds									
GNCMA	3/1/2018	—	—	—	—	—	—	20,363 ⁽²⁾	782,550
GLIBA	12/10/2018	—	—	—	—	—	—	15,990 ⁽⁴⁾	729,464

- (1) Represents restricted shares that were granted to Mr. Duncan for his service on the Old GCI Liberty board of directors. These restricted shares vested on March 1, 2018.
- (2) Represents the portions of Messrs. Duncan and Pounds' 2017 bonuses that were paid in restricted shares of GNCMA. These restricted shares were adjusted in connection with the Transactions pursuant to the anti-dilution provisions of the Old GCI Stock Option Plan under which they were granted. These restricted shares will vest on November 30, 2019.
- (3) Vests in full on January 5, 2023.
- (4) Vests in full on November 15, 2022.

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, 2018 and held by the named executive officers.

Name	Option awards ⁽¹⁾					Stock awards ⁽¹⁾			
	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									
<i>Option Awards</i>									
GLIBA	765,441	—	—	55.96	12/17/2019	—	—	—	—
GLIBA	108,557	—	—	55.96	12/26/2024	—	—	—	—
GLIBB	318,780	318,781 ⁽²⁾	—	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	—	—	—	—
<i>Stock Award</i>									
GLIBB	—	—	—	—	—	82,842 ⁽²⁾	3,533,211	—	—
Richard N. Baer									
<i>Option Awards</i>									
GLIBA	—	47,184 ⁽³⁾	—	55.96	12/31/2023	—	—	—	—
GLIBA	2,659	—	—	55.96	12/26/2024	—	—	—	—
<i>RSU Award</i>									
GLIBA	—	—	—	—	—	—	—	4,171 ⁽⁴⁾	171,678
<i>Stock Award</i>									
GLIBA	—	—	—	—	—	12,041 ⁽³⁾	495,608	—	—
Mark D. Carleton									
<i>Option Awards</i>									
GLIBA	9,985	—	—	55.96	03/19/2020	—	—	—	—
GLIBA	12,232	—	—	55.96	03/04/2022	—	—	—	—
GLIBA	5,002	—	—	55.96	03/04/2022	—	—	—	—
GLIBA	—	33,290 ⁽³⁾	—	55.96	03/04/2023	—	—	—	—
GLIBA	3,199	—	—	55.96	12/26/2024	—	—	—	—
<i>RSU Award</i>									
GLIBA	—	—	—	—	—	—	—	3,114 ⁽⁴⁾	128,172
<i>Stock Award</i>									
GLIBA	—	—	—	—	—	7,422 ⁽³⁾	305,490	—	—
Albert E. Rosenthaler									
<i>Option Awards</i>									
GLIBA	22,669	—	—	55.96	03/19/2020	—	—	—	—
GLIBA	12,232	—	—	55.96	03/04/2022	—	—	—	—
GLIBA	5,002	—	—	55.96	03/04/2022	—	—	—	—
GLIBA	—	33,290 ⁽³⁾	—	55.96	03/04/2023	—	—	—	—
GLIBA	4,208	—	—	55.96	12/26/2024	—	—	—	—
<i>RSU Award</i>									
GLIBA	—	—	—	—	—	—	—	3,114 ⁽⁴⁾	128,172
<i>Stock Award</i>									
GLIBA	—	—	—	—	—	7,422 ⁽³⁾	305,490	—	—

Name	Option awards ⁽¹⁾					Stock awards ⁽¹⁾			
	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: Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
Ronald A. Duncan									
<i>RSU Award</i>									
GLIBA	—	—	—	—	—	56,134 ⁽⁵⁾	2,310,475	—	—
<i>Stock Awards</i>									
GLIBA	—	—	—	—	—	4,988 ⁽⁶⁾	205,306	—	—
GLIBP	—	—	—	—	—	1,583 ⁽⁶⁾	38,356	—	—
Peter J. Pounds									
<i>RSU Award</i>									
GLIBA	—	—	—	—	—	15,990 ⁽⁷⁾	658,148	—	—
<i>Stock Awards</i>									
GLIBA	—	—	—	—	—	47,250 ⁽⁸⁾	1,944,810	—	—
GLIBA	—	—	—	—	—	12,828 ⁽⁶⁾	528,000	—	—
GLIBP	—	—	—	—	—	15,000 ⁽⁸⁾	363,450	—	—
GLIBP	—	—	—	—	—	4,072 ⁽⁶⁾	98,665	—	—

(1) In connection with the completion of the Transaction, Messrs. Maffei, Baer, Carleton and Rosenthaler's respective option awards to purchase shares of LVNT stock (each, a **LVNT Option**), unvested performance RSUs (each, a **LVNT RSU**) and restricted stock awards (each, a **LVNT stock award**) with respect to shares of LVNT stock were adjusted pursuant to the anti-dilution provisions of the various incentive plans under which the LVNT Options, LVNT RSUs and LVNT stock awards were granted, such that each LVNT Option was exchanged for an option to purchase an equivalent number of shares of the corresponding series of our common stock and each LVNT RSU and LVNT stock award was exchanged for an RSU and a restricted stock award, respectively, with respect to the corresponding series of our common stock.

In addition, in connection with the completion of the Transactions, all restricted stock awards with respect to GNCMA shares held by Messrs. Duncan and Pounds were adjusted pursuant to the anti-dilution provisions of the Old GCI Stock Option Plan such that each restricted stock award was converted into (i) a fraction of a share of GLIBA equal to 0.63 and (ii) a fraction of a GLIBP share equal to 0.20.

(2) Vests on December 24, 2019.

(3) Vests 50% on December 31, 2019 and 50% on December 31, 2020.

(4) Represents the target number of performance-based RSUs that each of Messrs. Baer, Carleton and Rosenthaler could earn (collectively, the **2018 Chief RSUs**) based on 2018 performance.

(5) Vests in full on January 5, 2023.

(6) Vests in full on November 30, 2019.

(7) Vests in full on November 15, 2022.

(8) Vests in full on November 30, 2021.

OPTION EXERCISES AND STOCK VESTED

The following table sets forth information concerning the vesting of restricted stock or RSUs held by our named executive officers, in each case, during the year ended December 31, 2018. Our named executive officers did not exercise any options during 2018.

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	—	—	—	—
GLIBB	—	—	82,842	— ⁽²⁾
GLIBP	—	—	—	—
Richard N. Baer				
GLIBA	—	—	—	—
GLIBB	—	—	—	—
GLIBP	—	—	—	—
Mark D. Carleton				
GLIBA	—	—	—	—
GLIBB	—	—	—	—
GLIBP	—	—	—	—
Albert E. Rosenthaler				
GLIBA	—	—	—	—
GLIBB	—	—	—	—
GLIBP	—	—	—	—
Ronald A. Duncan				
GNCMA	—	—	7,500	288,225
GLIBA	—	—	61,942	2,973,216
GLIBB	—	—	—	—
GLIBP	—	—	19,664	473,902
Peter J. Pounds				
GNCMA	—	—	3,333	137,686
GLIBA	—	—	29,862	1,433,376
GLIBB	—	—	—	—
GLIBP	—	—	9,480	228,468

(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, Carleton and Rosenthaler, 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, QRTEB, 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 that were subject to continued vesting requirements as of the Grant Date, but which vested during the twelve months ended December 31, 2018. Such value was realized by Mr. Maffei 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	4,670,632

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE-IN-CONTROL

The following table sets forth the potential payments to our named executive officers if their employment had terminated or a change in control had occurred, in each case, as of December 31, 2018, which was the last business day of our last completed fiscal year. In the event of such a termination or change in control, the actual amounts may be different due to various factors. In addition, we may enter into new arrangements or modify these arrangements from time to time.

The amounts provided in the tables are based on the closing market prices on December 31, 2018 for our GLIBA common stock, GLIBB common stock and GLIBP preferred stock, which were \$41.16, \$42.65 and \$24.23, respectively. Because the exercise price of each named executive officer's options was more than the closing market price of GLIBA common stock and GLIBB common stock, as applicable, on December 31, 2018, these options have been excluded from the table below. 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 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, Baer, Carleton and Rosenthaler hold equity awards that were issued under the transitional plan, and Messrs. Duncan and Pounds hold equity awards that were issued under the Old GCI Stock Option Plan and the 2018 incentive plan. Under these plans and the related award agreements, except with respect to the Legacy Maffei Awards, in the event of a voluntary termination of his employment with our company, each named executive officer would only have a right to the equity grants that vested prior to his termination date. Mr. Maffei has certain acceleration rights upon a voluntary termination without good reason pursuant to the award agreement relating to the unvested Legacy Maffei Awards. Mr. Baer would have forfeited the equity awards that were issued under the transitional plan if he had voluntarily terminated his employment as of December 31, 2018. Messrs. Carleton, Rosenthaler, Duncan and Pounds are not entitled to any severance payments or other benefits upon a voluntary termination of his employment. The foregoing discussion assumes that the named executive officer voluntarily terminated his respective employment without good reason. See “—Termination Without Cause or for Good Reason” below for a discussion of potential payments and benefits upon a named executive officer's voluntary termination of his employment for good reason.

Termination for Cause

All outstanding equity grants constituting options, whether unvested or vested but not yet exercised, and all equity grants constituting unvested restricted shares and RSUs under the existing incentive plans would be forfeited by any named executive officer (other than Mr. Maffei in the case of equity grants constituting vested options or similar rights) who is terminated for “cause.” 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 his duties and responsibilities for any reason other than illness or incapacity; provided that, if such termination is within 12 months after a change in control (as described below), “cause” means a felony conviction for fraud, misappropriation or embezzlement.

Termination Without Cause or for Good Reason

As of December 31, 2018, Mr. Maffei's unvested equity awards consisted of certain Legacy Maffei Awards, which are subject to partial acceleration upon a termination of his employment by our company without cause or by Mr. Maffei for good reason. See “—Executive Compensation Arrangements—Gregory B. Maffei” above.

As of December 31, 2018, Mr. Baer's unvested equity awards consisted of options granted to Mr. Baer by Qurate Retail in 2016 for LVNTA shares (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 (the **Legacy Baer Awards**), and his performance-based LVNT RSUs granted by Qurate Retail on March 5, 2018, which were converted into his 2018 Chief RSUs. Subject to his execution of a severance agreement and release in favor of our company, Mr. Baer would have vested in 75% of his Legacy Baer Awards (less any awards that have previously vested) if his employment had been terminated by our company without cause or by Mr. Baer for good reason as of December 31, 2018, and his 2018 Chief RSUs would have stayed

outstanding until the date the compensation committee acted to determine the extent to which the performance criteria were met and the number of Mr. Baer's 2018 Chief RSUs that would have been earned and vested had he remained employed through December 31, 2018.

As of December 31, 2018, Mr. Carleton's and Mr. Rosenthaler's unvested equity awards consisted of an LVNT Option granted on March 4, 2015 by Qurate Retail (as modified or replaced pursuant to Qurate Retail's 2017 option modification program), which was 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 their 2018 Chief RSUs. The Legacy Carleton Awards and the Legacy Rosenthaler Awards provide for vesting upon a termination of employment by our company without cause of those options 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 options based on the portion of the vesting period elapsed through the termination date. Mr. Carleton's and Mr. Rosenthaler's 2018 Chief RSUs would have stayed outstanding until the date the compensation committee acted to determine the extent to which the performance criteria were met and the number of 2018 Chief RSUs that each of them would have earned and vested had each remained employed through December 31, 2018.

Messrs. Maffei, Baer, Carleton and Rosenthaler are not entitled to any severance pay or other benefits upon a termination without cause.

As of December 31, 2018, Mr. Duncan's and Mr. Pounds' unvested equity awards consisted of RSUs and restricted stock awards with respect to GLIBA and GLIBP shares. Upon a termination by our company without cause or by each of them for good reason, the RSUs are subject to partial acceleration and the restricted stock awards would be forfeited.

Death

In the event of death of any of the named executive officers, the existing incentive plans and applicable award agreements provide 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 is entitled to any severance pay or other benefits if he dies while employed by our company.

Disability

If the employment of any of the named executive officers is terminated due to disability, which is defined in the existing incentive plans or applicable award agreements, such plans or agreements provide 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 is entitled to any severance pay or other benefits upon a termination of his employment due to disability.

Change in Control

In case of a change in control, the incentive plans provide for vesting in full of any outstanding options 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, except that Mr. Maffei's Legacy Maffei Awards may also be subject to acceleration upon a change in control, including of the type described in the last bullet point. See "—Executive Compensation Arrangements—Gregory B. Maffei" above. 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						
Restricted shares/RSUs	2,840,490 ⁽¹⁾	— ⁽²⁾	3,533,211 ⁽³⁾	3,533,211 ⁽⁶⁾	3,533,211 ⁽⁶⁾	3,533,211 ⁽⁶⁾
Total	<u>2,840,490</u>	<u>—</u>	<u>3,533,211</u>	<u>3,533,211</u>	<u>3,533,211</u>	<u>3,533,211</u>
Richard N. Baer						
Restricted shares/RSUs	— ⁽²⁾	— ⁽²⁾	543,353 ⁽⁴⁾	667,286 ⁽⁶⁾	667,286 ⁽⁶⁾	667,286 ⁽⁶⁾
Total	<u>—</u>	<u>—</u>	<u>543,353</u>	<u>667,286</u>	<u>667,286</u>	<u>667,286</u>
Mark D. Carleton						
Restricted shares/RSUs	— ⁽²⁾	— ⁽²⁾	381,183 ⁽⁴⁾	433,662 ⁽⁶⁾	433,662 ⁽⁶⁾	433,662 ⁽⁶⁾
Total	<u>—</u>	<u>—</u>	<u>381,183</u>	<u>433,662</u>	<u>433,662</u>	<u>433,662</u>
Albert E. Rosenthaler						
Restricted shares/RSUs	— ⁽²⁾	— ⁽²⁾	381,183 ⁽⁴⁾	433,662 ⁽⁶⁾	433,662 ⁽⁶⁾	433,662 ⁽⁶⁾
Total	<u>—</u>	<u>—</u>	<u>381,183</u>	<u>433,662</u>	<u>433,662</u>	<u>433,662</u>
Ronald A. Duncan						
Restricted shares/RSUs	— ⁽²⁾	— ⁽²⁾	1,386,269 ⁽⁵⁾	2,554,138 ⁽⁶⁾	2,554,138 ⁽⁶⁾	2,554,138 ⁽⁶⁾
Total	<u>—</u>	<u>—</u>	<u>1,386,269</u>	<u>2,554,138</u>	<u>2,554,138</u>	<u>2,554,138</u>
Peter J. Pounds						
Restricted shares/RSUs	— ⁽²⁾	— ⁽²⁾	394,889 ⁽⁵⁾	3,593,073 ⁽⁶⁾	3,593,073 ⁽⁶⁾	3,593,073 ⁽⁶⁾
Total	<u>—</u>	<u>—</u>	<u>394,889</u>	<u>3,593,073</u>	<u>3,593,073</u>	<u>3,593,073</u>

- If Mr. Maffei had voluntarily terminated his employment without good reason as of December 31, 2018, then a portion of each unvested tranche of his Legacy Maffei Awards would have vested pro rata based on the number of days elapsed in the vesting period for such tranche since the grant date. Mr. Maffei's stock options have been excluded from the table because the exercise price of each of these options was more than the closing market price of GLIBA and GLIBB shares on December 31, 2018. See "—Executive Compensation Arrangements—Gregory B. Maffei" and the "Outstanding Equity Awards at Fiscal Year-End" table above.
- If Mr. Maffei's employment had been terminated for cause as of December 31, 2018, he would have forfeited his unvested Legacy Maffei Awards. If Messrs. Baer, Carleton or Rosenthaler's employment had been terminated without good reason or for cause as of December 31, 2018, he would have forfeited the Legacy Baer Awards, the Legacy Carleton Awards, the Legacy Rosenthaler Awards, as the case may be, and his 2018 Chief RSUs. Each of Messrs. Duncan and Pounds would have forfeited his RSUs and his restricted shares if his employment had been terminated without good reason or for cause as of December 31, 2018. For more information, see the "Outstanding Equity Awards at Fiscal Year-End" table above.
- If Mr. Maffei's employment had been terminated by our company without cause or by Mr. Maffei for good reason as of December 31, 2018, then a portion of each unvested tranche of his Legacy Maffei Awards would have forward vested. Mr. Maffei's stock options have been excluded from the table because the exercise price of each of these options was more than the closing market price of GLIBA and GLIBB shares on December 31, 2018. See "—Executive Compensation Arrangements—Gregory B. Maffei" and the "Outstanding Equity Awards at Fiscal Year-End" table above.

- (4) Based on (i) the number of unvested restricted shares included in the Legacy Baer Awards, Legacy Carleton Awards and Legacy Rosenthaler Awards that would have vested if the executive had been terminated without cause (or if Mr. Baer had voluntarily terminated his employment for good reason) as of December 31, 2018 and (ii) 2018 Chief RSUs held by Messrs. Baer, Carleton and Rosenthaler as of December 31, 2018. Messrs. Baer, Carleton and Rosenthaler's options have been excluded from the table because the exercise price of each of these options was more than the closing market price of GLIBA shares on December 31, 2018. For more information, see the "Outstanding Equity Awards at Fiscal Year-End" table above.
- (5) If Mr. Duncan's or Mr. Pounds' employment had been terminated by our company without cause or by such person for good reason as of December 31, 2018, then such person's unvested RSUs would have been subject to partial acceleration. See the "Outstanding Equity Awards at Fiscal Year-End" table above.
- (6) Based on (i) the number of Legacy Maffei Awards held by Mr. Maffei, (ii) the number of unvested Legacy Baer Awards, Legacy Carleton Awards, Legacy Rosenthaler Awards and 2018 Chief RSUs held by Messrs. Baer, Carleton and Rosenthaler and (iii) the number of unvested RSUs and restricted shares held by Messrs. Duncan and Pounds, in each case, as of December 31, 2018. Messrs. Maffei, Baer, Carleton, Rosenthaler's options have been excluded from the table because the exercise price of each of these options was more than the closing market price of GLIBA and GLIBB shares, as the case may be, on December 31, 2018. See "—Executive Compensation Arrangements—Gregory B. Maffei" and the "Outstanding Equity Awards at Fiscal Year-End" table above.

DIRECTOR COMPENSATION

NONEMPLOYEE DIRECTOR COMPENSATION AFTER MARCH 9, 2018

Director Fees

Each of our directors who is not an employee of our company is paid an annual fee for 2019 of \$156,000 (which, in 2018, was \$153,000) (which we refer to as the **director fee**), of which \$78,000 (\$76,500 in 2018) is payable in cash and the balance is payable in RSUs or options to purchase shares of GLIBA. For service on our board in 2019 and 2018, each director was permitted to elect to receive \$78,000 and \$76,500, 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 2019 were issued in December 2018. See “—Director RSU Grants” and “—Director Option Grants” below for information on the incentive awards granted in 2018 to the nonemployee directors.

Fees for service on our audit committee, compensation committee and nominating and corporate governance committee are the same for 2018 and 2019, 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, restricted stock units 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 May 2018 and December 2018:

Name	May 2018 GLIBA RSUs	December 2018 GLIBA RSUs
Gregg L. Engles	1,555	1,638
Richard R. Green	1,555	1,638
Sue Ann Hamilton	1,555	1,638

The RSUs granted in May 2018 vested in full on December 12, 2018. The RSUs granted in December 2018 will vest on December 10, 2019, 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 May 2018 with respect to service on our board in 2018, which became exercisable on December 12, 2018:

Name	# of GLIBA Options	Exercise Price (\$)
Donne F. Fisher	4,848	42.99

In addition, we also granted the following stock option award in December 2018 with respect to service on our board in 2019:

Name	# of GLIBA Options	Exercise Price (\$)
Donne F. Fisher	4,952	45.62

The options granted in December 2018 will become exercisable on December 10, 2019, 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 terminated without becoming exercisable if the grantee resigns or is removed from the board before the vesting date. Once vested, the options will remain exercisable until the seventh anniversary of the grant date or, if earlier, until the first business day following the first anniversary of the date the grantee ceases to be a director.

NONEMPLOYEE DIRECTOR COMPENSATION BEFORE MARCH 9, 2018

Each of Old GCI Liberty's directors received director fees for his or her service on Old GCI Liberty's board of directors prior to the completion of the Transactions. These directors fees consisted of \$32,500 (or in Mr. Mooney's case, \$45,000) paid in cash and 7,500 shares of GNCMA that were granted on March 1, 2018. The directors' stock awards were fully vested at grant.

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 (\$)
Current Directors ⁽⁴⁾						
John C. Malone	—	—	—	—	—	—
Gregg L. Engles	98,568	141,575	—	—	—	240,143
Donne F. Fisher	62,262	—	138,104	—	—	200,366
Richard R. Green	94,818	141,575	—	—	—	236,393
Sue Ann Hamilton	94,818	141,575	—	—	—	236,393
Former Directors ⁽⁴⁾						
Stephen M. Brett	32,500	288,225	—	—	—	320,725
Bridget L. Baker	32,500	288,225	—	—	—	320,725
Jerry A. Edgerton	32,500	288,225	—	—	—	320,725
Scott M. Fisher	32,500	288,225	—	—	—	320,725
William P. Glasgow	32,500	288,225	—	—	—	320,725
Mark W. Krolloff	32,500	288,225	—	—	—	320,725
Stephen R. Mooney	45,000	288,225	—	—	—	333,225
James M. Schneider	32,500	288,225	—	—	—	320,725
Eric L. Zinterhofer	32,500	288,225	—	—	—	320,725

- (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 2018. Mr. Duncan's director compensation 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, Mr. Green and Ms. Hamilton in May 2018 and December 2018 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 13 to our consolidated financial statements for the year ended December 31, 2018 (which are included in the 2018 Form 10-K).
- Each of the former directors of Old GCI Liberty in the table above received a grant of 7,500 shares of GNCMA on March 1, 2018. The grant date fair value of the shares granted to the former directors has been computed based on the closing price of GNCMA shares on the grant date in accordance with FASB ASC Topic 718, but (pursuant to SEC regulations) without reduction for estimated forfeitures.
- (3) As of December 31, 2018, 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	—	—	9,800	—	—
RSUs(#)					
GLIBA	—	1,638	—	1,638	1,638

The former directors of Old GCI Liberty did not have any outstanding equity awards as of December 31, 2018.

- (4) John C. Malone, Gregory B. Maffei, Gregg L. Engles, Donne F. Fisher, Richard R. Green and Sue Ann Hamilton were appointed to our board of directors, effective upon the resignations of Stephen M. Brett, Jerry A. Edgerton, Scott M. Fisher, William P. Glasgow, Mark W. Krolloff, Stephen R. Mooney, James M. Schneider, Bridget L. Baker and Eric L. Zinterhofer from the Legacy Board.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information as of December 31, 2018, 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			7,691,462 ⁽¹⁾
GLIBA	9,800	\$44.32	
GLIBB	—	—	
GLIBP	—	—	
<i>Equity compensation plans not approved by security holders:</i>			
GCI Liberty, Inc. Transitional Stock Adjustment Plan			— ⁽²⁾
GLIBA	1,639,594	\$47.63	
GLIBB	1,223,606	\$56.10	
GLIBP	—	—	
Total			
GLIBA	<u>1,649,394</u>		
GLIBB	<u>1,223,606</u>		
GLIBP	<u>—</u>		
			<u>7,691,462</u>

- (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 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. In addition, pursuant to the amendment, the Aircraft Lessor paid us \$896,258, representing a refund of the amount by which payments made by us with respect to the period from March 2018 until December 2018 exceeded the amount that would have been due at the reduced rate of \$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.

SEARCHLIGHT NOTE AND DERIVATIVE FINANCIAL INSTRUMENT

Searchlight Capital L.P. (**Searchlight**) became a related party as of February 2, 2015 when, as part of the transactions in which Old GCI Liberty purchased Alaska Communications Systems Group, Inc.'s interest in The Alaska Wireless Network, LLC and certain other assets, Old GCI Liberty sold an unsecured promissory note to Searchlight in the principal amount of \$75.0 million that was scheduled to mature on February 2, 2023 and bore interest at a rate of 7.5% per year (the **Searchlight Note**). The Searchlight Note had provided that we could not prepay the Searchlight Note prior to February 2, 2019. On July 13, 2015, Old GCI Liberty amended the Searchlight transaction documents to permit Searchlight to pledge the Searchlight Note and related stock appreciation rights, subject to a right to redeem the Searchlight Note for 50% of its then current outstanding balance in the event a lender attempts to enforce its rights with respect to such pledged collateral.

In conjunction with the Searchlight Note, Old GCI Liberty had entered into a stock appreciation rights agreement pursuant to which it issued to Searchlight three million stock appreciation rights which entitled Searchlight to receive, upon exercise, an amount payable at Old GCI Liberty's election in either cash or shares of Old GCI Liberty's Class A common stock equal in value to the excess of the fair market value of such a share on the date of exercise over the price of \$13.00.

On March 9, 2018, in connection with the closing of the Transactions, we prepaid the principal amount of the Searchlight Note, together with accrued and unpaid interest, and terminated the Searchlight Note with the consent of Searchlight. On March 9, 2018, we also made a payment to Searchlight of approximately \$80 million in connection with the cancellation of the stock appreciation rights issued to Searchlight and terminated the securityholders agreement with Searchlight.

Eric L. Zinterhofer is a founding partner and affiliate of Searchlight and was a director of Old GCI Liberty in 2017 and 2018 until his resignation on March 9, 2018 in connection with the completion of the Transactions.

RELATIONSHIPS BETWEEN GCI LIBERTY AND QURATE RETAIL AND/OR LIBERTY MEDIA FOLLOWING THE TRANSACTIONS

Upon completion of the Transactions, Qurate Retail and GCI Liberty operated independently, and neither had any ownership interest in the other. In order to govern certain of the ongoing relationships between Qurate Retail and/or Liberty Media (or their respective subsidiaries), on the one hand, and GCI Liberty, on the other hand, after the Transactions and to provide mechanisms for an orderly transition, Qurate Retail and/or Liberty Media (or their respective subsidiaries), on the one hand, and GCI Liberty, on the other hand, entered into certain agreements, the terms of which are summarized below.

In addition to the agreements described below, Qurate Retail and/or Liberty Media may enter into, from time to time, agreements and arrangements with GCI Liberty and certain of its related entities, in connection with, and in the ordinary course of, its business.

Tax Sharing Agreement

On March 9, 2018, we and Qurate Retail entered into a tax sharing agreement, which generally allocates taxes, tax benefits, tax items, and tax-related losses between us and Qurate Retail in a manner consistent with the tax sharing policies of Qurate Retail in effect prior to the split-off, with taxes, tax benefits, tax items, and tax-related losses attributable to the assets, liabilities and activities of Qurate Retail's former QVC Group (and former Interactive Group) being allocated to Qurate Retail and taxes, tax benefits, tax items, and tax-related losses attributable to the assets, liabilities and activities of Qurate Retail's former Ventures Group being allocated to us.

In addition, the tax sharing agreement includes special allocation provisions, some of which are not addressed by the former Qurate Retail tax sharing policies, related to the manner in which certain taxes, tax-related losses, and other tax items will be allocated between us and Qurate Retail. Among other matters, these special rules include the manner in which any taxes or tax-related losses arising from the split-off and certain related restructuring transactions, as well as from prior transactions that have been effected by Qurate Retail and its subsidiaries (including the split-off of Liberty Expedia Holdings, Inc. on November 4, 2016 (the **LEXE Split-Off**), the spin-off of CommerceHub, Inc. on July 22, 2016 (the **CHUB Spin-Off**), and the spin-off of Liberty TripAdvisor Holdings, Inc. on August 27, 2014 (the **LTRIP Spin-Off**)), will be allocated between the parties and provides restrictive covenants intended to preserve the tax-free treatment of these transactions. Under the tax sharing agreement, Qurate Retail will be allocated any taxes and tax-related losses that result from the split-off and certain related restructuring transactions, except that we will be allocated any such taxes or tax-related losses that (i) result primarily from, individually or in the aggregate, our breach of any of our restrictive covenants in the tax sharing agreement or (ii) result from Section 355(e) of the Code applying to the split-off as a result of the split-off being part of a plan (or series of related transactions) pursuant to which one or more persons acquire a 50% or greater interest (by vote or value) in our stock. Further, we will be allocated any taxes and tax-related losses that result from the LEXE Split-Off, the CHUB Spin-off, and the LTRIP Spin-Off, except that Qurate Retail will be allocated any such taxes or tax-related losses that result primarily from, individually or in the aggregate, its breach of any of its restrictive covenants in the tax sharing agreement.

The parties must indemnify each other for taxes and losses allocated to them under the tax sharing agreement and for taxes and losses arising from a breach by them of their respective covenants and obligations under the tax sharing agreement. The tax sharing agreement also provides for the agreements between the parties related to the filing of tax returns, control of tax audits, cooperation on tax matters, retention of tax records, and other tax matters.

This summary is qualified by reference to the full text of the Tax Sharing Agreement, which is filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on March 14, 2018.

Indemnification Agreement

In connection with the Transactions, Qurate Retail, Liberty LLC, Old GCI Liberty and the other party thereto, entered into the Indemnification Agreement, pursuant to which, and subject to certain exceptions, GCI Liberty will indemnify and hold harmless Qurate Retail and Liberty LLC, their subsidiaries, and certain related persons specified therein (the **LIC Indemnified Parties**) from and against any losses incurred by such parties to the extent arising out of or resulting from (i) the assets of Old GCI Liberty and its subsidiaries immediately prior to the closing of the contribution of assets and liabilities attributed to Ventures Group to GCI Liberty on March 9, 2018, in exchange for a controlling equity interest in GCI Liberty (the **contribution**), (ii) the assets contributed to Old GCI Liberty pursuant to the contribution (together with (i), the **Company Assets**), (iii) the conduct of the businesses of the Company Assets, (iv) (a) the liabilities of Old GCI Liberty and its subsidiaries immediately prior to the closing of the contribution and (b) the liabilities assumed by Old GCI Liberty pursuant to the contribution, and (v) any breach of, or failure to perform or comply with, any covenant, undertaking or obligation of Old GCI Liberty or any of its subsidiaries under the Indemnification Agreement. The Indemnification Agreement also provides that, except under specified circumstances, Qurate Retail and Liberty LLC will (jointly and severally) indemnify and hold harmless GCI Liberty, its subsidiaries and certain related persons specified therein from and against any losses incurred by such parties arising out of or resulting from (i) the conduct of the businesses of the assets held by Qurate Retail and its subsidiaries immediately prior to the closing of the contribution, other than the contributed Ventures Group assets (the **LIC Retained Assets**), (ii) the LIC Retained Assets, (iii) the liabilities held by Qurate Retail and its subsidiaries immediately prior to the closing of the contribution, other than the assumed liabilities, and (iv) any breach of, or failure to perform or comply with, any covenant, undertaking or obligation of Qurate Retail or any of its subsidiaries under the Indemnification Agreement.

Pursuant to the Indemnification Agreement, GCI Liberty has agreed to indemnify Liberty LLC for certain payments made to a holder of Liberty LLC 1.75% exchangeable debentures due 2046 (the **Liberty Charter Exchangeable Debentures**) that exercises its exchange right under the terms of the debentures on or before October 5, 2023 (the **Exchange Indemnity**). The Exchange Indemnity, which is supported by a negative pledge in favor of Qurate Retail on the referenced shares that underlie the Liberty Charter Exchangeable Debentures, will not apply to any Liberty Charter Exchangeable Debentures purchased by Liberty LLC, as described below. Also, within six months of the split-off, Qurate Retail, Liberty LLC and GCI Liberty will cooperate, and reasonably assist each other, with respect to the commencement and consummation of one or more privately negotiated transactions, a tender offer or other

purchase transactions (each, a **Purchase Offer**) whereby Liberty LLC will offer to purchase the Liberty Charter Exchangeable Debentures on terms and conditions (including maximum offer price) reasonably acceptable to GCI Liberty. GCI Liberty will indemnify Liberty LLC for each Liberty Charter Exchangeable Debenture repurchased by Liberty LLC in a Purchase Offer for an amount by which the purchase price for such debenture exceeds the amount of cash reattributed with respect to such purchased Liberty Charter Exchangeable Debenture net of certain tax benefits, if any, attributable to such Liberty Charter Exchangeable Debenture (the **Repurchase Indemnity**). GCI Liberty's Exchange Indemnity obligation and the number of shares subject to the negative pledge will be ratably reduced as to any Liberty Charter Exchangeable Debentures purchased in a Purchase Offer in connection with the Repurchase Indemnity.

Furthermore, GCI Liberty will indemnify and reimburse the LIC Indemnified Parties and hold each of them harmless against any and all other losses to which such LIC Indemnified Party may become subject arising out of, resulting from or in connection with any claim, litigation, investigation or proceeding relating to a Purchase Offer or any other agreement, document, instrument or transaction related thereto.

This summary is qualified by reference to the full text of the Indemnification Agreement, which is filed as Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on March 14, 2018.

Services Agreement

In connection with the Transactions, Old GCI Liberty entered into the Services Agreement with Liberty Media, pursuant to which Liberty Media provides GCI Liberty with specified services, including:

- insurance administration and risk management services;
- other services typically performed by Liberty Media's legal, investor relations, tax, accounting and internal audit departments; and
- such other services as Liberty Media may obtain from its officers, employees and consultants in the management of its own operations that GCI Liberty may from time to time request or require.

In addition, Liberty Media provides to GCI Liberty certain technical and information technology services, including management information systems, computer, data storage, network and telecommunications services.

GCI Liberty pays Liberty Media an agreed-upon annual services fee under the Services Agreement, which is currently \$7 million. GCI Liberty also reimburses Liberty Media for direct out-of-pocket costs incurred by Liberty Media for third party services provided to GCI Liberty. Liberty Media and GCI Liberty will evaluate all charges for reasonableness semi-annually and make adjustments to these charges as the parties mutually agree upon.

The Services Agreement will continue in effect until the close of business on the third anniversary of the split-off, unless earlier terminated (1) by GCI Liberty at any time on at least 30 days' prior written notice, (2) by Liberty Media upon written notice to GCI Liberty following a change in control or certain bankruptcy or insolvency-related events affecting GCI Liberty or (3) by GCI Liberty, upon written notice to Liberty Media, following certain changes in control of Liberty Media or Liberty Media being the subject of certain bankruptcy or insolvency-related events.

This summary is qualified by reference to the full text of the Services Agreement, which is filed as a form of which is filed as exhibit 10.3 to our Current Report on Form 8-K filed with the SEC on March 14, 2018.

Facilities Sharing Agreement

In connection with the split-off, Old GCI Liberty entered into a facilities sharing agreement with Liberty Media and Liberty Property Holdings, Inc. (**LPH**), a wholly-owned subsidiary of Liberty Media, pursuant to which, following the split-off, GCI Liberty shares office facilities with Qurate Retail and Liberty Media located at 12300 Liberty Boulevard, Englewood, Colorado. GCI Liberty pays a sharing fee for use of the office based on a comparable fair market rental rate and an estimate of the usage of the office facilities by or on behalf of GCI Liberty. The sharing fees payable to Liberty Media for the year ending December 31, 2018 are expected to be approximately \$2 million. The Facilities Sharing Agreement will continue in effect until the close of business on the third anniversary of the split-off, unless earlier terminated (1) by GCI Liberty at any time on at least 30 days' prior written notice, (2) by LPH upon written notice to GCI Liberty following a default by GCI Liberty of any of its material obligations under the Facilities Sharing Agreement, which default remains unremedied for 30 days after written notice of such default is provided, (3) by GCI Liberty upon written notice to LPH, following certain changes in control of Liberty Media or

Liberty Media being the subject of certain bankruptcy or insolvency-related events or (4) by LPH upon written notice to GCI Liberty, following certain changes in control of GCI Liberty or GCI Liberty being the subject of certain bankruptcy or insolvency-related events.

This summary is qualified by reference to the full text of the Facilities Sharing Agreement, which is filed as exhibit 10.4 to our Current Report on Form 8-K filed with the SEC on March 14, 2018.

Aircraft Time Sharing Agreements

Prior to the completion of the split-off, Old GCI Liberty (**Lessee**) entered into three aircraft time sharing agreements with Liberty Media or one or more of its wholly-owned subsidiaries (individually, the **Aircraft Time Sharing Agreement**, or collectively, the **Aircraft Time Sharing Agreements**) for each of three aircraft owned by Liberty Media or in which a wholly owned subsidiary of Liberty Media owns a fractional interest. Each Aircraft Time Sharing Agreement provides that Liberty Media or its subsidiaries will lease the aircraft to Lessee and provide or arrange for a fully qualified flight crew for all operations on a periodic, non-exclusive time sharing basis. Lessee will pay Liberty Media or its subsidiaries an amount equal to the actual expenses of each flight conducted under each Aircraft Time Sharing Agreement to the maximum extent permitted under Federal Aviation Administration rules (which GCI Liberty estimates will be a de minimis amount for the first year under the Aircraft Time Sharing Agreements). Such expenses may include fuel, oil, lubricants and other additives (plus an additional charge of 100% thereof), travel expenses of the crew, hanger and tie down costs, insurance obtained for a specific flight, landing fees, airport taxes and similar assessments, customs and similar fees, in-flight food and beverage costs, ground transportation, flight planning and weather contact services. The Aircraft Time Sharing Agreements will continue in effect until the close of business on the first anniversary of the split-off, and then will be automatically renewed on a month-to-month basis, unless terminated earlier by either party upon at least 30 days' prior written notice.

This summary is qualified by reference to the full text of the Aircraft Time Sharing Agreements, which are filed as exhibits 10.5 and 10.6 to our Current Report on Form 8-K filed with the SEC on March 14, 2018.

STOCKHOLDER PROPOSALS

This proxy statement relates to our annual meeting of stockholders for the calendar year 2019 which will take place on June 24, 2019. Based solely on the date of our 2019 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 January 4, 2020 in order to be eligible for inclusion in our proxy materials for the annual meeting of stockholders for the calendar year 2020 (the **2020 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 March 26, 2020 and not later than April 27, 2020 to be considered for presentation at the 2020 annual meeting. We currently anticipate that the 2020 annual meeting will be held during the second quarter of 2020. If the 2020 annual meeting takes place more than 30 days before or 30 days after June 24, 2020 (the anniversary of the 2019 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 2020 annual meeting is communicated to stockholders or public disclosure of the date of the 2020 annual meeting is made, whichever occurs first, in order to be considered for presentation at the 2020 annual meeting.

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

ADDITIONAL INFORMATION

We file periodic reports, proxy materials and other information with the SEC. You may read and copy any document that we file at the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at (800) SEC-0330. You may also inspect such filings on the Internet website maintained by the SEC at www.sec.gov. Additional information can also be found on our website at www.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 2018 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 2018 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

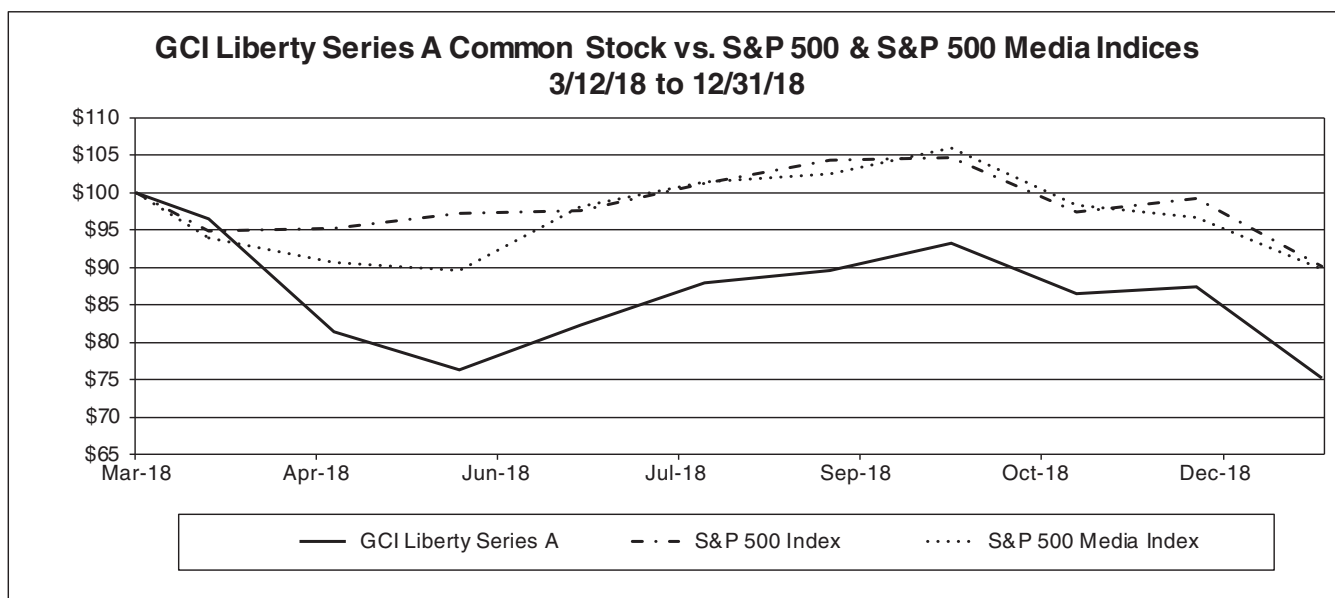
Certain statements in this Annual Report constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our business, product and marketing strategies; revenue growth; the recoverability of our goodwill and other long-lived assets; our projected sources and uses of cash; renewal of licenses; the Rural Healthcare Program; the new customer billing system 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:

- The ability of our company to successfully integrate and recognize anticipated efficiencies and benefits from the March 2018 transactions with Qurate Retail, Inc.;
- customer demand for our company’s products and services and our company’s ability to adapt to changes in demand;
- the ability of GCI Holdings, LLC to recognize anticipated efficiencies and benefits from its new billing system;
- 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;
- 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;
- the outcome of any pending or threatened litigation;
- availability of qualified personnel;
- 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;
- changes in the nature of key strategic relationships with partners, distributors, suppliers and vendors;
- domestic and international economic and business conditions and industry trends, 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, subjecting our company and its businesses to potentially costly government enforcement actions or private litigation and reputational damage; 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, 2018 to the S&P 500 Index and S&P 500 Media Index.



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

INVESTMENT SUMMARY

(Based on publicly available information as of January 31, 2019)—GCI Liberty.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 tables 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. Ownership percentages in the tables are approximate. 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	27%

(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, 2018 and 2017. 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>2017</u>		
First Quarter	20.85	20.65
Second Quarter	38.05	31.61
Third Quarter	43.08	36.08
Fourth Quarter	42.46	39.00
<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

(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, 2019, there were 1,592 holders of record of our Series A common stock and 58 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, 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 2019 Annual Meeting of Stockholders that will be filed with the Securities and Exchange Commission on or before April 30, 2019.

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.

A summary of the repurchase activity for the three months ended December 31, 2018 is as follows:

GCI Liberty Series A Common Stock

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plan or Programs
October 1 - 31, 2018	552,362	\$ 47.44	1,041,925	\$599.9 million
November 1 - 30, 2018	644,128	\$ 46.49	1,686,053	\$569.9 million
December 1 - 31, 2018	711,657	\$ 44.36	2,397,710	\$538.4 million
Total	<u>1,908,147</u>			

There were no repurchases of GCI Liberty Series B common stock during the three months ended December 31, 2018.

113,040 shares of GCI Liberty Series A common stock and 25,304 shares of GCI Liberty Series A Cumulative Redeemable 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, 2018.

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,				
	2018 (1)	2017	2016	2015	2014
amounts in thousands					
<i>Summary Balance Sheet Data:</i>					
Cash and cash equivalents	\$ 491,257	573,210	487,163	2,001,481	1,846,112
Investments in equity securities	\$ 1,533,517	1,803,064	1,546,615	1,896,535	1,696,845
Investments in affiliates, accounted for using the equity method	\$ 177,030	114,655	31,493	427	—
Investment in Liberty Broadband measured at fair value	\$ 3,074,373	3,634,786	3,161,444	—	—
Total assets	\$ 8,660,822	6,172,213	5,300,776	3,977,743	3,586,863
Debt	\$ 2,886,034	—	—	—	—
Deferred income tax liabilities	\$ 793,696	643,426	777,092	301,848	246,023
Taxes payable	\$ —	1,198,315	925,715	631,582	471,683
Total equity	\$ 4,306,690	4,224,036	3,592,682	3,032,661	2,864,055

	Years Ended December 31,				
	2018 (1)	2017	2016	2015	2014
amounts in thousands, except per share amounts					
<i>Summary Statement of Operations Data:</i>					
Revenue	\$ 739,762	23,817	22,552	20,307	17,032
Operating income (loss)	\$ (249,992)	(55,597)	(35,155)	(28,534)	(34,526)
Interest expense	\$ (119,296)	—	—	—	—
Share of earnings (losses) of affiliates, net	\$ 25,772	7,001	11,831	2,142	999
Realized and unrealized gains (losses) on financial instruments, net	\$ (681,545)	637,164	1,309,365	179,699	90,447
Earnings (loss) before income taxes	\$(1,056,961)	591,035	1,316,814	171,692	74,306
Net earnings (loss) attributable to GCI Liberty, Inc. shareholders	\$ (873,303)	724,586	820,683	110,713	48,053
Basic net earnings (loss) attributable to Series A and Series B GCI Liberty, Inc. shareholders per common share	\$ (8.09)	6.65	7.53	1.02	0.44
Diluted net earnings (loss) attributable to Series A and Series B GCI Liberty, Inc. shareholders per common share	\$ (8.09)	6.65	7.53	1.02	0.44

(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 note 2 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.

Customer Billing Systems

On August 4, 2018, GCI Holdings transferred its customer billing systems for business and consumer voice, data, video, and wireless services to a new third-party billing system to better meet its needs. The new billing system has many benefits including a single invoice for customers, meaningful efficiencies for processing transactions, and the ability to accelerate the introduction of new products and promotions.

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 is in a recession that started in late 2015. While it is difficult for GCI Holdings to predict the future impact of the continuing recession on its business, these conditions have had an adverse impact on its business and could continue to adversely affect the affordability of and demand for some of its products and services and cause customers to shift to lower priced products and services or to delay or forgo purchases of its products and services. 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, GCI Holdings could be required to increase its allowance for doubtful accounts, and the number of days outstanding for its accounts receivable could increase. If the recession continues, it could continue to negatively affect GCI Holdings' business including its financial position, results of operations, or liquidity, as well as its ability to service debt, pay other obligations and enhance shareholder returns.

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") or legislative actions. The following paragraphs describe certain separate matters related to the RHC Program that impact or could impact the revenue earned by the Company.

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 in the current period for the funding year that ended on June 30, 2018 of approximately \$8.6 million. GCI Holdings expects to reduce future 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 million per quarter 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 million to \$571 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 was available to pay in full the approved funding under the RHC program for the funding year ended on June 30, 2018.

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, to which it is in the process of responding. This inquiry into the rates charged by GCI Holdings is still pending, and presently it is unable to assess the ultimate resolution of this matter. The ongoing uncertainty in program funding 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. At the rates approved by the Bureau in a letter received on October 10, 2018, the funding at issue under the denials is approximately \$13 million. 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 filed an appeal with USAC on January 29, 2019. At this time, GCI Holdings has no reason to believe that there was any violation of the FCC's competitive bidding rules, but without further information from the Customer and/or USAC, it cannot assess whether the USAC denials will be overturned. If the denial notices are upheld for reasons relating to the Customer's competitive bidding process, funding issued under one or both contracts for prior years could be subject to further review, as well as funding for services already being delivered or to be delivered for the period from July 1, 2018 through June 30, 2019. GCI Holdings has accounts receivable of approximately \$18 million outstanding as of December 31, 2018 associated with these two service contracts. The outstanding accounts receivable includes the approximate \$13 million of funding at issue as discussed above and additional amounts for services provided for the period from July 1, 2018 through December 31, 2018. Given the uncertainty of whether the USAC denials will be overturned, it is reasonably possible that GCI Holdings may incur a loss. The amount of a potential loss could range from zero to the full amount of the accounts receivable balance as of December 31, 2018. No amount within this range of a potential loss is a better estimate than any other amount. Accordingly, no loss was recorded as of December 31, 2018 given the minimum amount in the range is zero.

In addition, on December 4, 2018, the FCC issued a public notice seeking further comment on an earlier proposal to determine the rural rates for services supported by the RHC Program in a different manner than it does today. GCI Holdings and others submitted comments on January 30, 2019, but GCI Holdings cannot assess at this time the substance, impact on funding, or timing of any future rule changes that may be adopted by the FCC.

Results of Operations - Consolidated

General. We provide in the tables below 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. 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,		
	2018	2017	2016
	amounts in thousands		
Revenue			
GCI Holdings	\$ 715,842	—	—
Corporate and other	23,920	23,817	22,552
Consolidated	<u>\$ 739,762</u>	<u>23,817</u>	<u>22,552</u>
Operating Income (Loss)			
GCI Holdings	\$ (208,934)	—	—
Corporate and other	(41,058)	(55,597)	(35,155)
Consolidated	<u>\$ (249,992)</u>	<u>(55,597)</u>	<u>(35,155)</u>
Adjusted OIBDA			
GCI Holdings	\$ 217,832	—	—
Corporate and other	(24,731)	(25,762)	(16,063)
Consolidated	<u>\$ 193,101</u>	<u>(25,762)</u>	<u>(16,063)</u>

Revenue. Our consolidated revenue increased \$715.9 million and \$1.3 million for the years ended December 31, 2018 and 2017, respectively, as compared to the corresponding prior year periods. The increase during the year ended December 31, 2018 is primarily due to an increase of \$715.8 million at GCI Holdings as compared to the prior period 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.

Operating Income (Loss). Our consolidated operating loss increased \$194.4 million and \$20.4 million for the years ended December 31, 2018 and 2017, respectively, as compared to the corresponding prior year periods. The decrease in operating income for 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 \$14.5 million and increased \$20.4 million for the years ended December 31, 2018 and 2017, respectively, as compared to the corresponding prior year periods. The decrease in 2018 is due to a decrease in costs associated with the Transactions partially offset by an increase in costs as a wholly owned subsidiary increased investment in its business and increased public company costs. The increase in 2017 is primarily due to costs related to the Transactions.

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 \$28.2 million, \$26.6 million and \$16.1 million of stock compensation expense for the years

ended December 31, 2018, 2017 and 2016, respectively. The increase for the year ended December 31, 2018 as compared to the corresponding prior year period 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. The increase for the year ended December 31, 2017 as compared to the corresponding prior year period is primarily due to the option exchange that was discussed above. As of December 31, 2018, the total unrecognized compensation cost related to unvested options and restricted stock was approximately \$9.4 million and \$24.2 million, respectively. Such amounts will be recognized in the Company's consolidated statements of operations over a weighted average period of approximately 1.2 years and 2.0 years, respectively.

Adjusted OIBDA. 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, including each business's ability to service debt and fund capital expenditures. In addition, this measure allows management, including the chief operating decision maker, to view operating results and perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. This measure of performance excludes depreciation and amortization, stock based compensation, separately reported litigation settlements and restructuring and impairment charges that are included in the measurement of operating income pursuant to GAAP. Accordingly, Adjusted OIBDA should be considered in addition to, but not as a substitute for, operating income, net income, cash flow provided by operating activities and other measures of financial performance prepared in accordance with GAAP. See note 16 in the accompanying consolidated financial statements for a reconciliation of Adjusted OIBDA to operating income (loss) and earnings (loss) from continuing operations before income taxes.

Consolidated Adjusted OIBDA increased \$218.9 million and decreased \$9.7 million during the years ended December 31, 2018 and 2017, respectively, as compared to the corresponding prior year periods. The increase for the year ended December 31, 2018 is 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. The decrease for the year ended December 31, 2017 is primarily due to an increase in expenses at Corporate and other as a result of the Transactions.

Other Income and Expense

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

	Years ended December 31,		
	2018	2017	2016
	amounts in thousands		
<i>Interest expense</i>			
GCI Holdings	\$ (69,478)	—	—
Corporate and other	(49,818)	—	—
Consolidated	<u>\$ (119,296)</u>	<u>—</u>	<u>—</u>
<i>Share of earnings (losses) of affiliates, net</i>			
GCI Holdings	\$ (111)	—	—
Corporate and other	25,883	7,001	11,831
Consolidated	<u>\$ 25,772</u>	<u>7,001</u>	<u>11,831</u>
<i>Realized and unrealized gains (losses) on financial instruments, net</i>			
GCI Holdings	\$ —	—	—
Corporate and other	(681,545)	637,164	1,309,365
Consolidated	<u>\$ (681,545)</u>	<u>637,164</u>	<u>1,309,365</u>
<i>Tax sharing agreement</i>			
GCI Holdings	\$ —	—	—
Corporate and other	(32,105)	—	—
Consolidated	<u>\$ (32,105)</u>	<u>—</u>	<u>—</u>
<i>Other, net</i>			
GCI Holdings	\$ 1,376	—	—
Corporate and other	(1,171)	2,467	30,773
Consolidated	<u>\$ 205</u>	<u>2,467</u>	<u>30,773</u>

Interest Expense. Consolidated interest expense increased \$119.3 million during the year ended December 31, 2018 as compared to the corresponding prior year period primarily due to the acquisition of GCI Holdings on March 9, 2018 and the \$1.0 billion margin loan. The Company issued exchangeable senior debentures on June 18, 2018 that is expected to result in increased interest expense in future periods.

Share of earnings (losses) of affiliates, net. Share of earnings (losses) of affiliates, net increased \$18.8 million and decreased \$4.8 million during the years ended December 31, 2018 and 2017, respectively, as compared to the corresponding prior year periods. The increase in the year ended December 31, 2018 as compared to the corresponding prior year period is due to increases in LendingTree's results. The decrease in the year ended December 31, 2017 as compared to the corresponding prior year period is due to decreases 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,		
	2018	2017	2016
amounts in thousands			
Equity securities	\$ (274,393)	258,629	547,921
Investment in Liberty Broadband	(560,413)	473,342	761,444
Variable forward	75,970	(94,807)	NA
Indemnification obligation	70,007	NA	NA
Exchangeables senior debentures	7,284	NA	NA
	<u>\$ (681,545)</u>	<u>637,164</u>	<u>1,309,365</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 decrease for the year ended December 31, 2018 as compared to the corresponding prior year period was primarily driven by a decrease in the market value of our investments in Liberty Broadband and Charter. The decrease for the year ended December 31, 2017 as compared to the corresponding prior year period was primarily driven by less growth in the market value of our investments in Liberty Broadband and Charter than the prior period.

Tax sharing agreement. The Company had a loss of \$32.1 million for the year ended December 31, 2018 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).

Income taxes. The Company had an income tax benefit of \$183.3 million and \$133.5 million for the years ended December 31, 2018 and 2017, respectively, and income tax expense of \$496.2 million for the year ended December 31, 2016. 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. Income tax expense was higher than the U.S. statutory tax rate of 35% in 2016 due to state expense related to unrealized gains on the Company's investments.

Net earnings (loss). The Company had a net loss of \$873.3 million for the year ended December 31, 2018 and net earnings of \$724.6 million and \$820.7 million for the years ended December 31, 2017, and 2016, 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, 2018, substantially all of our cash and cash equivalents were invested in U.S. Treasury securities, 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 our 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. As of December 31, 2018, GCI, LLC exceeded the maximum leverage threshold, as measured by the terms of its Senior Notes (as defined below), and therefore does not have access to any additional funding under the revolving portion of the Senior Credit Facility. See note 9 in the accompanying consolidated financial statements for additional information on its Senior Credit Facility. We believe we have sufficient cash from operating activities and cash on hand to fund our business.

As of December 31, 2018, the Company had a cash and cash equivalents balance of \$491.3 million of which \$170.7 million is held by the Company's subsidiaries.

	Years ended December 31,		
	2018	2017	2016
	amounts in thousands		
Cash flow information			
Net cash provided (used) by operating activities	\$ 82,888	304,864	292,225
Net cash provided (used) by investing activities	(32,276)	(78,123)	(1,504,771)
Net cash provided (used) by financing activities	(132,728)	(140,720)	(300,808)
	<u>\$ (82,116)</u>	<u>86,021</u>	<u>(1,513,354)</u>

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 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 for investing activities consists primarily of cash paid for capital expenditures and investments. Our significant recurring investing activity has been GCI Holdings' capital expenditures and the purchase of investments. We expect that this will continue in the future. A significant portion of our capital expenditures are based on the level of GCI Holdings' customer growth and the technology being deployed. Purchases of investments are based on what we believe are good opportunities for growth.

Proceeds from borrowings fluctuate from year to year based on our liquidity needs. We may use excess cash to make optional repayments on our debt or repurchase our common stock depending on various factors, such as market conditions.

The projected uses of the Company's cash are capital expenditures of approximately \$165 million, approximately \$135 million for interest payments on outstanding debt, approximately \$13 million for preferred stock dividends, repurchases of GCI Liberty Series A common stock, 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				
<i>Consolidated contractual obligations</i>					
Debt (1)	\$ 2,874,928	902,934	1,038,687	478,374	454,933
Preferred stock	177,103	—	—	—	177,103
Interest on long-term debt and preferred stock (2)	636,509	146,346	166,997	102,991	220,175
Capital lease obligations, including interest	46,658	13,450	25,503	5,971	1,734
Tower obligations, including interest	182,592	7,644	15,750	16,386	142,812
Operating lease commitments	140,430	40,487	56,788	21,829	21,326
Purchase obligations	51,139	51,139	—	—	—
Total contractual obligations	\$ 4,109,359	1,162,000	1,303,725	625,551	1,018,083

(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, 2018, (ii) assume the interest rates on our variable rate debt remain constant at the December 31, 2018 rates and (iii) assume that our existing debt is repaid at maturity.

Critical Accounting Estimates

The preparation of our financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Listed below are the accounting estimates that we believe are critical to our financial statements due to the degree of uncertainty regarding the estimates or assumptions involved and the magnitude of the asset, liability, revenue or expense being reported. All of these accounting estimates and assumptions, as well as the resulting impact to our financial statements, have been discussed with the audit committee of our board of directors.

Fair Value of Non-Financial Instruments. Our non-financial instrument valuations are primarily comprised of our determination of the estimated fair value allocation of net tangible and identifiable intangible assets acquired in business combinations, our annual assessment of the recoverability of our goodwill and other nonamortizable intangibles, and our evaluation of the recoverability of our 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 our intangible or long-lived assets exceeds their estimated fair value, we are required to write the carrying value down to fair value. Any such write down is included in impairment expense in our consolidated statement of operations. A high degree of judgment is required to estimate the fair value of our intangible and long-lived assets. We may use quoted market prices, prices for similar assets, present value techniques and other valuation techniques to prepare these estimates. We 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 our intangible or long-lived assets may differ from our estimate of fair value.

We utilize the cost approach as the primary method used to establish fair value for our 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 our property and equipment along with assumptions regarding the age and estimated useful lives of our 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, 2018, the Company determined that it was necessary to perform a quantitative impairment assessment of its cable certificates and wireless licenses. An impairment was recorded in the amount of \$65 million (see note 8 in the accompanying consolidated financial statements).

We utilize an income approach as the primary method used to establish fair value for our customer relationships, cable certificates, and wireless licenses in connection with business combinations. The income approach quantifies the expected earnings of our 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.

We perform our annual assessment of the recoverability of our goodwill in the fourth quarter each year. 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 our 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, 2018, the Company determined that it was necessary to perform a quantitative goodwill impairment assessment for the GCI Holdings reporting unit. An impairment was recorded in the amount of \$136 million (see note 8 in the accompanying consolidated financial statements). Due to this impairment, the carrying value of the GCI Holdings reporting unit approximates fair value as of 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. We are required to estimate the amount of tax payable or refundable for the current year and the deferred income tax liabilities and assets for the future tax consequences of events that have been reflected in our financial statements or tax returns for each taxing jurisdiction in which we operate. This process requires our management to make judgments regarding the timing and probability of the ultimate tax impact of the various agreements and transactions that we enter into. Based on these judgments we may record tax reserves or adjustments to valuation allowances on deferred tax assets to reflect the expected realizability of future tax benefits. Actual income taxes could vary from these estimates due to future changes in income tax law, significant changes in the jurisdictions in which we operate, our inability to generate sufficient future taxable income or unpredicted results from the final determination of each year's liability by taxing authorities. These changes could have a significant impact on our financial position.

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 recession in Alaska as discussed in the Overview section. The following table highlights selected key performance indicators used in evaluating GCI Holdings.

	December 31,	
	2018	2017
Consumer		
Wireless:		
Wireless lines in service ¹	192,700	196,800
Data:		
Cable modem subscribers ²	125,700	124,900
Video:		
Basic subscribers	89,100	97,200
Homes passed	253,400	252,500
Voice:		
Total local access lines in service ³	44,500	48,900
Business		
Wireless:		
Wireless lines in service ¹	21,500	22,600
Data:		
Cable modem subscribers ²	9,200	9,900
Voice:		
Total local access lines in service ³	36,500	38,500

¹ A wireless line in service is defined as a revenue generating wireless device. On January 1, 2018, we transferred 600 small business wireless lines from Business to Consumer.

² 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. On January 1, 2018, we transferred 700 small business cable modem subscribers from Business to Consumer.

³ A local access line in service is defined as a revenue generating circuit or channel connecting a customer to the public switched telephone network. On January 1, 2018, we transferred 1,600 small business local access lines from Business to Consumer.

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 we are 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 acquisition price allocation related to the GCI Holdings business combination is preliminary. Accordingly, the pro forma adjustments are based on the preliminary acquisition price allocation and have been made solely for the purpose of providing comparative pro forma financial information. We have made pro forma adjustments to the results for the year ended December 31, 2017 for the impact of the new revenue standard (as described in note 2) to assist in the comparability of the year ended December 31, 2018. We have made pro forma adjustments to the results for the year 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 Overview 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' pro forma operating results were as follows:

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

Pro forma revenue

The components of pro forma revenue are as follows:

	Years ended December 31,	
	2018	2017
	amounts in thousands	
Consumer		
Wireless	\$ 166,847	169,601
Data	159,667	145,757
Video	89,553	99,609
Voice	20,601	21,858
Business		
Wireless	95,649	99,940
Data	278,315	290,194
Video	19,449	18,039
Voice	45,209	49,911
Total pro forma revenue	<u>\$ 875,290</u>	<u>894,909</u>

Pro forma consumer wireless revenue decreased \$2.8 million for the year ended December 31, 2018 as compared to the corresponding prior year period. The decrease 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. During the third quarter of 2018, we converted to a new third-party billing system. The billing system implementation included a transition of wireless customers from billing in arrears to billing in advance. To ease the transition for our customers, we chose to forgive one month of service for those customers who would have otherwise received an invoice for two months of service. Additionally, there was a decrease of \$2.2 million in USF high cost support ("High Cost Support") for the year ended December 31, 2018 as compared to the corresponding prior year period due to a scheduled decrease in cash received for High Cost Support for urban areas. As previously disclosed, High Cost Support

for urban areas ends as of December 31, 2018. We expect High Cost Support to decrease by \$4.1 million in 2019 as compared to 2018 due to the end of High Cost Support provided for certain urban areas previously included. The decreases discussed above were partially offset by a \$5.1 million increase in wireless equipment revenue for the year ended December 31, 2018 as compared to the corresponding prior year period, which was primarily driven by an increase in the number of higher priced wireless devices sold.

Pro forma consumer data revenue increased \$13.9 million for the year ended December 31, 2018 as compared to the corresponding prior year period. The increase was primarily attributable to 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.

Pro forma consumer video revenue decreased \$10.1 million for the year ended December 31, 2018 as compared to the corresponding prior year period. The decrease was primarily due to a 8.3% decrease in the number of subscribers.

Pro forma consumer voice revenue decreased \$1.3 million for the year ended December 31, 2018 as compared to the corresponding prior year period. The decrease for the year ended December 31, 2018 was primarily due to a decrease in High Cost Support due to a scheduled decrease in funding for urban areas.

Pro forma business wireless revenue decreased \$4.3 million for the year ended December 31, 2018 as compared to the corresponding prior year period. The decrease is 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.

Pro forma business data revenue decreased \$11.9 million for the year ended December 31, 2018 as compared to the corresponding prior year period. The decrease 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 Overview section and a \$4.3 million decrease in professional services revenue due to a decrease in special project work.

Pro forma business video revenue increased \$1.4 million for the year ended December 31, 2018 as compared to the corresponding prior year period 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.

Pro forma business voice revenue decreased \$4.7 million year ended December 31, 2018 as compared to the corresponding prior year period. The decrease is 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.

Pro forma Operating expenses decreased \$17.4 million for the year ended December 31, 2018 as compared to the corresponding prior year period. The decrease for the year ended December 31, 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 us to move traffic to our 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.

Pro forma Selling, general and administrative expenses increased \$15.9 million for the year ended December 31, 2018, as compared to the corresponding prior year period 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.

Pro forma Stock based compensation decreased \$8.1 million for the year ended December 31, 2018 as compared to the corresponding prior year period due to awards for which, based on purchase accounting, amortization was completely recognized during 2017.

Pro forma Impairment of intangibles and long-lived assets increased \$207.9 million 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.

Pro forma Depreciation and amortization increased \$1.5 million during the year ended December 31, 2018 as compared to the corresponding prior year period. The increase was primarily due to new assets placed in service since March 9, 2018, which was partially offset due to 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, 2018, 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	\$ 722,678	4.8%	\$ 775,000	6.8%
Corporate and other	\$ 900,000	4.2%	\$ 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, 2018, the fair value of the Company's equity securities was \$1.5 billion. Had the market price of such securities been 10% lower at December 31, 2018, the aggregate value of such securities would have been \$153 million lower. At December 31, 2018, the fair value of the Company's investment in Liberty Broadband was \$3.1 billion. Had the market price of such security been 10% lower at December 31, 2018, the fair value of such security would have been \$307 million lower.

Consolidated Financial Statements and Supplementary Data

The Company's consolidated financial statements are included herein, beginning on page F-25.

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, 2018 because of two material weaknesses in its internal control over financial reporting that are described below in “Management’s Report on Internal Control Over Financial Reporting.”

However, giving full consideration to the two material weaknesses, 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”). KPMG LLP has issued its report dated February 28, 2019, which expressed an unqualified opinion on those consolidated financial statements.

Management’s Report on Internal Control Over Financial Reporting

See page F-21 for Management's Report on Internal Control Over Financial Reporting.

See page F-22 for KPMG LLP’s attestation report regarding the effectiveness of our internal control over financial reporting.

Changes in Internal Control Over Financial Reporting

In March 2018, the Company completed the Transactions, pursuant to which the contribution was treated as a reverse acquisition under the acquisition method of accounting in accordance with GAAP. The Transactions resulted in changes to the management of the Company. As a result, management made significant enhancements to internal controls over financial reporting, especially to the information technology general controls (“ITGC”) as management shifted from a highly manual control environment to more reliance on ITGCs.

Except for certain of the remediation activities described below, and changes that resulted from the Transactions, there was no change in the Company’s internal control over financial reporting that occurred during the Company’s quarter ended December 31, 2018 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

Remediation Plan for Material Weaknesses in Internal Control Over Financial Reporting

In response to the two material weaknesses identified in “Management’s Report on Internal Control Over Financial Reporting,” the Company, with oversight from the Audit Committee of the Board of Directors, has developed a plan to remediate the material weaknesses at GCI Holdings. The remediation actions included the following:

- Improvement of the design and operation of control activities and procedures associated with user access to the affected IT systems, including removing all inappropriate IT system access associated with the material weakness and ensuring no inappropriate activity occurred during the period.
- Enhance management’s risk assessment to emphasize and evaluate the interdependencies of business processes, automated control activities, and effective ITGCs.
- Enhance controls related to the review of payroll changes and of payroll calculations after payroll is processed by the third-party processing company, but before payments are disbursed to employees.

The Company believes the foregoing efforts remediated the two material weaknesses described in “Management’s Report on Internal Control Over Financial Reporting” after the assessment date and prior to the filing of this Annual Report.

However, because the reliability of the internal control process requires repeatable execution, the successful on-going remediation of these material weaknesses will require on-going training, monitoring, and evidence of effectiveness prior to concluding that the controls are effective.

Additionally, the Company and GCI Holdings intend to continue to monitor information system access and the assessment of process level risks to determine whether additional adjustments should be made to ensure controls are effective in the future.

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, 2018, 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, 2018, the Company's internal control over financial reporting is not effective due to the two material weaknesses 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. Based on management's evaluation of internal control over financial reporting, two material weaknesses were identified as described below at GCI Holdings, a wholly owned subsidiary.

1. ITGCs around financially significant information technology ("IT") systems were not effective. Specifically, the ITGCs around system access were not operating consistently to ensure that access to applications and data was adequately restricted to appropriate personnel. Because of the deficiency in ITGCs for these systems, the business process controls (automated and manual) that are dependent on these systems were also deemed ineffective because they could have been adversely impacted. We believe that these control deficiencies were a result of an inadequate assessment of IT risks, which in turn contributed to inappropriate reliance on manual business process controls rather than ITGCs.
2. Internal controls around the payroll process were ineffective due to an aggregation of deficiencies relating to the IT deficiencies described above, ineffectively designed controls over payroll changes, and ineffective review and monitoring controls. We believe that these control deficiencies were a result of an inadequate assessment of risk related to outsourcing payroll processing to a third-party provider, which contributed to the ineffective design of controls intended to validate that manual changes to payroll inputs were appropriate.

As part of the control environment improvements disclosed in our Quarterly Reports on Form 10-Q for the quarters ended June 30, 2018 and September 30, 2018, there was an emphasis on improving the strength of the Company's ITGCs. In several cases, the strengthened controls were not fully operational until the fourth quarter of 2018. Due to the newness of the controls and personnel constraints and due to the control operators' dedication to supporting the launch of GCI Holdings' new billing and payroll systems, several of the improved access controls were not consistently executed in the fourth quarter of 2018.

The control deficiencies did not result in any identified misstatements.

The Company's independent registered public accounting firm that audited the consolidated financial statements included in this Annual Report has issued an adverse report on the effectiveness of the Company's internal control over financial reporting. This attestation report appears on page F-22 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, 2018, 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 weaknesses, 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, 2018, 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, 2018 and 2017, 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, 2018, and the related notes (collectively, the consolidated financial statements), and our report dated February 28, 2019 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. The following material weaknesses have been identified and included in management's assessment:

1. Information technology general controls (ITGCs) around financially significant information technology (IT) systems were not effective. Specifically, the ITGCs around system access were not operating consistently to ensure that access to applications and data was adequately restricted to appropriate personnel. Because of the deficiency in ITGCs for these systems, the business process controls (automated and manual) that are dependent on these systems were also deemed ineffective because they could have been adversely impacted. These control deficiencies were a result of an inadequate assessment of IT risks, which in turn contributed to inappropriate reliance on manual business process controls rather than ITGCs.
2. Internal controls around the payroll process were ineffective due to an aggregation of deficiencies relating to the IT deficiencies described above, ineffectively designed controls over payroll changes, and ineffective review and monitoring controls. These control deficiencies were a result of an inadequate assessment of risk related to outsourcing payroll processing to a third-party provider, which contributed to the ineffective design of controls intended to validate that manual changes to payroll inputs were appropriate.

The material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2018 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 28, 2019

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, 2018 and 2017, 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, 2018, 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, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2018, 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, 2018, 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 28, 2019 expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

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

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

/s/ KPMG LLP

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

Denver, Colorado
February 28, 2019

GCI LIBERTY, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
	<u>amounts in thousands</u>	
<i>Assets</i>		
Current assets:		
Cash and cash equivalents	\$ 491,257	573,210
Trade and other receivables, net of allowance for doubtful accounts of \$7,555 and \$0, respectively	182,600	6,803
Current portion of tax sharing receivable	36,781	—
Other current assets	40,100	1,265
Total current assets	<u>750,738</u>	<u>581,278</u>
Investments in equity securities (note 6)	1,533,517	1,803,064
Investments in affiliates, accounted for using the equity method (note 7)	177,030	114,655
Investment in Liberty Broadband measured at fair value (note 7)	3,074,373	3,634,786
Property and equipment, net	1,184,606	624
Intangible assets not subject to amortization		
Goodwill (note 8)	855,837	25,569
Cable certificates	305,000	—
Wireless licenses	190,000	—
Other	16,500	4,000
	<u>1,367,337</u>	<u>29,569</u>
Intangible assets subject to amortization, net (note 8)	436,006	4,237
Tax sharing receivable	65,701	—
Other assets, at cost, net of accumulated amortization	71,514	4,000
Total assets	<u>\$ 8,660,822</u>	<u>6,172,213</u>

(Continued)

See accompanying notes to consolidated financial statements.

GCI LIBERTY, INC. AND SUBSIDIARIES

Consolidated Balance Sheets (Continued)

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
	<u>amounts in thousands, except share amounts</u>	
<i>Liabilities and Equity</i>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 100,334	718
Deferred revenue	31,743	—
Current portion of debt, net of deferred financing costs (note 9)	900,759	—
Other current liabilities	47,958	9,747
Total current liabilities	<u>1,080,794</u>	<u>10,465</u>
Long-term debt, net, including \$462,336 and \$0 measured at fair value (note 9)	1,985,275	—
Obligations under capital leases and tower obligations, excluding current portion (note 15)	122,245	—
Long-term deferred revenue	65,954	130
Deferred income tax liabilities	793,696	643,426
Taxes payable	—	1,198,315
Preferred stock (note 11)	177,103	—
Indemnification obligation (note 5)	78,522	—
Other liabilities	50,543	95,841
Total liabilities	<u>4,354,132</u>	<u>1,948,177</u>
<i>Equity</i>		
Stockholders' equity:		
Series A common stock, \$0.01 par value. Authorized 500,000,000 shares; issued and outstanding 102,058,816 shares at December 31, 2018	1,021	—
Series B common stock, \$0.01 par value. Authorized 20,000,000 shares; issued and outstanding 4,441,609 shares at December 31, 2018	44	—
Series C common stock, \$0.01 par value. Authorized 1,040,000,000 shares; no issued and outstanding shares at December 31, 2018	—	—
Parent's investment	—	2,305,440
Additional paid-in capital	3,251,957	—
Accumulated other comprehensive earnings (loss), net of taxes	168	—
Retained earnings	1,043,933	1,914,963
Total stockholders' equity	<u>4,297,123</u>	<u>4,220,403</u>
Non-controlling interests	9,567	3,633
Total equity	<u>4,306,690</u>	<u>4,224,036</u>
Commitments and contingencies		
Total liabilities and equity	<u>\$ 8,660,822</u>	<u>6,172,213</u>

See accompanying notes to consolidated financial statements.

GCI LIBERTY, INC. AND SUBSIDIARIES
Consolidated Statements of Operations
Years ended December 31, 2018, 2017 and 2016

	<u>2018</u>	<u>2017</u>	<u>2016</u>
	amounts in thousands, except per share amounts		
Revenue	\$ 739,762	23,817	22,552
Operating costs and expenses:			
Operating expense (exclusive of depreciation and amortization shown separately below)	227,192	11,541	11,702
Selling, general and administrative, including stock-based compensation (note 13)	347,676	64,621	43,041
Depreciation and amortization expense	206,946	3,252	2,964
Impairment of intangibles and long-lived assets	207,940	—	—
	<u>989,754</u>	<u>79,414</u>	<u>57,707</u>
Operating income (loss)	(249,992)	(55,597)	(35,155)
Other income (expense):			
Interest expense (including amortization of deferred loan fees)	(119,296)	—	—
Share of earnings (losses) of affiliates, net (note 7)	25,772	7,001	11,831
Realized and unrealized gains (losses) on financial instruments, net (note 5)	(681,545)	637,164	1,309,365
Tax sharing agreement	(32,105)	—	—
Other, net	205	2,467	30,773
	<u>(806,969)</u>	<u>646,632</u>	<u>1,351,969</u>
Earnings (loss) before income taxes	(1,056,961)	591,035	1,316,814
Income tax (expense) benefit	183,307	133,522	(496,245)
Net earnings (loss)	(873,654)	724,557	820,569
Less net earnings (loss) attributable to the non-controlling interests	(351)	(29)	(114)
Net earnings (loss) attributable to GCI Liberty, Inc. shareholders	<u>\$ (873,303)</u>	<u>724,586</u>	<u>820,683</u>
Basic net earnings (loss) attributable to Series A and Series B GCI Liberty, Inc. shareholders per common share (note 2)	\$ (8.09)	6.65	7.53
Diluted net earnings (loss) attributable to Series A and Series B GCI Liberty, Inc. shareholders per common share (note 2)	\$ (8.09)	6.65	7.53

See accompanying notes to consolidated financial statements.

GCI LIBERTY, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Earnings (Loss)
Years ended December 31, 2018, 2017 and 2016

	2018	2017	2016
	amounts in thousands		
Net earnings (loss)	\$ (873,654)	724,557	820,569
Other comprehensive earnings (loss), net of taxes:			
Comprehensive earnings (loss) attributable to debt credit risk adjustments	168	—	—
Comprehensive earnings (loss)	(873,486)	724,557	820,569
Less comprehensive earnings (loss) attributable to the non-controlling interests	(351)	(29)	(114)
Comprehensive earnings (loss) attributable to GCI Liberty, Inc. shareholders	\$ (873,135)	724,586	820,683

See accompanying notes to consolidated financial statements.

GCI LIBERTY, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Years ended December 31, 2018, 2017 and 2016

	<u>2018</u>	<u>2017</u>	<u>2016</u>
	amounts in thousands (See note 3)		
Cash flows from operating activities:			
Net earnings (loss)	\$ (873,654)	724,557	820,569
Adjustments to reconcile net earnings (loss) to net cash from operating activities:			
Depreciation and amortization	206,946	3,252	2,964
Stock-based compensation expense	28,207	26,583	16,128
Share of (earnings) losses of affiliates, net	(25,772)	(7,001)	(11,831)
Realized and unrealized (gains) losses on financial instruments, net	681,545	(637,164)	(1,309,365)
Deferred income tax expense (benefit)	(182,724)	(133,522)	496,820
Intergroup tax payments	—	287,763	294,708
Impairment of intangibles and long-lived assets	207,940	—	—
Other, net	13,441	1,040	(18,044)
Change in operating assets and liabilities:			
Current and other assets	(34,698)	31,772	5,881
Payables and other liabilities	61,657	7,584	(5,605)
Net cash provided (used) by operating activities	<u>82,888</u>	<u>304,864</u>	<u>292,225</u>
Cash flows from investing activities:			
Cash and restricted cash from acquisition of GCI Holdings	147,957	—	—
Capital expended for property and equipment	(134,352)	(3,488)	(2,642)
Purchases of investments	(48,581)	(76,815)	(264,703)
Sales of investments	—	2,180	1,161,596
Investment in Liberty Broadband	—	—	(2,400,000)
Other investing activities, net	2,700	—	978
Net cash provided (used) by investing activities	<u>(32,276)</u>	<u>(78,123)</u>	<u>(1,504,771)</u>
Cash flows from financing activities:			
Borrowings of debt	1,588,703	—	—
Repayment of debt, capital lease, and tower obligations	(254,033)	—	—
Contributions from (distributions to) former parent, net	(1,122,272)	(109,540)	(302,797)
Distribution to non-controlling interests	(3,625)	—	—
Indemnification payment to Qurate Retail	(132,725)	—	—
Derivative payments	(80,001)	—	—
Repurchases of GCI Liberty common stock	(111,648)	—	—
Other financing activities, net	(17,127)	(31,180)	1,989
Net cash provided (used) by financing activities	<u>(132,728)</u>	<u>(140,720)</u>	<u>(300,808)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	(82,116)	86,021	(1,513,354)
Cash, cash equivalents and restricted cash at beginning of period	574,148	488,127	2,001,481
Cash, cash equivalents and restricted cash at end of period	<u>\$ 492,032</u>	<u>574,148</u>	<u>488,127</u>

See accompanying notes to consolidated financial statements.

GCI LIBERTY, INC. AND SUBSIDIARIES

Consolidated Statement of Equity

Years ended December 31, 2018, 2017, and 2016

	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, 2016	\$ —	—	2,684,850	—	—	347,811	3,776	3,036,437
Net earnings (loss)	—	—	—	—	—	820,683	(114)	820,569
Cumulative effect of accounting change	—	—	—	—	—	21,576	—	21,576
Stock-based compensation	—	—	14,906	—	—	—	—	14,906
Contributions from (distributions to) former parent, net	—	—	(272,195)	—	—	—	—	(272,195)
Intergroup (payments) receipts	—	—	(30,602)	—	—	—	—	(30,602)
Other	—	—	1,493	—	—	498	—	1,991
Balances at December 31, 2016	—	—	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

See accompanying notes to consolidated financial statements.

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

(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 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 Internal Revenue Service ("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, 2018, 2017 and 2016

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 services agreement, Liberty Media provides GCI Liberty with general and administrative services including legal, tax, accounting, treasury and investor relations support. 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 that will be negotiated semi-annually. Liberty Media is a related party of GCI Liberty for accounting purposes as a result of services agreement. Under these agreements, approximately \$8.3 million was reimbursable to Liberty Media for the year ended December 31, 2018.

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.

(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.

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

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, 2018, 2017 and 2016 are summarized below (amounts in thousands):

Description	Balance at beginning of year	Additions		Deductions	Balance at end of year
		Charged to costs and expenses	Charged to other accounts	Write-offs net of recoveries	
2018	\$ —	8,741	—	1,186	7,555
2017	\$ 1,100	—	—	1,100	—
2016	\$ 244	1,100	—	244	1,100

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.

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

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.

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. Equipment financed under a capital lease is recorded at the lower of fair market value or the present value of future minimum lease payments at inception of the lease. Construction in progress represents transmission equipment and support equipment and systems not placed in service on December 31, 2018, that management intends to place in service during 2019. 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.

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

Net property and equipment consists of the following:

	December 31,	
	2018	2017
	amounts in thousands	
Land and buildings (25 years)	\$ 105,525	441
Telephony transmission equipment and distribution facilities (5-20 years)	763,957	—
Cable transmission equipment and distribution facilities (5-30 years)	100,391	—
Studio equipment (10-15 years)	3,315	—
Support equipment and systems (3-20 years)	118,230	921
Transportation equipment (5-13 years)	16,066	—
Customer premise equipment (2-20 years)	21,351	—
Fiber optic cable systems (15-25 years)	53,384	—
Property and equipment under capital leases	41,084	—
Construction in progress	113,819	—
	<u>1,337,122</u>	<u>1,362</u>
Less accumulated depreciation	145,321	738
Less accumulated amortization on property and equipment under capital leases	7,195	—
Net property and equipment	<u>\$ 1,184,606</u>	<u>624</u>

Amortization of property and equipment under capital leases is included in Depreciation and Amortization Expense in the Consolidated Statements of Operations. Depreciation expense for the years ended December 31, 2018, 2017 and 2016 was \$153.5 million, \$0.2 million and \$0.1 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.

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 for the year ended December 31, 2018 was \$3.9 million.

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.

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

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

The majority of the Company's asset retirement obligations are the estimated cost to remove telephony transmission equipment and support equipment from leased property. 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>

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

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

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 14 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.

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

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

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

See note 8 for information on impairments recorded during the year ended December 31, 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

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

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, as well as the sale of equipment. In general, access revenue is billed in advance, recorded as deferred revenue on the balance sheet, and recognized as the associated services are provided to the customer. Equipment sales revenue associated with the sale of wireless devices and accessories is generally recognized when the products are delivered to and control transfers to the customer. Consideration received from the customer is allocated to the service and products based on stand-alone selling prices when purchased together.

New and existing wireless customers have the option to 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.

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

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 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, 2018 of \$244.6 million in 2019, \$219.3 million in 2020, \$130.1 million in 2021, \$85.4 million in 2022 and \$23.4 million in 2023 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.

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

Contract Balances

The Company had receivables of \$198.8 million and deferred revenue of \$31.7 million at December 31, 2018 from contracts with customers, which amounts 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 2018 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.

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

	Year ended December 31, 2018
	amounts in thousands
GCI Holdings	
Consumer Revenue	
Wireless	\$ 63,482
Data	223,121
Video	16,786
Voice	19,820
Business Revenue	
Wireless	94,713
Data	130,631
Video	72,826
Voice	14,791
Evite	23,920
Lease, grant, and revenue from subsidies	79,672
Total	\$ 739,762

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

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 23% of the Company's revenue for the year ended December 31, 2018. The Company had USF net receivables of \$91.3 million at December 31, 2018.

Leases

Scheduled operating lease rent increases are amortized over the expected lease term on a straight-line basis. Rent holidays are recognized on a straight-line basis over the operating lease term (including any rent holiday period).

Leasehold improvements are amortized over the shorter of their economic lives or the lease term. The Company may amortize a leasehold improvement over a term that includes assumption of a lease renewal if the renewal is reasonably assured. Leasehold improvements acquired in a business combination are amortized over the shorter of the useful life of the assets or a term that includes required lease periods and renewals that are deemed to be reasonably assured at the date of acquisition. Leasehold improvements that are placed in service significantly after and are not contemplated at or near the beginning of the lease term are amortized over the shorter of the useful life of the assets or a term that includes required lease periods and renewals that are deemed to be reasonably assured at the date the leasehold improvements are purchased. Leasehold improvements made by the Company and funded by landlord incentives or allowances under an operating lease are recorded as deferred rent and amortized as reductions to lease expense over the lease term.

Stock-Based Compensation

As more fully described in note 13, 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.

Stock compensation expense was \$28.2 million, \$26.6 million and \$16.1 million for the years ended December 31, 2018, 2017, and 2016, respectively, included in selling, general and administrative expense in the accompanying consolidated statements of operations. In March 2016, the FASB issued new guidance which simplifies several aspects of the accounting for share-based payment award transactions, including the income tax consequences, forfeitures, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The new standard is effective for the Company for fiscal years and interim periods beginning after December 15, 2016, with early application permitted. The Company adopted this guidance in the third quarter of 2016. In accordance with the new guidance, excess tax benefits and tax deficiencies are recognized as income tax benefit or expense rather than as additional paid-in capital. The Company has elected to recognize forfeitures as they occur rather than continue to estimate expected forfeitures. In addition, pursuant to the new guidance, excess tax benefits are classified as an operating activity on the consolidated statements of cash flows. The recognition of excess tax benefits and deficiencies are applied prospectively from January 1, 2016. For tax benefits that were

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

not previously recognized and for adjustments to compensation cost based on actual forfeitures, the Company recorded a cumulative-effect adjustment in retained earnings as of January 1, 2016.

Income Taxes

The Company accounts for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying value amounts and income tax 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 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

	March 9, 2018 through December 31, 2018
	number of shares in thousands
Basic WASO	107,924
Potentially dilutive shares	—
Diluted WASO	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, 2018, 2017 and 2016

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.

In February 2016, the FASB issued new accounting guidance on lease accounting. This guidance requires a company to recognize lease assets and lease liabilities arising from operating leases in the statement of financial position. Additionally, the criteria for classifying a lease as a finance lease versus an operating lease are substantially the same as the previous guidance. In January 2018, the FASB issued an additional amendment that provides a practical expedient that gives companies the option to not evaluate existing or expired land easements that were not previously accounted for as leases under the current leases guidance. The amendments in these updates are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, and early adoption is permitted. The Company plans to adopt this guidance on January 1, 2019. The Company expects to adopt using the optional transitional method that allows for a cumulative effect adjustment in the period of adoption without adjusting the comparative periods presented. Additionally, the Company currently expects to elect certain optional practical expedients under the transition guidance. The Company continues to assess the impact of the new lease guidance with respect to its current operating and capital leases and specifically are reviewing the impact of a previous failed sale and leaseback tower transaction in order to determine the appropriate treatment upon transition to the new lease guidance. The Company has identified a technology solution to use for managing the population of leases identified and for making the necessary calculations. The Company continues to work with its consolidated subsidiaries to evaluate the impact of the adoption of this new guidance on its consolidated financial statements, including identifying the population of leases and collecting lease data.

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

(3) Supplemental Disclosures to Consolidated Statements of Cash Flows

	Years ended December 31,		
	2018	2017	2016
	amounts in thousands		
Cash paid for acquisition:			
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 paid (received) for acquisitions, net of cash acquired	\$ (147,957)	—	—
Cash paid for interest, net of amounts capitalized	\$ 132,103	6	—
Non-cash additions for purchases of property and equipment	\$ 15,916	—	—

In November 2016, the FASB issued a new accounting standard which requires that the statement of cash flows include restricted cash and cash equivalents when reconciling beginning and ending cash. The guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. The Company adopted this new guidance effective January 1, 2018. Upon adoption, the Company added restricted cash to the reconciliation of beginning and ending cash and cash equivalents and included a reconciliation of total cash and cash equivalents and restricted cash to the balance sheet for each period presented in the consolidated statements of cash flows. 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,		
	2018	2017	2016
	amounts in thousands		
Cash and cash equivalents	\$ 491,257	573,210	487,163
Restricted cash included in other current assets	775	938	964
Total cash and cash equivalents and restricted cash at end of period	\$ 492,032	574,148	488,127

(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 preliminary 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

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

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.

The preliminary 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>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. As of December 31, 2018, the determination of the estimated acquisition date fair value of the acquired assets and assumed liabilities is preliminary and subject to revision. The primary areas of the Company's acquisition price allocation that changed from the initial allocation recorded in the Company's March 31, 2018 financial statements relate to a decrease in receivables of \$13.7 million, an increase in property and equipment of \$16.3 million, an increase to intangible assets not subject to amortization of \$9.5 million, a decrease to intangible assets subject to amortization of \$75.2 million, an increase in deferred revenue of \$15.6 million, a decrease in other liabilities of \$21.4 million, a decrease in deferred income tax liabilities of \$15.6 million, and an increase to goodwill of \$41.4 million. The acquisition date fair values related to certain assets, liabilities and tax balances associated with the support GCI Holdings receives from various USF programs have not been finalized.

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:

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

	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

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 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, 2018			December 31, 2017		
	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	\$ 384,071	384,071	—	570,526	570,526	—
Equity securities	\$ 1,529,901	1,529,901	—	1,800,208	1,800,208	—
Investment in Liberty Broadband	\$ 3,074,373	3,074,373	—	3,634,786	3,634,786	—
Variable forward	\$ 20,340	—	20,340	94,807	—	94,807
Indemnification obligation	\$ 78,522	—	78,522	—	—	—
Exchangeable senior debentures	\$ 462,336	—	462,336	—	—	—

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

On June 6, 2017, Qurate Retail purchased an additional 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 liability associated with this instrument is included in the Other current liabilities line item as of December 31, 2018 and Other liabilities line item as of December 31, 2017 in the consolidated balance sheets. 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 Retail repurchased 417,759 bonds of the 1.75% Exchangeable Debentures for approximately \$457 million, including accrued interest, and the Company made a payment under the indemnification agreement to Qurate Retail in the amount of \$133 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, 2018 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, 2018, a holder of the 1.75% Exchangeable Debentures does not have the ability to exchange and, accordingly, such indemnification obligation is included as a long-term liability in the Company's consolidated balance sheets. Additionally, as of December 31, 2018, 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,		
	2018	2017	2016
	amounts in thousands		
Equity securities	\$ (274,393)	258,629	547,921
Investment in Liberty Broadband	(560,413)	473,342	761,444
Variable forward	75,970	(94,807)	NA
Indemnification obligation	70,007	NA	NA
Exchangeable senior debentures	7,284	NA	NA
	<u>\$ (681,545)</u>	<u>637,164</u>	<u>1,309,365</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.

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

(6) Investments in Equity Securities

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

	December 31,	
	2018	2017
	amounts in thousands	
Charter (a)	\$ 1,526,984	1,800,208
Other investments (b)	6,533	2,856
	<u>\$ 1,533,517</u>	<u>1,803,064</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.

(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, 2018 and the carrying amount at December 31, 2017:

	December 31, 2018			December 31, 2017
	Percentage ownership	Market value	Carrying amount	Carrying amount
			dollars in thousands	
LendingTree (a)	26.6%	\$ 756,197	\$ 174,002	114,655
Other	various	NA	3,028	—
			<u>\$ 177,030</u>	<u>114,655</u>

(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, 2018.

The Company's share of LendingTree's earnings (losses) was \$21.1 million, \$7.0 million, and \$11.8 million for the years ended December 31, 2018, 2017, and 2016, 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 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 (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

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

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, 2018, 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:

	December 31,	
	2018	2017
	amounts in thousands	
Current assets	\$ 84,574	84,054
Investment in Charter, accounted for using the equity method	12,004,376	11,835,613
Other assets	9,487	12,122
Total assets	<u>12,098,437</u>	<u>11,931,789</u>
Long-term debt	522,928	497,370
Deferred income tax liabilities	965,829	932,593
Other liabilities	11,062	14,925
Equity	10,598,618	10,486,901
Total liabilities and shareholders' equity	<u>\$ 12,098,437</u>	<u>11,931,789</u>

	Years ended December 31,		
	2018	2017	2016
	amounts in thousands		
Revenue	\$ 22,256	13,092	30,586
Operating expenses, net	(34,270)	(38,570)	(51,746)
Operating income (loss)	<u>(12,014)</u>	<u>(25,478)</u>	<u>(21,160)</u>
Share of earnings (losses) of affiliates	166,146	2,508,991	641,544
Gain (loss) on dilution of investment in affiliate	(43,575)	(17,872)	770,766
Realized and unrealized gains (losses) on financial instruments, net	3,659	3,098	94,122
Other income (expense), net	(22,339)	(18,139)	(9,600)
Income tax benefit (expense)	(21,924)	(416,933)	(558,369)
Net earnings (loss)	<u>\$ 69,953</u>	<u>2,033,667</u>	<u>917,303</u>

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

(8) Goodwill and Intangible Assets

Goodwill and Indefinite Lived Assets

Changes in the carrying amount of goodwill are as follows:

	<u>GCI Holdings</u>	<u>Corporate and other</u>	<u>Total</u>
	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	<u>\$ 830,268</u>	<u>25,569</u>	<u>855,837</u>

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

Intangible Assets Subject to Amortization

	December 31, 2018		
	Gross carrying amount	Accumulated amortization	Net carrying amount
	amounts in thousands		
Customer relationships	\$ 408,267	(55,417)	352,850
Other amortizable intangibles	122,759	(39,603)	83,156
Total	<u>\$ 531,026</u>	<u>(95,020)</u>	<u>436,006</u>

Amortization expense for intangible assets with finite useful lives was \$53.5 million for the year ended December 31, 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,	
2019	\$	59,790
2020	\$	49,892
2021	\$	39,548
2022	\$	34,428
2023	\$	32,341

Impairments

Due to unanticipated program revenue changes and certain other market factors impacting GCI Holdings operating results, impairment losses of \$136 million and \$65 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

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

certificates and the GCI Holdings reporting unit was determined using an income approach (Level 3). As of December 31, 2018, the GCI Holdings and Corporate and Other segments have accumulated goodwill impairment losses of \$136 million and \$56 million, respectively.

Based on the quantitative assessment performed during the fourth quarter and the resulting impairment losses recorded, the estimated fair values of the cable certificates and the GCI Holdings reporting unit do not significantly exceed their carrying values as of December 31, 2018.

(9) Debt

Debt is summarized as follows:

	Outstanding Principal December 31, 2018	Carrying Value December 31, 2018	December 31, 2017
	amounts in thousands		
Margin Loan Facility	\$ 900,000	900,000	—
Exchangeable senior debentures	477,250	462,336	NA
Senior notes	775,000	803,287	NA
Senior credit facility	715,124	715,124	NA
Wells Fargo note payable	7,554	7,554	NA
Deferred financing costs	—	(2,267)	—
Total debt	\$ 2,874,928	2,886,034	—
Debt classified as current, net of deferred financing costs		(900,759)	—
Total long-term debt		\$ 1,985,275	—

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 billion (the "Margin Loan"). Approximately 42,681,842 shares of Liberty Broadband Series C common stock were previously pledged by Broadband Holdco, LLC 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 (the "Margin Loan Agreement"). 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

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

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 Margin Loan Agreement is in addition to the existing term loan credit facility under the Margin Loan Agreement (the “Term Loan Facility” and, together with Revolving Credit Facility, the “Margin Loan Facility” and the loans thereunder, the “Loans”). After giving effect to the initial borrowing of Revolving Loans and Term Loan Prepayment (as defined below) 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 amends certain covenants in the Margin Loan to permit, among other things, a designated GCI Liberty subsidiary to enter into a subordinated revolving note with GCI Liberty and certain additional investments. Approximately 42,681,842 shares of Liberty Broadband Series C common stock with a value of \$3.1 billion were pledged by Broadband Holdco, LLC as collateral for the loan as of December 31, 2018.

Broadband Holdco is permitted to use the proceeds of the Revolving Loans for any purpose not prohibited under the Margin Loan, 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, (iv) to repay an intercompany loan to GCI Liberty, and/or (v) otherwise for general corporate purposes, including, without limitation, for payment of interest and fees and other costs and expenses. 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”).

The Loans will mature on December 29, 2019 (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 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. The obligations under the Revolving Credit Facility, together with the obligations under Term 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 and the Term Loan Facility are subject to the same affirmative and negative covenants and events of default.

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.

Senior Notes

Interest on the 6.75% Senior Notes due 2021 (the “2021 Notes”) and the 6.875% Senior Notes due 2025, both of which were issued by GCI, Inc., which is now GCI, LLC (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 \$28.3 million at December 31, 2018. Such premium is being amortized to interest

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

expense in the accompanying consolidated statements of operations. As of December 31, 2018, GCI, LLC exceeded the maximum leverage threshold, as measured by the terms of its Senior Notes, and therefore does not have access to any additional funding under the revolving portion of the Senior Credit Facility, as defined below.

Senior Credit Facility

On December 27, 2018, GCI, LLC, a wholly-owned subsidiary of the Company, 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 provide 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 December 3, 2020 if the 2021 Notes are not refinanced 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 or December 3, 2020 if the Company's 2021 Notes are not refinanced prior to such date.

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, 2018, there is \$240.1 million outstanding under the Term Loan B, \$475.0 million outstanding under the revolving portion of the Senior Credit Facility and \$10.1 million in letters of credit under the Senior Credit Facility, which leaves \$64.9 million available for borrowing when GCI, LLC meets the maximum leverage threshold, as measured by the terms of its Senior Notes.

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.

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, 2018.

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

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):

2019	\$	902,934
2020		713,163
2021		325,524
2022		549
2023		477,825
2024 and thereafter		454,933
Total debt	\$	<u>2,874,928</u>

Fair Value of Debt

The fair value of the Senior Notes was \$763.9 million at December 31, 2018.

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, 2018.

(10) Income Taxes

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act makes broad and complex changes to the U.S. tax code, including, but not limited to, (1) reducing the U.S. federal corporate tax rate from 35 percent to 21 percent; (2) bonus depreciation that will allow for full expensing of qualified property; (3) creating a new limitation on deductible interest expense; (4) eliminating the corporate alternative minimum tax ("AMT") and changing how existing AMT credits can be realized; (5) changing rules related to uses and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017; (6) limitations on the deductibility of certain executive compensation; and (7) requiring a one-time transition tax on certain unrepatriated earnings of foreign subsidiaries that is payable over eight years. The Securities and Exchange Commission ("SEC") issued guidance on accounting for the tax effects of the Tax Act. 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 has 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 will include 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, 2018, 2017 and 2016

Income tax benefit (expense) consists of:

	Years Ended December 31,		
	2018	2017	2016
	amounts in thousands		
Current:			
Federal	\$ 607	—	—
State and local	(24)	—	575
	<u>583</u>	<u>—</u>	<u>575</u>
Deferred:			
Federal	190,931	160,150	(436,260)
State and local	(8,207)	(26,628)	(60,560)
	<u>182,724</u>	<u>133,522</u>	<u>(496,820)</u>
Income tax benefit (expense)	<u>\$ 183,307</u>	<u>133,522</u>	<u>(496,245)</u>

Income tax benefit (expense) differs from the amounts computed by applying the U.S. federal income tax rate of 21% for the year ended December 31, 2018 and 35% for both of the years ended December 31, 2017 and 2016 as a result of the following:

	Years Ended December 31,		
	2018	2017	2016
	amounts in thousands		
Computed expected tax benefit (expense)	\$ 221,962	(206,862)	(460,885)
State and local income taxes, net of federal income taxes	74,105	(17,001)	(38,991)
Dividends received deductions	—	—	1,969
Executive compensation	(7,114)	—	—
Change in valuation allowance affecting tax expense	(189)	(384)	—
Change in state tax rate due to acquisition	(117,496)	—	—
Change in state tax rate due to law change	37,073	—	—
Change in tax rate due to Tax Act	—	347,979	—
Deductible stock compensation	(131)	14,116	1,700
Goodwill impairment	(28,513)	—	—
Other, net	3,610	(4,326)	(38)
Income tax benefit (expense)	<u>\$ 183,307</u>	<u>133,522</u>	<u>(496,245)</u>

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 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.

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

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. Income tax expense was higher than the U.S. statutory tax rate of 35% in 2016 due to state tax expense related to unrealized gains on the Company's investments.

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,	
	2018	2017
	amounts in thousands	
Deferred tax assets:		
Loss and capital carryforwards	\$ 153,931	48,898
Deferred revenue	23,716	—
Inventory	115	—
Accrued stock compensation	3,598	6,999
Debt	6,209	—
Other accrued liabilities	20,108	362
Other future deductible amounts	19,074	63
Deferred tax assets	<u>226,751</u>	<u>56,322</u>
Valuation allowance	(1,326)	(433)
Net deferred tax assets	<u>225,425</u>	<u>55,889</u>
Deferred tax liabilities		
Investments	573,016	697,393
Fixed assets	232,899	—
Intangible assets	213,206	1,892
Other	—	30
Deferred tax liabilities	<u>1,019,121</u>	<u>699,315</u>
Net deferred tax liabilities	<u>\$ 793,696</u>	<u>643,426</u>

During the year ended December 31, 2018 there was an increase in the valuation allowance of \$893,000 of which \$189,000 affected tax expense. During the year ended December 31, 2017, there was an increase in the valuation allowance of \$384,000 of which all of the increase affected tax expense.

At December 31, 2018, the Company had federal and state net operating losses and interest expense carryforwards for income tax purposes aggregating approximately \$154 million (on a tax effected basis). Of the \$154 million, \$39 million are carryforwards with no expiration. The future use of the remaining carryforwards of \$115 million are subject to limitation and expire at certain future dates. Based on current projections, \$1 million of these carryforwards may expire unused and accordingly are subject to a valuation allowance. The carryforwards that are expected to be utilized will begin to expire in 2021.

As of December 31, 2018, the Company had not recorded tax reserves related to unrecognized tax benefits for uncertain tax positions.

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

As of December 31, 2018, none of GCI's tax years prior to the HoldCo Split-Off are under audit. Qurate Retail's tax years prior to 2015 are closed for federal income tax purposes and the IRS has completed its examination of Qurate Retail's 2015, 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.

(11) 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 7,222,052 shares issued and outstanding at December 31, 2018. 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 special cash dividend of approximately \$0.13 per share of Preferred Stock on May 3, 2018, a cash dividend of approximately \$0.31 per share of Preferred Stock on July 16, 2018, and a cash dividend of approximately \$0.44 on October 15, 2018. On December 13, 2018, the Company declared a quarterly cash dividend of approximately \$0.44 per share of Preferred Stock which was paid on January 15, 2019 to shareholders of record of the Preferred Stock at the close of business on December 31, 2018.

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.

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

Purchases of Common Stock

During the year ended December 31, 2018, the Company repurchased 2,397,710 shares of Series A common stock for aggregate cash consideration of \$111.6 million.

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.

(12) 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 \$0.8 million was held by Unicom at December 31, 2018 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. The Company agreed to indemnify US Bancorp for any loss or recapture of NMTCs totaling \$35.1 million until such time as its obligation to deliver tax benefits is relieved. There have been no credit recaptures as of December 31, 2018. The value attributed to the put/calls is nominal.

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

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

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.

On September 14, 2018, US Bancorp exercised its put option for the NMTC #1 transaction that was entered into on August 30, 2011 resulting in the Company obtaining ownership of the investment fund. Upon obtaining ownership of the investment fund, the Company settled the loans and dissolved the VIEs associated with the August 30, 2011 NMTC transaction.

The assets and liabilities of the consolidated VIEs were \$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:

Financing Arrangement	Investment Funds	Transaction Date	Loan Amount	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
NMTC #2	TIF 2 & TIF 2-USB	October 3, 2012	\$37.7 million	1%	October 2, 2042	\$17.5 million	\$52.0 million	0.71% to 0.77%	October 2019
NMTC #3	TIF 3	December 11, 2012	\$8.2 million	1%	December 10, 2042	\$3.8 million	\$12.0 million	1.35%	December 2019
NMTC #4	TIF 4	March 21, 2017	\$6.7 million	1%	March 21, 2040	\$3.3 million	\$9.8 million	0.73%	March 2024
NMTC #5	TIF 5-1 and TIF 5-2	December 22, 2017	\$10.4 million	1%	December 22, 2047	\$5.1 million	\$14.7 million	0.67% to 1.24%	December 2024

(13) 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 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,

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

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 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.

During the year ended December 31 2018, the Company granted to GCI Liberty directors 10,000 options to purchase shares of GCI Liberty Series A common stock. Such options had a weighted average grant-date fair value ("GDFV") of \$14.09 per share and generally cliff vest in one year. During the years ended December 31, 2017 and 2016, the Company granted to directors and employees 188,000 and 114,000 options, respectively, to purchase shares of LVNTA. Such options had a weighted average GDFV of \$16.52 and \$12.25 per share, respectively, and vest between three and five years for employees and in one year for directors.

Also during the years ended December 31, 2018, 2017 and 2016, and in connection with the Company's current CEO's employment agreement, the Company granted 143,000, 269,000 and 209,000 options, respectively, to purchase shares of LVNTB to the Company's current CEO. Such options had a weighted average GDFV of \$16.55, \$15.41 and \$12.48 per share, respectively, and cliff vested at the end of their respective grant year.

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

In connection with the Option Exchange, 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 current CEO, the Company granted 16,000 performance-based RSUs of LVNTB in 2016. The RSUs had a fair value of \$38.79 per share at the time they were granted and cliff vested in one year, subject to the satisfaction of certain performance objectives and based on an amount determined by the compensation committee.

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 2018, 2017 and 2016, the range of expected terms was 4.9 to 6.3 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 2018, 2017 and 2016 the range of volatilities was 25.9% to 31.6%. The Company uses a 0 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. The options outstanding as of January 1, 2018 reflect Qurate Retail's Series A and Series B Liberty Ventures common stock. On March 9, 2018, Qurate Retail redeemed each outstanding share of Qurate Retail's Series A and Series B Liberty Ventures common stock for the corresponding class of GCI Liberty common stock using a one-for-one ratio.

	Series A			
	Awards (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (millions)
Outstanding at January 1, 2018	1,670	\$ 47.12		
Granted	10	\$ 44.32		
Exercised	(27)	\$ 16.23		
Forfeited/Cancelled	(3)	\$ 55.81		
Outstanding at December 31, 2018	<u>1,650</u>	\$ 47.61	1.7 years	\$ 6
Exercisable at December 31, 2018	<u><u>1,316</u></u>	\$ 47.99	1.3 years	\$ 6

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

			Series B	
	Awards (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (millions)
Outstanding at January 1, 2018	1,080	\$ 56.38		
Granted	143	\$ 54.01		
Exercised	—	\$ —		
Forfeited/Cancelled	—	\$ —		
Outstanding at December 31, 2018	<u>1,223</u>	<u>\$ 56.10</u>	4.0 years	\$ —
Exercisable at December 31, 2018	<u>905</u>	<u>\$ 56.01</u>	4.4 years	\$ —

As of December 31, 2018, the total unrecognized compensation cost related to unvested options and RSAs was approximately \$9.4 million and \$24.2 million, respectively. Such amounts will be recognized in the Company's consolidated statements of operations over a weighted average period of approximately 1.2 years and 2.0 years, respectively.

As of December 31, 2018, GCI Liberty reserved for issuance upon exercise of outstanding stock options approximately 1.7 million 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, 2018, 2017 and 2016 was \$814,000, \$71.9 million and \$6.6 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, 2018, GCI Liberty had approximately 885,000 and 138,000 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 \$46.21 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, 2018, 2017 and 2016 was \$21.9 million, \$2.3 million and \$1.3 million, respectively.

(14) 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 \$11.0 million, \$0.2 million and zero, respectively, for the years ended December 31, 2018, 2017 and 2016, respectively.

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

(15) Commitments and Contingencies

Operating Leases

The Company leases business office space, site leases, satellite transponder lease agreements, fiber capacity, and certain equipment pursuant to operating lease arrangements. Many of the Company's leases are for multiple years and contain renewal options. Rental expense under such arrangements amounted to \$46.7 million, \$1.9 million and \$1.1 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Capital Leases

The Company entered into long-term capital leases for an office building, certain retail store locations, and transponder capacity on Intelsat, Ltd.'s Galaxy 18 spacecraft.

Tower Sale and Leaseback

In 2016 and 2017, certain tower sites were sold by GCI Holdings to Vertical Bridge II, LLC ("Vertical Bridge"). GCI Holdings entered into a master lease agreement in which it leased back space at the tower sites for an initial term of ten years, followed by the option to renew for eight additional five year periods, for a total possible lease term of 50 years. Each lease is subject to a 2% annual increase in lease payments throughout the life of the initial lease and all subsequent lease renewals.

Per the master lease agreement, GCI Holdings has the right to cure land lease defaults on behalf of Vertical Bridge and has negotiated fixed rate lease renewals as described above. Due to this continuing involvement with the Tower Sites, GCI Holdings determined it was precluded from applying sale-leaseback accounting. GCI Holdings recorded long-term financial obligations ("Tower Obligations") in the amount of the net proceeds received and recognized interest on the Tower Obligations at a rate of 7.1% using the effective interest method. The Tower Obligations are increased by interest expense and amortized through contractual leaseback payments made by GCI Holdings to Vertical Bridge. GCI Holdings' historical tower site asset costs continue to be depreciated and reported in Property and Equipment, net. The Company has property of \$32.0 million included in Property and Equipment, net on the consolidated balance sheets at December 31, 2018 that had been conveyed to Vertical Bridge as part of the tower sale.

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

A summary of future minimum lease payments under noncancelable operating, capital leases and tower obligations follows (amounts in thousands):

Years ending December 31:	Operating	Capital	Tower Obligations
2019	\$ 40,487	13,450	7,644
2020	33,225	13,459	7,797
2021	23,563	12,044	7,953
2022	13,177	5,293	8,112
2023	8,652	678	8,274
2024 and thereafter	21,326	1,734	142,812
Total minimum lease payments	<u>\$ 140,430</u>	46,658	182,592
Less amount representing interest		4,162	90,273
Less current maturity of obligations		<u>11,636</u>	<u>934</u>
Long-term obligations under capital leases and tower obligations, excluding current maturity		<u>\$ 30,860</u>	<u>91,385</u>

The leases generally provide that the Company pays the taxes, insurance and maintenance expenses related to the leased assets. Several of the leases include renewal options, escalation clauses and immaterial amounts of contingent rent expense. The Company expects that in the normal course of business leases that expire will be renewed or replaced by leases on other properties.

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.

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

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

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 in the current period for the funding year that ended on June 30, 2018 of approximately \$8.6 million. GCI Holdings expects to reduce future 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 million per quarter 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 million to \$571 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 was available to pay in full the approved funding under the RHC program for the funding year ended on June 30, 2018.

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, to which it is in the process of responding. This inquiry into the rates charged by GCI Holdings is still pending, and presently it is unable to assess the ultimate resolution of this matter. The ongoing uncertainty in program funding 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. At the rates approved by the Bureau in a letter received on October 10, 2018, the funding at issue under the denials is approximately \$13 million. 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 filed an appeal with USAC on January 29, 2019. At this time, GCI Holdings has no reason to believe that there was any violation of the FCC's competitive bidding rules, but without further information from the Customer and/or USAC, it cannot assess whether the USAC denials will be overturned. If the denial notices are upheld for reasons relating to the Customer's competitive bidding process, funding issued under one or both contracts for prior years could be subject to further review, as well as funding for services already being delivered or to be delivered for the period from July 1, 2018 through June 30, 2019. GCI Holdings has accounts receivable of approximately \$18 million outstanding as of December 31, 2018 associated with these two service contracts. The outstanding accounts receivable includes the approximate \$13 million of funding at issue as discussed above and additional amounts for services provided for the period from July 1, 2018 through December 31, 2018. Given the uncertainty of whether the USAC denials will be overturned, it is reasonably possible that GCI Holdings may incur a loss. The amount of a potential loss could range from zero to the full amount of the accounts receivable balance as of December 31, 2018. No amount within this range of a potential loss is a better estimate than any other amount. Accordingly, no loss was recorded as of December 31, 2018 given the minimum amount in the range is zero.

In addition, on December 4, 2018, the FCC issued a public notice seeking further comment on an earlier proposal to determine the rural rates for services supported by the RHC Program in a different manner than it does today. GCI Holdings

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

and others submitted comments on January 30, 2019, but GCI Holdings cannot assess at this time the substance, impact on funding, or timing of any future rule changes that may be adopted by the FCC.

(16) 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 segment presentation for prior periods has been conformed to the current period segment presentation.

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

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, including each business's ability to service debt and fund capital expenditures. In addition, this measure allows management, including the chief operating decision maker, to view operating results and perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. This measure of performance excludes depreciation and amortization, stock-based compensation, separately reported litigation settlements and restructuring and impairment charges that are included in the measurement of operating income pursuant to GAAP. Accordingly, Adjusted OIBDA should be considered in addition to, but not as a substitute for, operating income, net income, cash flow provided by operating activities and other measures of financial performance prepared in accordance with GAAP.

For the year ended December 31, 2018 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 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.

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

Performance Measures

	Years ended December 31,					
	2018		2017		2016	
	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA
	amounts in thousands					
GCI Holdings	\$ 715,842	217,832	—	—	—	—
Liberty Broadband	22,256	(3,528)	13,092	(16,416)	30,586	(11,442)
Corporate and other	23,920	(24,731)	23,817	(25,762)	22,552	(16,063)
	762,018	189,573	36,909	(42,178)	53,138	(27,505)
Eliminate Liberty Broadband	(22,256)	3,528	(13,092)	16,416	(30,586)	11,442
	<u>\$ 739,762</u>	<u>193,101</u>	<u>23,817</u>	<u>(25,762)</u>	<u>22,552</u>	<u>(16,063)</u>

Other Information

	December 31, 2018			December 31, 2017		
	Total assets	Investments in affiliates	Capital expenditures	Total assets	Investments in affiliates	Capital expenditures
		amounts in thousands				
GCI Holdings	\$ 3,343,372	719	131,029	—	—	—
Liberty Broadband	12,098,437	12,004,376	41	11,931,789	11,835,613	70
Corporate and other	5,317,450	176,311	3,323	6,172,213	114,655	3,488
	20,759,259	12,181,406	134,393	18,104,002	11,950,268	3,558
Eliminate Liberty Broadband	(12,098,437)	(12,004,376)	(41)	(11,931,789)	(11,835,613)	(70)
Consolidated	<u>\$ 8,660,822</u>	<u>177,030</u>	<u>134,352</u>	<u>6,172,213</u>	<u>114,655</u>	<u>3,488</u>

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

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

	Years ended December 31,		
	2018	2017	2016
	amounts in thousands		
Consolidated segment Adjusted OIBDA	\$ 193,101	(25,762)	(16,063)
Stock-based compensation	(28,207)	(26,583)	(16,128)
Depreciation and amortization	(206,946)	(3,252)	(2,964)
Impairment of intangibles and long-lived assets	(207,940)	—	—
Operating income (loss)	<u>(249,992)</u>	<u>(55,597)</u>	<u>(35,155)</u>
Interest expense	(119,296)	—	—
Share of earnings (loss) of affiliates, net	25,772	7,001	11,831
Realized and unrealized gains (losses) on financial instruments, net	(681,545)	637,164	1,309,365
Tax sharing agreement	(32,105)	—	—
Other, net	205	2,467	30,773
Earnings (loss) from continuing operations before income taxes	<u>\$ (1,056,961)</u>	<u>591,035</u>	<u>1,316,814</u>

GCI LIBERTY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2018, 2017 and 2016

(17) Quarterly Financial Information (Unaudited)

The following is a summary of unaudited quarterly results of operations for the years ended December 31, 2018 and 2017:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	amounts in thousands, except per share amounts			
<u>2018</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)
<u>2017</u>				
Revenue	\$ 3,969	6,177	5,493	8,178
Operating income (loss)	\$ (11,351)	(11,617)	(10,469)	(22,160)
Net earnings (loss)	\$ 450,654	31,601	287,290	(44,988)
Net earnings (loss) attributable to GCI Liberty, Inc. shareholders	\$ 450,654	31,602	287,362	(45,032)
Basic net earnings (loss) attributable to Series A and Series B GCI Liberty, Inc. shareholders per common share	\$ 4.13	0.29	2.64	(0.41)
Diluted net earnings (loss) attributable to Series A and Series B GCI Liberty, Inc. shareholders per common share	\$ 4.13	0.29	2.64	(0.41)

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

Richard N. Baer

Chief Legal Officer

Mark D. Carleton

Chief Financial Officer

Albert E. Rosenthaler

Chief Corporate Development 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 Chun

investor@gciliberty.com

(720) 875-5900

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 2018 statistics, voluntary receipt of e-delivery resulted in the following environmental savings:



Using approximately 35 fewer tons of wood, or 209.6 fewer trees



Using approximately 241.3 million fewer BTUs, or the equivalent to 287.1 residential refrigerators operated/year



Using approximately 168,300 fewer pounds of greenhouse gases, including carbon dioxide, or the equivalent to 15.3 cars/year



Saving approximately 210,600 gallons of water, or the equivalent to 152.1 clothes washers operated/year



Saving approximately 11,510 pounds of solid waste



Reducing hazardous air pollutants by approximately 15.25 pounds

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



2019 ANNUAL MEETING OF STOCKHOLDERS

- Monday, June 24, 2019
- 8:00 a.m. Local Time
- Corporate Offices of GCI Liberty, Inc.
12300 Liberty Boulevard
Englewood, Colorado 80112

